Stock Code: 1309

Taita Chemical Company, Ltd.

2019 Annual Report

Company Website: https://www.ttc.com.tw

Annual Report Query Website: https://mops.twse.com.tw

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I. Spokesperson and Acting Spokesperson

Spokesperson
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Title: Executive Deputy General Manager
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E-mail Address: tmyenly@ttc.com.tw

Acting Spokesperson
Name: Lin, Chin-Tsai
Title: Executive Deputy General Manager
Telephone Number: (02)8751-6888 ext. 3797
Private Line: (02)2798-3797
E-mail Address: tonylin@tvcm.com.tw

II. Address and Telephone Number of Head Office, Branch Offices and Plants

Name	Address	Telephone Number
Head Office	12F, No. 37, Jihu Road, Taipei City, Taiwan	(02)8751-6888
Southern Taiwan Office	No. 3, Jianji Road, Cianjhen Dist., Kaohsiung City, Taiwan	(07)821-2128
Cianjhen Plant	No. 3, Jianji Road, Cianjhen Dist., Kaohsiung City, Taiwan	(07)821-9521
Linyuan Plant	No. 5, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City, Taiwan	(07)641-3201
Kaohsiung Branch Office	No. 5, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City, Taiwan	(07)641-3201
Toufen Plant	No. 571, Minzu Road, Toufen Township, Miaoli County, Taiwan	(037)627-700

III. Stock Transfer Agent

Name: Taita Chemical Company, Ltd., Stock Affairs Department
Address: 6F, No. 17, Lane 120, Section 1, Neihu Road, Neihu District, Taipei City
Joint Stock Affairs Website: https://www.usig.com.tw/USIGStockHome.aspx
Telephone Number: (02)2650-3773

IV. CPAs Auditing the Financial Statements in the Most Recent Fiscal Year

Name: CPA Hsiu-Chun Huang and CPA Cheng-Chun Chiu
Accounting Firm: Deloitte Taiwan
Address: 20F, No. 100, Songren Road, Xinyi District, Taipei City, Taiwan
Website: https://www2.deloitte.com/tw
Telephone Number: (02)2725-9988

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

VI. Company Website: https://www.ttc.com.tw

Taita Chemical Company, Ltd.
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Chapter 1 Letter to Shareholders

Dear Shareholders,

Looking back at the operations of the Company in 2019, the Company posted a total consolidated net profit before tax of NT$558 million and net profit after tax of NT$398 million, with earnings per share totaled NT$1.19. Its operations in 2019 and business plan for 2020 are summarized here:

I. Business Performance in 2019

(I) Results of Business Plan

The Company's net consolidated revenue in 2019 was NT$17.672 billion, which was a decrease of NT$4.011 billion from 2018 with a budget achievement rate of 85%. Consolidated operating revenue was NT$515 million, which was an increase of NT$237 million from 2018 with a budget achievement rate of 150%.

1. Production and Sales of Petrochemical Products:

The Company's consolidated revenue from ABS/PS was NT$17.139 billion, achieving 85% of the forecast. The production and sales volume of Linyuan and Qianzhen Plants was approximately 266,000 tons, representing a budgeted production and sales achievement rate of 103%. The production and sales volume of EPS at Zhongshan Plant in Mainland China were 154,500 tons and 155,600 tons, respectively, achieving 100.4% of the budget. The sales volume of Tianjin plant was 8,700 tons and the budget achievement rate was 23%. The Company's total operating income from petrochemical products was NT$486 million.

2. Production and Sales of Glass Wool and Cubic Printing Products:

The Company's production and sales volume of glass wool products was 8,600 tons. After adding rock wool sales, the total revenue from glass wool products was NT$469 million, achieving 95% of the forecast. The annual profit from glass wool products was NT$34 million. The production and sales volume of cubic printing products was 72,000 JIG, achieving 60% of the forecast. The operating revenue from these products was NT$64 million, resulting in an operating loss of NT$5 million.

Non-operating revenue and expenses include recognized profits accounted for under equity method, rental income, financial asset valuation gain, loss on foreign currency exchange, interest expenses and others, which contributed a net gain of NT$43 million.

(II) Research and Development Overview:

1. Successful development of general-use acrylonitrile-butadiene-styrene (ABS) polymer, WRAS, and NSF water materials certification.
2. Successful development of polymerization technology for reducing VOC for the general-use acrylonitrile-butadiene-styrene (ABS) polymer, and heat-resistant acrylonitrile-butadiene-styrene (ABS) for external shell of UPS batteries.
3. Expanded polystyrene (EPS): Successfully developed EPS products to reduce the time required for molding regular-grade EPS and increase production efficiency.
4. The development of antistatic and low-moisture expanded polystyrene (EPS) products can be applied to high-end electronic products and components, as well as panel

packaging, thereby increasing the added value of products.

5. The environmental protection and energy conservation low VOC expanded polystyrene (EPS) was successfully developed and used for automobile upholstery.
6. The wooden floor glass wool sound insulation system and new products received high performance green building materials mark.

II. Overview of Business Plan in 2020:

(I) Operational Objectives and Production & Sales Strategies

In 2020, the expected sales volume of petrochemical products is 425,000 tons, an increase of 1% over the previous year. The expected sales volumes of glass wool products and cubic printing products are 14,000 tons and 77,000 JIG, respectively. The key operational objectives this year are:

1. We shall increase the proportion of direct customers and strengthen exports of ABS.
2. We shall increase the proportion of injection molding grades with superior profitability for GPS.
3. In EPS, the Company will continue to develop markets with a relatively low market share and better profitability, as well as maintain low stocks of raw materials and finished products to maximize production and sales volume, and achieve maximum profitability.
4. In glass wool, the Company will continue to strengthen the sales of fireproof cotton products and develop six-sided coated products and port board floor board sound insulation products to increase domestic sales. The Company will continue to increase the proportion of export sales to Australia, New Zealand and South Africa to boost profit. In curved printing, the Company will focus on the development of non-automotive parts.

(II) Research and Development

1. Attain UL RTI high-performance certification for acrylonitrile-butadiene-styrene (ABS) polymer.
2. Development of general polystyrene (GPS) materials for light guide plates.
3. Development of non-absorbent, anti-static EPS
4. Patent application and development of glass wool port boards.
5. Development of 8mm glass wool water repellent products.

The Company hopes to achieve its annual operational objectives by implementing various strategies for each product line, with a view to reward shareholders for their continued support to its activities.

I wish you all the best,

Chairman: Wu, Yi-Gui

General Manager: Wu, Pei-Chi

Chapter 2 Company Profile

I. Date of Founding

April 6th, 1960

II. Company History

The Company was founded in April 1960 with the plant in Qianzhen District, Kaohsiung. The registered capital was NT$2.6 million, and it was the first of its kind in Taiwan to manufacture formaldehyde materials.

In September 1961, the Company increased its capital by cash to NT$6 million.

In December 1964, Mobil Corporation from the US invested in the Company and introduced new production technologies as well as management practices.

In March 1967, the Company installed the first polystyrene and phenol formaldehyde resins production equipment in Taiwan, as well as increased its capital to NT$18 million.

In September 1968, the Company increased its capital to NT$27 million.

In April 1969, the Company increased its capital to NT$50 million.

In May 1970, the Company increased its capital to NT$56 million.

In May 1971, the Company increased its capital to NT$61 million.

In November 1972, the Company increased its capital to NT$65 million.

In May 1973, the Company increased its capital to NT$87 million.

In June 1974, the Company increased its capital to NT$107.01 million.

In October 1975, the Company increased its capital to NT$120,921,300.

In September 1977, Mobil Corporation exited the Company owing to a policy change and transferred the shares it owned to Heng-Yu Co., Ltd., a Hong Kong company. The Company's capital was increased to NT$133,013,430.

In August 1978, the Company increased its capital to NT$152,300,370.

In August 1979, the Company built an acrylonitrile-butadiene-styrene (ABS) plant in Linyuan Industrial Park, Kaohsiung. The government approved of the collaboration between Panama Gulf Oil Company and the Company. The Company then increased its capital to NT$395.45 million.

In August, 1980, the Company invested in Taiwan Styrene Monomer Corporation and increased its capital to NT$466,631,000.

In November 1981, the Company increased the capital to NT$606,620,300.

In May 1982, due to a policy change, Panama Gulf Oil Company transferred the shares it owned in the Company to another Panama Company, Asia Private Investment Company (the name was changed to Panama Aodashih Investment Company in March 1985).

In December 1983, the Company ceased production of formaldehyde and phenol formaldehyde glue and constructed a plant to produce and develop T-Fine food vessel products.

In 1984, the Company expanded the second ABS production line. The installation was completed in April 1985.

In September 1984, the Company increased its capital to NT$679,414,740.

In November 1985, the Company ceased production of phenolic molding compounds.

On June 27th, 1986, the Company's stock was listed on the Taiwan Stock Exchange.

In November 1986, the Australian Company BTR Nylex Limited acquired 51% of the Company's shares and transferred all the shares it owned in the Company to its subsidiary, BTRN Asia, in December that year.

In August 1987, the Company increased its capital to NT$781,326,950.

In 1988, the Company began selling its shares in Taiwan Styrene Monomer Corporation.

In September 1988, the Company increased its capital to NT$937,592,340.

In September 1989, the Company increased its capital to NT$1,593,906,970.

In September 1990, the Company increased its capital to NT$1,753,297,660.

In September 1991, the Company increased its capital to NT$1,928,627,420.

In March 1992, the Company completed the trial run of the glass wool production line and began operations.

In November 1993, the Company purchased 28.6% of the shares in Hsihu Styrene Company held by Tai Mei.

On December 13th, 1996, the Company sold the shares it owned in Hsihu Styrene Co., Ltd. and Hsihu Chemicals Co., Ltd.

In March 1997, BTRN Asia transferred 51% of the shares it owned in the Company to a Bermudan Company, Belgravia One Limited, an overseas holding Company with joint investment from USI Corporation and UPC Technology Corporation.

In April 1997, the Company established Taita (BVI) Holding Co.

In September 1998, the Company increased its capital to NT$2,025,058,790 with its earnings.

In February and December 1998, Taita (BVI) Holding Co. increased its capital by US$450,000 and US$19.5 million respectively.

In 1999, the Company increased its capital by NT$202,505,870 with its earnings and NT$250,000,000 by cash. The paid-in capital reached NT$2,477,564,660.

In March 1999, the Company established Taita Chemicals (Zhongshan) Co., Ltd.

In 2000, the Company increased its capital by NT$148,653,880 using its earnings, with its paid-in capital reaching NT$2,626,218,540.

In May 2000, the Company completed the first EPS production line at its Zhongshan plant in Mainland China, and the second was put into production in October.

In May 2001, the trial run for the new GPS/IPS NOVA production process with an annual production capacity of 100,000 tons was completed and put into production at the Company's Qianzhen plant.

In November 2003, the Company established Taita Chemicals (Tianjin) Co., Ltd.

In October 2004, the Company completed the third EPS production line at its Zhongshan plant in Mainland China and increased the production capacity to 150,000 tons.

In 2005, the Company increased its capital by NT$78,786,550 from its earnings and capital surplus, with its paid-in capital reaching NT$2,705,005,090.

In 2005, Taita Chemicals (Tianjin) Co., Ltd. increased its capital by US$4 million.

In September 2005, the Company completed the construction of an EPS plant in Tianjin, Mainland China. A production trial run was completed in October of the same year with the production capacity of 100,000 tons.

In February 2006, Taita (BVI) Holding Co. Ltd. increased its capital by US$3.738

million.

In January 2007, Taita (BVI) Holding Co. Ltd. increased its capital by US$10 million.

In November 2007, both Taita Chemicals (Zhongshan) Co., Ltd. and Taita Chemicals (Tianjin) Co., Ltd. increased the capital by US$8 million. Taita Chemicals (Zhongshan) Co., Ltd. also converted US$3.25 million in earnings to capital.

In February 2008, Taita (BVI) Holding Co. Ltd. increased its capital by US$28 million.

In June 2008, both Taita Chemicals (Zhongshan) Co., Ltd. and Taita Chemicals (Tianjin) Co., Ltd. increased their capital by US$12 million and US$6 million respectively.

In the third quarter of 2008, the Company completed the debottlenecking project at Qianzhen Plant and Zhongshan Plant in Mainland China, thus increasing the production capacity to 66,000 tons and 180,000 tons respectively.

In 2008, the Company increased its capital by NT$81,150,150 with its earnings, and the paid-in capital reached NT$2,786,155,240.

In 2011, the Company increased its capital by NT$334,338,620 using its earnings, with its paid-in capital reaching NT$3,120,493,860.

In 2012, the Company increased its capital by NT$156,024,690 using its earnings, with its paid-in capital reaching NT$3,276,518,550.

In May 2012, Taita Chemicals (Tianjin) Co., Ltd. increased its capital by US$1.35 million from its earnings.

In July 2012, Taita Chemicals (Zhongshan) Co., Ltd. increased its capital by US$15 million.

In 2012, the Company completed the EPS debottlenecking project at the Tianjin plant in Mainland China and increased its production capacity to 134,000 tons.

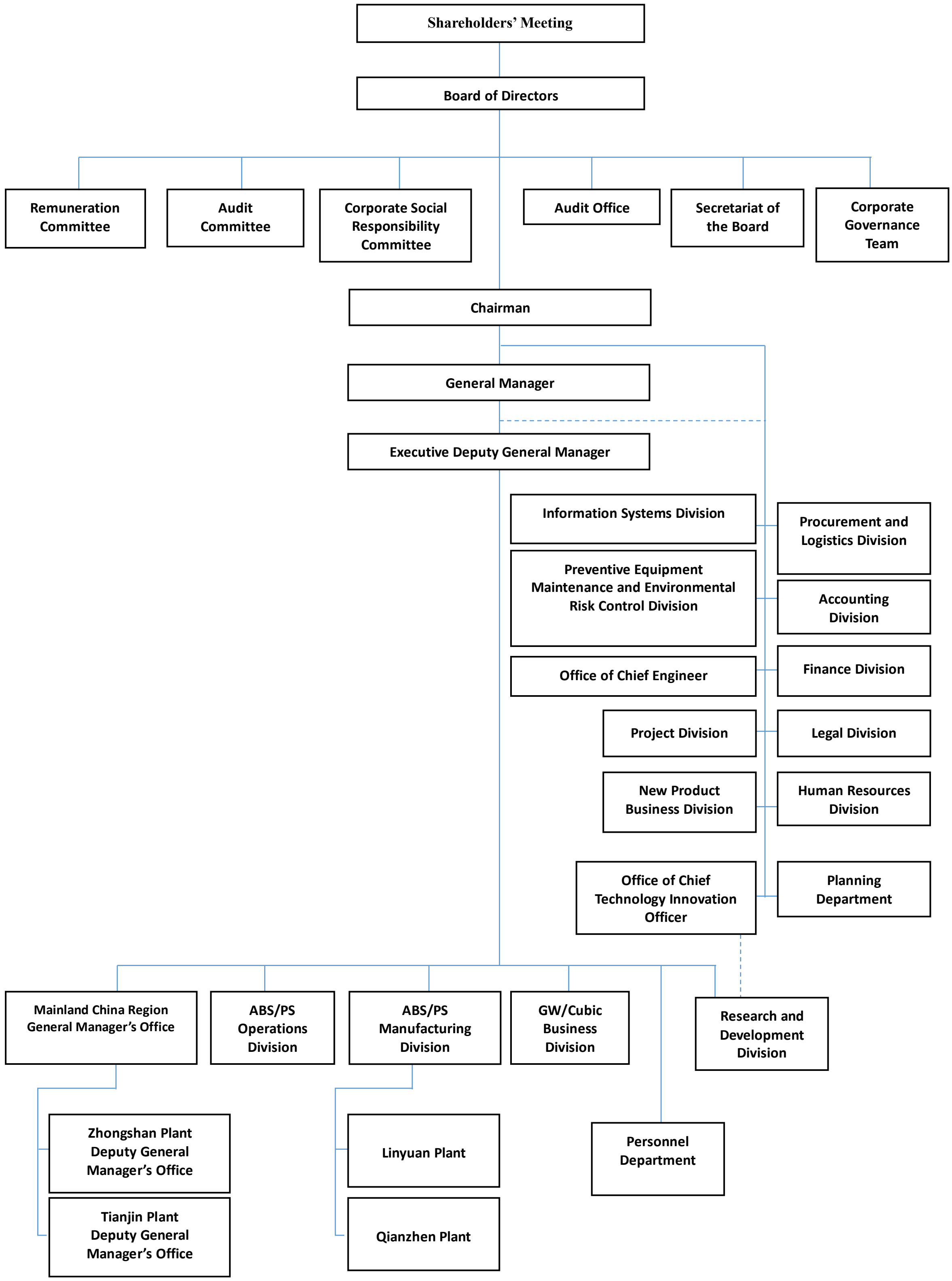
In the first quarter of 2014, the Company completed the ABS debottlenecking project at the Linyuan Plant and increased its production capacity to 100,000 tons.

In 2018, the Company increased its capital by NT$65,530,370 using its earnings, with its paid-in capital reaching NT$3,342,048,920.

Chapter 3 Corporate Governance Report

I. Organization System

(I) The Company's organizational structure: Organization system as of March 15th, 2020



(II) Responsibilities and Functions of Major Departments

Department	Main Responsibilities
President	Management of the Company's operations.
ABS/PS Operations Division	1. Management of matters related to the sales of ABS/PS products. 2. Execution of matters related to domestic/overseas sales of ABS/PS products. 3. Administrative affairs related to business units.
ABS/PS Manufacturing Division	Linyuan Plant (ABS) / Qianzhen Plant (PS): Management of matters related to the manufacturing, R&D, storage, quality assurance, coordination of the Company's product deliveries and factory equipment maintenance, as well as occupational safety and environmental protection.
GW/Cubic Business Division	1. Management of matters related to the manufacturing, R&D, and sales of glass wool/cubic printing products. 2. Management of matters related to the sales of glass wool/cubic printing products. 3. Management of matters related to the production of glass wool/cubic printing products.
Mainland China	Responsible for handling matters related to the manufacturing, R&D, storage, quality assurance, product transportation coordination, plant equipment maintenance, occupational safety and environmental protection of Zhongshan and Tianjin, Guangdong.
Corporate Governance Team	1. Matters related to meetings of the Board of Directors and shareholders' meetings in accordance with the law 2. Minutes recording for meetings of the Board of Directors and shareholders' meetings 3. Assistance to the Directors with taking office and continuous education and training 4. Provision of the information required for the Directors to conduct business 5. Assisting Directors in legal compliance 6. Other matters stipulated in the Articles of Incorporation or the contract
Personnel Department	Responsible for personnel affairs of the Company.
Audit Office	1. Implement internal audits and improve work flows. 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.
Procurement and Logistics Division	1. Purchase and audit major capital expenditures including bulk raw materials, machinery and equipment. 2. Supervise and execute trading, transportation, warehousing and customs-related operations.
Accounting Division	1. Preparation and analysis of financial statements and budgets to be used by decision-making units for the management and formulation of strategies. 2. Establishment, evaluation and implementation of accounting systems. 3. Plan and file taxes. 4. Regular announcement or reporting of financial performance.
Finance Division	1. Management of funds and financing. 2. Short-term financing and long-term investments. 3. Property insurance. 4. Credit control. 5. Collection of delayed payments. 6. Stock affairs-related matters.

Department	Main Responsibilities
Information Systems Division	Plan, build, develop and manage various information systems and facilities at the Company.
Human Resources Division	1. Plan human resources strategies and systems. 2. Plan training and organizational development strategies. 3. Plan and handle salary and benefits. 4. Provide employee services and handle general affairs. 5. Assist overseas branches in organizational planning, as well as personnel dispatch and training.
Legal Division	Provide legal advice, handle legal cases and affairs.
Office of Chief Engineer	1. Assist, participate or be in charge of the construction of new plants. 2. Assist, participate or be in charge of equipment or partial process improvement. 3. Integration of engineering personnel and engineering specifications.
Planning Department	1. Plan and evaluate future product portfolio development. 2. Analyze industrial and macroeconomic conditions. 3. Investigate and analyze upstream industries and future competitors. 4. Project coordinate and follow-up.
Office of Chief Technology Innovation Officer	Research and development of the Company's main products, new product development, and customer technical consulting services.
Research and Development Division	Research and development of ABS/PS products.
Secretariat of the Board	1. Plan and handle matters related to Board of Directors' meetings. 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. 3. Assist in promoting and handling decrees issued by the competent authority.
New Product Business Division	1. Assist in formulating marketing strategies for new businesses, and establish appropriate business models. 2. Responsible for developing new products or acquiring new customers in order to increase revenue. 3. Integrate Company resources and generate synergy so as to successfully develop new businesses.
Project Division	Planning, preparation, supervision and implementation of plant construction in overseas investment projects.
Preventive Equipment Maintenance and Environmental Risk Control Division	1. Assist the Group in establishing preventive maintenance systems at all plants. 2. Improve and enhance existing equipment. 3. Equipment fault management and prevention. 4. Routine/non-routine audits, counseling and training. 5. Planning and technical supervision of environment risk management. 6. Plan and promote compliance with laws related to energy conservation and carbon reduction, as well as establishing relevant systems.

II. Directors, General Manager, Deputy General Manager, Senior Managers, and Managerial Officers of various departments or branches

(I) Members of the Board of Directors

1. Information on Members of the Board of Directors April 20th, 2020

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		Major Work Experience and Academic Qualifications (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	Taiwan (R.O.C.)	Union Polymer Int'l Investment Corp.	–	2018.6.22	3 years	2003.6.3	120,535,750	36.79%	122,946,465	36.79%	-	-	0	0%	Chairman, USI	Note 5	None			(Note 4)
	Taiwan (R.O.C.)	Representative: Wu, Yi-Gui	Male			1997.3.1	-	-	0	0%	-	-	0	0%						
Director and General Manager	Taiwan (R.O.C.)	Union Polymer Int'l Investment Corp.	–	2018.6.22	3 years	2003.6.3	120,535,750	36.79%	122,946,465	36.79%	-	-	0	0%	Note 10	Note 6	None			
	Taiwan (R.O.C.)	Representative: Pei-Chi Wu	Male			2018.6.22	-	-	0	0%	0	0%	0	0%						
Director	Taiwan (R.O.C.)	Union Polymer Int'l Investment Corp.	–	2018.6.22	3 years	2003.6.3	120,535,750	36.79%	122,946,465	36.79%	-	-	0	0%	Master of Business Administration, University of Chicago (U.S.A.)	None	None			
	Taiwan (R.O.C.)	Representative: Bao-Luo Ying	Male			2008.11.1	-	-	26,976	0.01%	0	0%	0	0%						
Director	Taiwan (R.O.C.)	Union Polymer Int'l Investment Corp.	–	2018.6.22	3 years	2003.6.3	120,535,750	36.79%	122,946,465	36.79%	-	-	0	0%	PhD in Chemical Engineering, Pennsylvania State University (U.S.A.)	Note 7	None			
	Taiwan (R.O.C.)	Representative: Han-Tai Liu	Male			2013.3.6	-	-	0	0%	-	-	0	0%						
Director	Taiwan (R.O.C.)	Union Polymer Int'l Investment Corp.	–	2018.6.22	3 years	2003.6.3	120,535,750	36.79%	122,946,465	36.79%	-	-	0	0%	PhD in Business Administration, Nova Southeastern University (U.S.A.)	Note 8	None			
	Taiwan (R.O.C.)	Representative: Chen-Tu Liu	Male			2003.6.3	-	-	0	0%	0	0%	0	0%						
Director	Taiwan (R.O.C.)	Taiwan Union International Investment Co., Ltd.	–	2018.6.22	3 years	2018.6.22	29,951,137	9.14%	30,550,159	9.14%	-	-	0	0%	Department of Chemical Engineering, Chung Yuan Christian University; United Nylon Co., Ltd.; China Phosphate Co., Ltd.; and TSRC Corporation	Note 9	None			
	Taiwan (R.O.C.)	Representative: I-Shao Ko	Male			1997.3.1	-	-	0	0%	0	0%	0	0%						
Independent Director	Taiwan (R.O.C.)	I-Kung Ma	Female	2018.6.22	3 years	2015.6.9	0	0%	0	0%	-	-	0	0%	Note 11	Director of USI Education Foundation	None			
Independent Director	Taiwan (R.O.C.)	Tien-Wen Chen	Male	2018.6.22	3 years	2015.6.9	0	0%	0	0%	0	0%	0	0%	Note 12	Note 14	None			
Independent Director	Taiwan (R.O.C.)	Chi-Ying Juan	Male	2018.6.22	3 years	2017.6.16	0	0%	0	0%	-	-	0	0%	Note 13	Note 15	None			

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

Note 2: Any disruption of duty as a Director or Supervisor after the date he/she is elected shall be included in a separate note.

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

Note 4: Where the chairman, general manager, or individual with equivalent roles of the Company are the same individual, spouses, or relatives within the first degree of kinship, the Company shall specify related information regarding the reason, reasonableness, necessity, and response measures (e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors from individuals who are not employees or managers).

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

Note 5: Chairman: USI, CGPC, APC, 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, 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) Private Limited, 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, 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 Int'l Investment Corp. and USI Management Consulting Corporation

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

Executive Director: Chinese National Federation of Industries

Note 6: Chairman: TTC (Zhongshan), TTC (Tianjin), USI Trading (Shanghai) Co., Ltd.

Director: Dynamic Ever Investments Ltd., Ever Victory Global Limited, Ever Conquest Global Limited, Taita (BVI) Holding Co., Ltd., APC (BVI) Holding Co., Ltd., USI International Corporation, APC, CGTD, Asia Polymer Investment Corporation, Chong Loong Trading Co. Ltd., son Plastics Corp., Swanson Technologies Corporation, INOMA Corporation, USI Education Foundation, and Taiwan United Venture Capital Corporation

Supervisor: USI Optronics Corporation

General Manager: TTC, Asia Polymer Corporation, and USI Trading (Shanghai) Co., Ltd.

Note 7: Director: Ever Victory Global Ltd., Dynamic Ever Investments Ltd., CGPC, Continental General Plastics (Zhongshan) Co., Ltd., Taiwan VCM Corporation, Swanson Plastics Corp., and INOMA Corporation

Supervisor: China General Terminal and Distribution Corporation

Deputy General Manager: USI Corporation

Note 8: Director: APC(BVI) Holding Co. Ltd., CGPC (BVI) Holding Co., Ltd., Forever Young Co., Ltd., Forum Pacific Trading Ltd., Swanlake, Taita (BVI) Holding Co., USI International Corporation, Ever Victory Global Limited, Dynamic Ever Investments Limited, CGPC Consumer Products Corporation, Taita Chemical (Zhongshan) Co., Ltd., USI Optronics Corporation, USI Management Consulting Corp., Chong Loong Trading Co., Ltd., China General Plastics Corporation, Continental General Plastics (Zhongshan) Co., Ltd., China General Terminal & Distribution Co., Acme Electronics (Kunshan) Co., Ltd., Swanson Technologies Corporation, Swanson Plastics Corp., Taiwan United Venture Capital Corp., Taiwan United Venture Management Corporation, Union Polymer International Investment Corp., and Wafer Works Corporation (Note)

Note: Served as Director of Wafer Works Corp. whose main business operations are: Research, development, design, manufacture, import/export, agency, and distribution of semiconductors and materials

Supervisor: USIFE Investment Co., Ltd., APC Investment Corporation, USIG (Shanghai) Co., Ltd. and Fujian Gulei Petrochemical

Note 9: Chairman: Zhenjiang UPC, Zhongshan UPC, Zhuhai UPC, Taizhou UPC, Taizhou Warehousing, Taizhou Plastic, Tai Lien International, Jiangsu Logistics, Guangdong Logistics, Panjin UPC, Panjin Warehousing, Panjin Materials, Nanchong UPC, Sichuan Logistics, and Wei Cheng Investment

Executive Director: Zhenjiang Lianju

Director: APC, China General Terminal & Distribution Co., UPC Group, UPC Venture Capital, United Industrial Gases Co., Ltd., UPC Chemicals (Malaysia) SDN.BHD, UPCM Trading (Thailand) Company Limited, and UPCM Trading (Vietnam) Company Limited

General Manager: UPC Group, Zhenjiang Union Chemical Industry Co., Ltd., Zhongshan Unicizers Industrial Co., Ltd., Zhuhai Unicizers Industrial Co., Ltd., Zhongshan Union Trading Co., Ltd., Taizhou Union Chemical Industry Co., Ltd., Taizhou Union Logistics Co., Ltd., Taizhou Union Plastics Industry Co., Ltd., Jiangsu Union Logistics Co. Ltd., Guangdong Union Logistics Co., Ltd., Panjin Union Chemical Industrial Co., Ltd., Panjin Union Logistics Co., Ltd., Panjin Union Materials Industry Co., Ltd., Nanchong Unicizers Industrial Co., Ltd. and Sichuan Logistics Co., Ltd.

Note 10: General Manager of Thermoset Materials Division in Asia Pacific, and Director of Basic Plastic Sales in Greater China, Dow Chemical; Sales Engineer, Taiwan Branch, ESSO

Note 11: Master of City and Regional Planning, Rutgers, the State University of New Jersey (U.S.A.); member of the Third and Fourth Session of the Control Yuan, Taiwan (R.O.C.); member of the Council of Cultural Affairs, Executive Yuan, Taiwan (R.O.C.); member of the Environmental Impact Assessment Committee under the Environmental Protection Administration, Taiwan (R.O.C.); and Distinguished Professor, Department of Landscape Architecture, Chung Hua University

Note 12: Master of Business Administration, University of Southern California (U.S.A.); Sales Manager, JP Morgan Chase Bank (U.S.A.); Vice President and Taiwan representative, Merrill Lynch (U.S.A.); founder and Chairman, affiliated companies (Capital Investment Management Corporation, Capital Investment Trust Corporation and Capital Futures Corporation) of the Capital Group (Taiwan); and Director, Cathay Financial Holding Co. Ltd.

Note 13: J.D. in Justice, Rutgers, The State University of New Jersey (U.S.A.); lawyer, Tsar & Tsai Law Firm (Taiwan); lawyer, Baker McKenzie (Taiwan); Deputy General Manager, Head of Legal Affairs and Senior Consultant, Mitac International Corporation (Taiwan)

Note 14: Chairman: Chia Shih Construction Co., Ltd.

Independent Director: Taiwan Secom Co., Ltd., Yeong Guan Holdings Co., Limited

Consultant: Chinese National Association of Industry and Commerce, Taiwan

Note 15: President of the Taiwan Technology Industry Legal Officers Association; Associate Professor, Soochow University

2. Major shareholders of institutional shareholders

April 20th, 2020

Name of Institutional Shareholders (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)	Percentage of Shares Held
Union Polymer Int'l Investment Corp.	USI Corporation	100.00%
Taiwan Union International Investment Co., Ltd.	UPC Technology Corporation	100.00%

Note 1: For Directors and Supervisors who are the representatives of institutional shareholders, the names of the institutional shareholders shall be disclosed.

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 a judicial person, the information shall be filled in Table 2 below.

Note 3: For corporate 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. Institutional shareholders whose major shareholders are juristic persons

April 20th, 2020

Name of Judicial Person (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)	Percentage of Shares Held
USI Corporation	Shing Lee Enterprise (Hong Kong) Limited	14.62%
	Fubon Securities Co., Ltd. as custodian of Hao Chi Li Co., Ltd. investment account	9.25%
	Asia Polymer Corporation	8.53%
	Citibank (Taiwan) Limited as custodian of Norges Bank Investment Account	1.75%
	Yueh Hsing Hua Investment Co., Ltd.	1.73%
	Shan-Shan Lin Su	1.67%
	Wen-Hsuan Yu	1.41%
	Wen-Tsung Yu	1.41%
	Wen-Yu Yu	1.41%
	Taita Chemical Company, Ltd.	1.27%
UPC Technology Corporation	Lien Hwa Industrial Corp.	31.89%
	Synnex Technology International Corporation	5.18%
	Yi Yuan Investment Co., Ltd.	1.62%
	Liberty Stationery Corporation	1.55%
	Mei An Investment Co., Ltd.	1.34%
	Tung Ta Investment Co., Ltd.	1.24%
	Tsu Feng Investment Co., Ltd.	1.23%
	MiTac International Corp.	1.21%
	Fubon Life Insurance Co., Ltd.	1.20%
	Citibank (Taiwan) Limited as custodian of Norges Bank Investment Account	1.16%

Note 1: If the major shareholder as shown in Table 1 is a judicial person, the name of the judicial person 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.

Note 3: For corporate 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 regarding members of the Board of Directors

April 30th, 2020

Criteria / Name (Note 1)	Does the individual have over 5 years of professional experience and the following professional qualifications? 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	Independence criteria (Note 2) 1	2	3	4	5	6	7	8	9	10	11	12	Number of other public companies in which the individual is concurrently serving as an independent director
Wu, Yi-Gui			✓			✓					✓		✓	✓		0
Wu, Pei-Chi			✓			✓		✓			✓	✓	✓	✓		0
Ying, Pao-Luo			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Liu, Han-Tai			✓			✓		✓	✓	✓		✓	✓	✓		0
Liu, Chen-Tu			✓			✓				✓	✓		✓	✓		0
Ko, I-Shao			✓	✓		✓	✓		✓		✓	✓	✓	✓		0
I-Kung Ma			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Tien-Wen Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Chi-Ying Juan	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	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 employed by the Company or any of its affiliated companies.

Not a director or supervisor of the company or any of its affiliates (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with the Securities and Exchange Act or local laws of the registered country).

(3) Not a shareholding natural person who holds at least 1% of the Company’s total outstanding shares in combination with his/her spouse, underage children, and in the name of third parties or is one of the ten top shareholders.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer as stated in (1) or any of the persons mentioned in (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, or a top 5 shareholder, or a director or supervisor representative appointed by the Company in accordance with paragraph 1 or 2, Article 27 of the Company Act (excluding independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).

(6) Not directors, supervisors or employees of other companies controlled by the same person holding a majority of the company's director seats or voting shares of the company. (However, this restriction shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(7) Not directors (governors), supervisors or employees of other companies or institutions who are the same person or spouse as the chairperson, general manager or person holding an equivalent position of the company. (However, this restriction shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not any director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company(for a particular company or institution holds more than 20%, but not exceed 50%, of the company’s issued shares, and the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, shall not be restricted by this provision).

(9) Not any professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. Provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not a spouse or a relative within the second degree of kinship with any Director.

(11) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

(12) Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.

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

April 20th, 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		Major Work Experience and Academic Qualifications (Note 2)	Other Position 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, Yi-Gui	Male	98.9.1	0	0.00%	-	-	0	0.00%	Chairman, USI	Note 4	None	None	None	(Note 3)
President	Taiwan (R.O.C.)	Wu, Pei-Chi	Male	106.12.22	0	0.00%	0	0.00%	0	0.00%	Note 6	Note 5	None	None	None	
Vice President	Taiwan (R.O.C.)	Tai-Ming Yen	Male	104.7.6	0	0.00%	0	0.00%	0	0.00%	EMBA, National Sun Yat-sen University (Taiwan)	Director and General Manager: Taita Chemical (Zhongshan) Co., Ltd. and Taita Chemical (Tianjin) Co., Ltd.	None	None	None	
Corporate Governance Officer.	Taiwan (R.O.C.)	Chen, Yung-Chih	Male	108.5.9	0	0.00%	0	0.00%	0	0.00%	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	None	None	None	
Head of Accounting Department	Taiwan (R.O.C.)	Lin, Chin-Tsai	Male	90.4.17	0	0.00%	0	0.00%	0	0.00%	Department of Statistics, National Cheng Kung University	Accounting Manager: Taiwan VCM Corporation	None	None	None	
Head of Finance Department	Taiwan (R.O.C.)	Chuang, Kai-Hui	Female	104.4.24	0	0.00%	0	0.00%	0	0.00%	Master of Finance, University of Houston (U.S.A.)	None	None	None	None	

Note 1: Information regarding General Manager, Deputy General Manager, senior managers, heads of departments and branches shall be included, whereas information regarding positions equivalent to General Manager, Deputy General Manager or senior managers shall be disclosed regardless of job title.

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

Note 3: when the general manager or person holding the equivalent post (top manager) and the chairman of the board are the same person, spouse or relative of first degree, the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors, and the way that more than half of the directors are not employees or managers) shall be disclosed.

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

Note 4: Chairman: USI, CGPC, APC, 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, 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) Private Limited, 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, 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 Int'l Investment Corp. and USI Management Consulting Corporation

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

Executive Director: Chinese National Federation of Industries

Note 5: Chairman: TTC (Zhongshan), TTC (Tianjin), USI Trading (Shanghai) Co., Ltd.

Director: Dynamic Ever Investments Ltd., Ever Victory Global Limited, Ever Conquest Global Limited, Taita (BVI) Holding Co., Ltd., APC (BVI) Holding Co., Ltd., USI International Corporation, APC, CGTD, Asia Polymer Investment Corporation, Chong Loong Trading Co. Ltd., son Plastics Corp., Swanson Technologies Corporation, INOMA Corporation, USI Education Foundation, and Taiwan United Venture Capital Corporation

Supervisor: USI Optronics Corporation

General Manager: Asia Polymer Corporation and USI Trading (Shanghai) Co., Ltd.

Note 6: General Manager of Thermoset Materials Division in Asia Pacific, and Director of Basic Plastic Sales in Greater China, Dow Chemical; Sales Engineer, Taiwan Branch, ESSO

Note 7: Supervisor: Taiwan United Venture Capital Corporation, Taiwan United Venture Management Corporation, and Cerebra Technologies Co., Ltd.

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

Corporate Governance Officer: USI, APC, CGPC, and Acme Electronics Corporation

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

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

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

III. Remuneration paid to Directors, Independent Directors, Supervisors, General Manager and Deputy General Manager during the most recent fiscal year

I. If any of the following applies to a Company, the name of the Director or Supervisor involved and the remuneration paid to him/her shall be disclosed. For the remaining Directors or Supervisors, the Company may opt to either disclose information in aggregate remuneration with their names indicated in each numerical range or disclose their names and method of remuneration individually (If the latter is chosen, please fill their positions, names and remuneration amounts individually. The Company shall not need to fill the table for ranges of remuneration):

(I) The name and remuneration of the "directors and supervisors" should be disclosed individually if pre-tax losses have been recorded in its parent company-only or individual financial statements in the most recent three (3) fiscal years. However, the preceding sentence shall not apply if the company's parent company-only or individual financial statements in the most recent fiscal year indicates a net income after taxes which is sufficient to cover cumulative 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 "Directors' remuneration" plus "Supervisor's remuneration" in the attached table plus the remuneration for the aforementioned Directors and Supervisors; excluding related remuneration received for concurrent services as employees.)

(V) A company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEx) is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEx, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation.

(VI) The average annual salary of the full-time non-supervisory employees in a TWSE or TPEx listed company is less than NT$500,000.

II. If the circumstance in sub-item "(I)" or in sub-item "(V)" of the preceding item applies to a company listed on the TWSE or the TPEx, it shall disclose the individual remuneration paid to each of its top five management personnel (e.g., General Manager, Deputy General Managers, Chief Executive Officer, or Chief Financial Officer).

(I) Remuneration of Directors, Independent Directors, Supervisors, General Manager, and Deputy General Managers

1. Remuneration Paid to Directors and Independent Directors:

Unit: NT$ thousands

Title	Name	Remuneration of Directors								Percentage of the total of 4 items A, B, C and D on net income after taxes (NIAT) (Note 11)		Relevant Remuneration Received by Directors Who are Also Employees								Proportion of NIAT after summing items A, B, C, D, E, F, and G (Note 11)		Compensation from investee companies other than subsidiaries or the parent company (Note 11)
		Remuneration (A) (Note 2)		Severance Pay and Pension (B)		Director's Compensation (C) (Note 3)		Business Execution Allowances (D) (Note 4)				Salary, 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 (Note 7	The Company	All the Companies Included in the Financial Statements (Note 7	The Company	All the Companies Included in the Financial Statements (Note 7)	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 Amoun			
Chairman and Chief Executive Officer	Wu, Yi-Gui	0	0	0	0	0	0	1,464	1,464	0.37%	0.37%	9,272	9,272	216	216	22	0	22	0	2.76%	2.76%	27,856
Director and General Manager	Wu, Pei-Chi																					
Director	Ying, Pao-Luo																					
Director	Liu, Han-Tai																					
Director	Liu, Chen-Tu																					
Director	Ko, I-Shao																					
Independent Director	I-Kung Ma	3,600	3,600	0	0	0	0	544	544	1.04%	1.04%	0	0	0	0	0	0	0	0	1.04%	1.04%	None
Independent Director	Tien-Wen Chen																					
Independent Director	Chi-Ying Juan																					

1. Please illustrate the policies, systems, standards and structure of independent directors' remuneration, as well as the correlation between the remuneration and the responsibilities, risks, and time:

   The remuneration of Independent Directors is determined in accordance with the Company's Articles of Incorporation and the remuneration policies and regulations. It is also determined by their level of participation in the Company's operations, value of their contribution, and median pay in the industry. The methods of distribution are filed to the Remuneration Committee for approval and the Board of Directors for resolution before implementation. Independent Directors do not receive other remuneration except for the fixed remuneration.

2. Other than disclosure in the above table, Directors remunerations received by providing services (e.g. providing consulting services as a non-employee) to the Company and all consolidated entities in the 2019 financial statements: None.

Range 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 companies in the Financial Report (Note 9) H	The Company (Note 8)	The parent company and all investees (Note 9) I
Under NT$1,000,000	Wu, Yi-Gui / Wu, Pei-Chi / Ying, Bao-Luo / Liu, Han-Tai / Liu, Chen-Tu / Ko, I-Shao	Wu, Yi-Gui / Wu, Pei-Chi / Ying, Bao-Luo / Liu, Han-Tai / Liu, Chen-Tu / Ko, I-Shao	Liu, Han-Tai, Liu, Chen-Tu, Ko, I-Shao, Ying, Pao-Lo	Liu, Chen-Tu, Ko, I-Shao, Ying, Pao-Lo
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	Ma, I-Kung / Chen, Tien-Wen / Juan, Chi-Ying	Ma, I-Kung / Chen, Tien-Wen / Juan, Chi-Ying	Ma, I-Kung / Chen, Tien-Wen / Juan, Chi-Ying	Ma, I-Kung / Chen, Tien-Wen / Juan, Chi-Ying
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	-	-	-	-
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	-	-	Wu, Yi-Gui	-
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	-	-	Wu, Pei-Chi	Wu, Pei-Chi / Liu, Han-Tai
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	-	-	-	Wu, Yi-Gui
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	NT$5,608 thousand	NT$5,608 thousand	NT$15,118 thousand	NT$42,974 thousand

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

Note 2: Compensation received by a Director in the most recent fiscal year (including Director's salary, job-related allowances, severance pay, various bonuses and incentives).

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

Note 4: Allowances 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: Salary, job-related allowances, severance pay, various bonuses, incentives, transportation allowance, 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). 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, shall be included in the calculation of remuneration. The Company provided a company car to the General Manager. The cost of the vehicle was NT$2,013,000, the book value at the end of 2019 was NT$1,275,000, the driver's salary was NT$554,000, and fuel expenses were NT$180,000.

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: 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: 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: 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.

Note 10: Net profit after tax refers to the net profit after tax in the most recent parent company only or individual financial report.

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

b. If a Director of the Company receives remuneration from investee companies other than subsidiaries or the parent company, the amount of remuneration received by the director from investee companies other than subsidiaries or the parent company shall be combined into Column I of the table for ranges of remuneration, and this column shall be renamed as "Parent Company and All Investee Companies".

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

＊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.

2. Remuneration Paid to Supervisors: Not applicable as the Company has an Audit Committee that replaces the functions of Supervisors.

3. Remuneration Paid to General Manager and Deputy General Manager

Unit: NT$ thousands

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonuses and special allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Percentage of the Total of 4 items A, B, C and D on NIAT (Note 8)		Compensation from investee companies other than subsidiaries or the parent company (Note 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, Yi-Gui	7,555	7,555	216	216	5,118	5,118	33	0	33	0	3.25%	3.25%	17,548
President	Wu, Pei-Chi													
Vice President	Tai-Ming Yen													

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

Range 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)	All the Investee Companies Included in the Financial Statements (Note 7)
Under NT$1,000,000	-	-
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	Wu, Yi-Gui	
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Tai-Ming Yen	Tai-Ming Yen
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Wu, Pei-Chi	Wu, Pei-Chi
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	-	Wu, Yi-Gui
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-
Over NT$100,000,000	-	-
Total	NT$ 12,922 thousand	NT$ 30,470 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 the General Manager or Deputy General Manager, his/her name and the amount of remuneration paid to him/her should be listed in this Table and Table (1-1) above or Tables (1-2-1) and (1-2-2).

Note 2: Fill 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 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). 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, shall be included in the calculation of remuneration. A company car is provided to the General Manager and housing facility is provided to the Deputy General Manager. The housing rent for 2019 totaling at NT$518,000 has been included in the salary, bonus, and special allowance in the table above. The cost of the business vehicle was NT$2,013,000 and the book value as of the end of 2019 was NT$1,274,000. The salary of the driver was NT$554,000 and the fuel expenses amounted to NT$441,000.

Note 4: Fill 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 taxes in the most recent fiscal year. Where IFRS is adopted, net income after tax refers to net income after taxes recorded in the parent company only or standalone financial statements in the most recent fiscal year.

Note 5: The total amount of the remuneration of all the companies (including the Company) in the combined report to the General Manager and Deputy General Manager of the company should be disclosed.

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

Note 7: The total amount of all the remuneration paid to each General Manager and Deputy General Manager of the Company by all 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.

Note 8: 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 standalone financial statements in the most recent fiscal year.

Note 9: a. This field should clearly indicate the amount of remuneration received by the Company's general manager or vice general manager from a reinvestment business other than a subsidiary or the parent company (if not, please fill in "none").

b. If a General Manager or Vice General Manager of the Company received remuneration from investees other than subsidiaries of the Company or the parent company, the remuneration received by the General Manager or Vice General Manager of the Company from investees other than subsidiaries of the Company or the parent company shall be included in E column of the Remuneration Range Table and the name of the field shall be changed to "Parent Company and All Investment Companies".

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

* 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.

4. Name of Managerial Officers Responsible for the Distribution of Employee Compensation and the Distribution

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, Yi-Gui	0	33	33	0%
	President	Wu, Pei-Chi				
	Vice President	Tai-Ming Yen				
	Head of Accounting Department	Lin, Chin-Tsai				
	Head of Finance Department	Chuang, Kai-Hui				

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

Note 2: Fill 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 (NIAT) refers to net income after taxes 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 standalone 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 27th, 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.

(II) Analysis and comparison of percentages of remuneration paid to the Company's Directors, Supervisors, General Manager, and Deputy General Managers 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 Manager:

<table>
<tr><th rowspan="2">Year / Category</th><th colspan="2">2019</th><th colspan="2">2018</th></tr>
<tr><th>The Company</th><th>All the Companies Included in the Financial Statements</th><th>The Company</th><th>All the Companies Included in the Financial Statements</th></tr>
<tr><td>Director</td><td>0.37%</td><td>0.37%</td><td rowspan="2">2.64%</td><td rowspan="2">2.64%</td></tr>
<tr><td>Independent Director</td><td>1.04%</td><td>1.04%</td></tr>
<tr><td>Directors (Including Those Who Concurrently Serve as Employees and Receive Employees' Compensation)</td><td>2.76%</td><td>2.76%</td><td rowspan="2">8.36%</td><td rowspan="2">8.36%</td></tr>
<tr><td>Directors (Including Those Who Concurrently Serve as Employees and Receive Employees' Compensation)</td><td>1.04%</td><td>1.04%</td></tr>
<tr><td>Chief Executive Officer, General Manager and Deputy General Manager</td><td>3.25%</td><td>3.25%</td><td>7.31%</td><td>7.31%</td></tr>
</table>

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

(1) According to Article 34 of the Company’s Articles of Incorporation, remuneration paid to Directors shall not exceed one (1) percent of the profit obtained in the current fiscal year. The Remuneration Committee shall take into account the overall performance of the Company and its future operational risks, as well as the trends of the industry, and propose the remuneration to be paid to Directors to the Board of Directors for approval, whereas transportation fees to be paid to Directors shall be approved by the

Shareholders' Meeting.

(2) Directors' remuneration shall be set in accordance with Article 19-1 of the Company's Articles of Incorporation, the value of their level of participation and contribution to the Company's business operations, regardless of whether the Company records a profit or a loss, and taking into consideration the pay levels of the industry. Directors' remuneration shall be approved by the Board of Directors, and shall correlate with the Company's business performance.

(3) Managerial officers' remuneration shall be determined in accordance with the Company's personnel-related rules and regulations. Salary levels shall first be proposed by the Remuneration Committee before submission to the Board of Directors for approval, and shall correlate with the Company's business performance.

(4) The correlation with 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 forms recommendations and submits them to the Board of Directors for passage.

IV. Implementation of Corporate Governance

(I) Operation of Board of Directors

Six (6) 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:

Title	Name	1st meeting 2019.03.06	2nd meeting 2019.05.09	3rd meeting 2019.06.26	4th meeting 2019.08.07	5th meeting 2019.11.12	6th meeting 2019.12.10	Number of Attendance in Person (B)	Number of Attendance by Proxy	Rate of Attendance in Person (%) [B/A] (Note 2)	Remark(s)
Chairman	Wu, Yi-Gui (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	Re-elected
Director and General Manager	Wu, Pei-Chi (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	Re-elected
Director	Ying, Bao-Luo (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	Re-elected
Director	Liu, Han-Tai (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	Re-elected
Director	Liu, Chen-Tu (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	Re-elected
Director	Ko, I-Shao (representative of Union Polymer Int'l Investment Corp.)	◎	◎	☆	◎	◎	☆	4	2	66.67	Re-elected
Independent Director	Ma, Yi-Kung	◎	◎	◎	◎	◎	◎	6	0	100	Re-elected
Independent Director	Chen, Tien-Wen	◎	◎	☆	◎	◎	◎	5	1	83.33	Re-elected
Independent Director	Juan, Chi-Ying	◎	◎	◎	◎	◎	◎	6	0	100	Re-elected

Note: Attendance in person: ◎; attendance by proxy: ☆.

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 Term Date	Resolution and Follow-up Actions	Items listed under Article 14-3 of the Securities and Exchange Act	Dissenting opinion or qualified opinion by Independent Directors
2019 1st Meeting	1. Ratified endorsement/guarantee made for Taita (BVI) Holding Co., Ltd. (First Bank)	Yes	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 independent director Chen, Tien-Wen who had to recuse himself from voting due to conflict of interest, all directors voted in favor of the resolution.		
	2. Ratified the endorsement/guarantee made for Taita (BVI) Holding Co., Ltd. (Taipei Fubon Bank)	Yes	None
	3. Approved capital increase by retained earnings and issuance of new shares.	Yes	None
	4. Approved the amendment of certain articles in the "Regulations Governing the Acquisition and Disposal of Assets".	Yes	None
	5. Compensation paid to the certifying CPAs for 2018.	Yes	None
	6. Appoint certified public accountants (CPAs) for the year 2019.	Yes	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.		
2019 2nd Meeting	Approved the amendment of the internal control system.	Yes	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.		
2019 3rd Meeting	Approved the issuance of new shares.	Yes	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.		
2019 4th Meeting	1. Ratified the endorsements / guarantees made for subsidiaries Taita (BVI) Holding Co., Ltd. and Taita Chemical (Zhongshan) Co., Ltd.	Yes	None
	2. Approved the amendment of certain articles in the Audit Committee Charter.	Yes	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.		
2019 5th Meeting	1. Ratified endorsement/guarantee made for Taita (BVI) Holding Co., Ltd.	Yes	None
	2. Approval of the change of chief internal auditor.	Yes	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None.		

Board of Directors Term Date	Resolution and Follow-up Actions	Items listed under Article 14-3 of the Securities and Exchange Act	Dissenting opinion or qualified opinion by Independent Directors
	Voting results: All the Directors present voted in favor of the resolution without any dissenting opinion.		

(II) Other than the matters mentioned above, other resolutions with objections or reservations from the Independent Directors and are documented or stated: None.

II. In regards 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 outcomes shall be stated:

<table>
<tr><th>Name of Director</th><th>Proposal</th><th>Reason for Recusal</th><th>Participation in Voting</th><th>Remark(s)</th></tr>
<tr><td>Chen, Tien-Wen</td><td>Ratified endorsement/guarantee made for Taita (BVI) Holding Co., Ltd. (First Bank)</td><td>The Director recused himself because a relative within the second degree of kinship serves as the Managing Director of the loan institution First Commercial Bank and there is a conflict of interest.</td><td rowspan="4">He did not participate in voting.</td><td rowspan="4">2019
1st Meeting</td></tr>
<tr><td rowspan="2">Wu, Pei-Chi</td><td>Removal of the non-compete clause for Directors.</td><td rowspan="2">The recused Director is the recipient of the removal of the non-competition clause.</td></tr>
<tr><td>Permitted managerial officers of the Company to concurrently hold other positions and engage in competitions</td></tr>
<tr><td>Wu, Yi-Gui
Ma, Yi-Kung
Wu, Pei-Chi</td><td>Donations to the USI Education Foundation</td><td>They recused themselves due to conflict of interest as they serve as Directors of the foundation.</td></tr>
</table>

III. The company listed on TWSE shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the evaluation of the Board of Directors. Evaluation of the performance for the Board of Directors:

<table>
<tr><th>Evaluation Cycle (Note 1)</th><th>Evaluation Period (Note 2)</th><th>Evaluation Scope (Note 3)</th><th>Evaluation Method (Note 4)</th><th>Evaluation Contents (Note 5)</th></tr>
<tr><td rowspan="3">Once every year</td><td rowspan="3">January 1st, 2019 to December 31st, 2019</td><td>Board of Directors Performance Evaluation</td><td>Board of Directors Internal Self-Evaluation</td><td>I. Performance evaluation of the Board of Directors
1. Level of participation in corporate operations.
2. Improvement of the quality of the Board of Directors' decision making.
3. Composition and structure of the Board of Directors.
4. The election of the Directors and their continuing professional education.
5. Internal control.</td></tr>
<tr><td rowspan="2">Performance evaluation of functional committees</td><td rowspan="2">Self-evaluation of the members of functional committees</td><td>II. Performance evaluation of the Audit Committee
1. Level of participation in corporate operations.
2. Understanding of duties of the Audit Committee.
3. Improvement of the quality of the Audit Committee' decision making.
4. Composition of the Audit Committee and selection of committee members.
5. Internal control.</td></tr>
<tr><td>III. Performance evaluation of the Remuneration Committee
1. Level of participation in corporate operations.
2. Understanding of duties of the Remuneration</td></tr>
</table>

				Committee. 3. Improvement of the quality of the Remuneration Committee' decision making. 4. Composition of the Remuneration Committee and selection of committee members.

Note 1: Fill out the evaluation cycle for the evaluation of the Board of Directors such as once every year.

Note 2: Fill out the period for the evaluation of the Board of Directors such as the period for the evaluation of the performance of the Board of Directors is from January 1st, 2019 to December 31st, 2019.

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

Note 4: Methods of evaluations include the self-evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.

Note 5: The contents of the evaluation shall include at least the following items:

(1) Performance evaluation of the Board of Directors: The evaluation shall include at least the "participation in the operations of the Company", "improvement of the quality of the Board of Directors' decision making", "composition and structure of the Board of Directors", "election and continuing education of the Directors", "and "internal control".

(2) Performance evaluation of individual Directors: The evaluation shall include at least the "familiarity with the goals and missions of the Company", "knowledge of the duties of Directors", "degree of participation in the Company's operations", "management of internal relations and communication", "professional and continuous education of Directors", and "internal control".

(3) Performance evaluation of functional committees: Degree of participation in the Company's operations, knowledge of the duties of the functional committee, improvement in the quality of functional committee decisions, functional committee composition and election of members, and internal control.

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

1. The operations of the Board of Directors of the Company are exercised in accordance with the provisions of the laws and regulations, the Articles of Incorporation, and the resolutions of the shareholders' meetings. All Directors, in addition to the professional knowledge and skills necessary to perform their duties, should strive for the best shareholder interests based on the principles of loyalty and integrity.
2. The Company constantly pays attention to changes in laws and regulations of the competent authority, reviews its "Rules of Procedure for Board of Directors' Meetings" and "Rules Governing the Scope of Powers of Independent Directors", and evaluates its "Audit Committee Charter" in due course. The Company really seeks to improve information transparency in accordance with the amended laws, and the implementation of these regulations has been favorable.
3. To implement corporate governance, safeguard the interests of the shareholders, and strengthen the functions of the Board, the Board appointed a Corporate Governance Officer on May 9th, 2019 to assist the Board of Directors in its operations.
4. The Audit Committee was established after the appointment of Independent Directors during the general shareholders' meeting in 2015. The results of performance evaluation performed on the Board of Directors (Audit Committee) in 2019 has been disclosed on the Company's

website in January 2020 and has been reported in the first Board of Directors' Meeting in 2020 (March 5th, 2020).

5. The Company's website and the Market Observation Post System disclose relevant information on the Company's compliance with related regulations and major resolutions of the Board of Directors to help shareholders understand the Company's development and enhance the transparency of the Company's information.
6. The Company organizes training courses for Directors and encourages Directors to attend corporate governance-related courses The status of continuing education for the Directors of the Company is as follows:

Title	Name	Date of Training	Organizer	Course Title	Training Hours
Chairman	Wu, Yi-Gui	July 15th, 2019	Securities & Futures Institute	Impact of the Trade Disputes between the United and China on Taiwanese Businesses and Response Measures	3
		October 8th, 2019	Securities & Futures Institute	Response Strategies of Corporation and Individuals for the Implementation of the Economic Substance Law and Global Initiatives Against Tax Avoidance	3
Director and General Manager	Wu, Pei-Chi	July 15, 2019	Securities & Futures Institute	Impact of the Trade Disputes between the United and China on Taiwanese Businesses and Response Measures	3
		October 8th, 2019	Securities & Futures Institute	Response Strategies of Corporation and Individuals for the Implementation of the Economic Substance Law and Global Initiatives Against Tax Avoidance	3
Director	Ying, Bao-Luo	July 15th, 2019	Securities & Futures Institute	Impact of the Trade Disputes between the United and China on Taiwanese Businesses and Response Measures	3
		October 8th, 2019	Securities & Futures Institute	Response Strategies of Corporation and Individuals for the Implementation of the Economic Substance Law and Global Initiatives Against Tax Avoidance	3
Director	Liu, Han-Tai	July 15th, 2019	Securities & Futures Institute	Impact of the Trade Disputes between the United and China on Taiwanese Businesses and Response Measures	3
		November 6th, 2019	Taiwan Stock Exchange	Effective Implementation of the Functions of Directors Seminar	3
Director	Liu, Chen-Tu	February 19, 2019	Taiwan Corporate Governance Association	2019 Global Trends Analysis — Risks and Opportunities	1
		May 8th, 2019	Taiwan Corporate Governance Association	Importance of the Integration of Economic Social, and Governance (ESG) Elements in Investment — Management Viewpoints of Aberdeen Standard Investments	1
		July 15th, 2019	Securities & Futures Institute	Impact of the Trade Disputes between the United and China on Taiwanese Businesses and Response Measures	3
		August 27th, 2019	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan: Opportunities and Challenges in the Transformation of the Industry	1
		October 8th, 2019	Securities & Futures Institute	Response Strategies of Corporation and Individuals for the Implementation of the Economic Substance Law and Global Initiatives Against Tax Avoidance	3
		November 26th, 2019	Taiwan Corporate Governance Association	Compliance and Supervision	1

Title	Name	Date of Training	Organizer	Course Title	Training Hours
		November 27th, 2019	Taiwan Corporate Governance Association	15th International Forum on Corporate Governance — Strengthening the Corporate Governance Environment and Implement the Independent Director System (all-day event)	6
Director	Ko, I-Shao	May 10th, 2019	Securities & Futures Institute	2019 Insider Trading Prevention Seminar	3
		November 1st, 2019	Taiwan Stock Exchange	Effective Implementation of the Functions of Directors Seminar	3
Independent Director	Ma, Yi-Kung	July 15th, 2019	Securities & Futures Institute	Impact of the Trade Disputes between the United and China on Taiwanese Businesses and Response Measures	3
		October 8th, 2019	Securities & Futures Institute	Response Strategies of Corporation and Individuals for the Implementation of the Economic Substance Law and Global Initiatives Against Tax Avoidance	3
Independent Director	Chen, Tien-Wen	July 15th, 2019	Securities & Futures Institute	Impact of the Trade Disputes between the United and China on Taiwanese Businesses and Response Measures	3
		October 8th, 2019	Securities & Futures Institute	Response Strategies of Corporation and Individuals for the Implementation of the Economic Substance Law and Global Initiatives Against Tax Avoidance	3
Independent Director	Yuan, Chi-Yin	July 15th, 2019	Securities & Futures Institute	Impact of the Trade Disputes between the United and China on Taiwanese Businesses and Response Measures	3
		October 8th, 2019	Securities & Futures Institute	Response Strategies of Corporation and Individuals for the Implementation of the Economic Substance Law and Global Initiatives Against Tax Avoidance	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
		25-Oct-19	Securities & Futures Institute	2019 Insider Trading Prevention Seminar	3
		21-Nov-19	Taiwan Stock Exchange (TWSE)	Advocacy of Effective Performance of Board Functions	3
		27-Nov-19	Taiwan Corporate Governance Association	The 15th International Forum on Corporate Governance—Strengthening the Corporate Governance Ecology and Implementation of the Independent Director System	6
Head of Accounting Department	Lin, Chin-Tsai	September 9th, 2019 to September 10th, 2019	Accounting Research and Development Foundation	Continuing Training Class for Accounting Managers of Issuers, Securities Firms and Securities Exchanges	12
Head of the Auditing Department	Hsu, Liang-Wei	July 10th, 2019	Institute of Internal Auditors, R.O.C.	Auditing Practice for Logistics System of Manufacturing Industry	6
		July 29th, 2019	Securities and Futures Institute	Audit Practices for Property, Plant and Equipment Cycles and Payroll Cycles	6

The number of learning hours, scope of learning, learning systems, arrangements and information on the abovementioned 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.

Note 1: For Directors and Supervisors who are juristic persons, the name of juristic person shareholders and their representatives shall be disclosed.

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

(2) If Directors or Supervisors are re-elected before the end of the fiscal year, incoming and outgoing Directors or Supervisors shall be listed accordingly, and the Remarks 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 actual attendance in person during his/her term of office.

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

1. Operations of the Audit Committee

(1) Functional Authority

- Formulation or amendment to an internal control system pursuant to Article 14-1 of the Act.
- Evaluation of the effectiveness of the internal control system.
- Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- Matters involved Directors' self-interest.
- Major assets or derivative trading.
- Major loaning of funds, making of endorsements or guarantees.
- Offering, issuance, or private placement of any equity securities.
- Appointment, dismissal and compensation of CPAs.
- Appointment and dismissal of finance manager, accounting manager and chief internal auditor.
- Annual and semi-annual financial statements.
- Other important items required by other companies or the competent authority

(2) Annual Work Summary

The Audit Committee comprises of three independent directors. A total of 6 (A) meetings were held in 2019. The attendance was as follows:

Title	Name	Attendance in Person (B)	Number of Attendance by Proxy	Attendance in Person Rate (%) (B/A) (Note)	Remark(s)
Independent Director	Ma, Yi-Kung	6	0	100	
Independent Director	Chen, Tien-Wen	5	1	83	
Independent Director	Yuan, Chi-Yin	6	0	100	

Main Items for Review:

a. Endorsements and guarantees.
b. Annual accounts review and earnings distribution.
c. Surplus allocation to shareholders stocks and dividends are converted to capital increase.
d. Release Directors from non-competition restrictions.
e. CPA fees.
f. CPA appointment and independence evaluation.
g. Assessing the effectiveness of the internal control system.
h. Modification of the internal control system.
i. Interim financial report.
j. Audit plan.
k. Appointment and dismissal of the Audit Manager.
l. Release Accounting Managers from non-competition restrictions.

- Review the annual accounts and earnings distribution and issue an audit report.
- Amend the internal control system and amended the Regulations Governing the Acquisition and Disposal of Assets, Stock Affairs Operating Regulations, Audit Committee Charter, and Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct.
- Evaluate the effectiveness of the internal control system and make a statement of declaration on internal control system.
- Replacement of CPA and independence assessment in accordance with the accounting firm's internal rotation system.

(3) Implementation Status

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:

Board of Directors	**Resolution and Follow-up Actions**	**Items listed in Article 14-5 of the Securities and Exchange Act**	**Dissenting opinion or qualified opinion by Independent Directors**
1st Meeting in 2019 on March 6th, 2019	1. Ratify guarantees and endorsements.	V	None
	2. Preparation of the 2017 consolidated and parent company only financial statements.	V	None
	3. Release Directors from non-competition restrictions.	V	None
	4. Compensation paid to the certifying CPAs for 2018.	V	None
	5. Appoint CPAs for the year 2019.	V	None
	6. Amend certain articles in the Regulations Governing the Acquisition and Disposal of Assets.	V	None
	Opinions of the Audit Committee: None.		
	The Company's Actions in Response to the Opinions of the Audit Committee: None.		
	Voting results: (Independent Director Chen, Tien-Wen had to recuse himself due to conflict of interest as he has a relative within the second degree of kinship who serves as the Managing Director of First Bank.) The Chair consulted all the Directors present, except for independent Director Chen, Tien-Wen who had to recuse himself from voting due to conflict of interest, and they voted in favor of the resolution.		
2nd Meeting in 2019 on May 9th, 2019	1. Amend the Company's internal control system.	V	None
	Opinions of the Audit Committee: None.		
	The Company's Actions in Response to the Opinions of the Audit Committee: None.		
	Voting results: All the Directors present voted in favor of the resolution, which was then submitted to the Board of Directors' meeting for deliberation.		
3rd Meeting in 2019 on June 26th, 2019	1. Ratify guarantees and endorsements.	V	None
	Opinions of the Audit Committee: None.		
	The Company's Actions in Response to the Opinions of the Audit Committee: None.		
	Voting results: All the Directors present voted in favor of the resolution, which was then submitted to the Board of Directors' meeting for deliberation.		
4th Meeting in 2019 on August 7th, 2019	1. Ratify guarantees and endorsements.	V	None
	2. Prepare the 2019 Quarter 2 Consolidated Financial Report.	V	None
	3. Amended clauses of the Company's "Audit Committee Charter"	V	None
	Opinions of the Audit Committee: None.		
	The Company's Actions in Response to the Opinions of the Audit Committee: None.		
	Voting results: All the Directors present voted in favor of the resolution, which was then submitted to the Board of Directors' meeting for deliberation.		
5th Meeting in 2019 on November 12th, 2019	1. Ratify guarantees and endorsements.	V	None
	2. Change of head of internal audit.	V	None
	3. Amendment of certain articles in the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct".	V	None
	Opinions of the Audit Committee: None.		
	The Company's Actions in Response to the Opinions of the Audit Committee: None.		
	Voting results: All the Directors present voted in favor of the resolution, which was then submitted to the Board of Directors' meeting for deliberation.		

(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. the name of the Independent Directors, the resolutions, reasons for recusal due to conflict of interests and voting results shall be stated:
Motion: 3rd meeting of the 2nd Audit Committee
1st item on the agenda: Ratification of guarantees and endorsements
Recused Director: Chen, Tien-Wen
Voting results: The designated Chair, Independent Director Madam Ma, I-Kung consulted all the Directors present, except for Independent Director Mr. Chen, Tien-Wen who had to recuse himself from voting due to conflict of interest as he has a relative within the second degree of kinship who serves as the Managing Director of First Bank, voted in favor of the resolution, which was then submitted to the Board of Directors for deliberation.

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.)
(I) Besides submitting the monthly audit reports to independent directors for review, the head of the internal audit department also reports major audit findings to each independent director in the Audit Committee meeting.
(II) CPAs compile information on the audit of the Company's consolidated financial statements (annual financial statements including the standalone financial statements) or review of governance-related matters every quarter, and report them to the Audit Committee in writing or through face-to-face communications in accordance with the Auditing Standards Bulletin No. 39 - “Communication with Those Charged with Governance”.

Summary of communications between the independent directors and he Company's chief internal auditor in 2019:

Date/Meeting	Key Communication Points	Suggestions/Execution Results
March 6th, 2019 3rd Meeting of the 2nd Audit Committee	Audit execution report for November 2018 to February 2019 Approved the issuance of the 2018 Statement on Internal Control System	No dissenting opinion
May 9th, 2019 4th Meeting of the 2nd Audit Committee	Audit execution report for February to May 2019 Approved the amendment of the internal control system.	No dissenting opinion
June 26th, 2019 5th Meeting of the 2nd Audit Committee	Audit execution report for May to June 2019	No dissenting opinion
August 7th, 2019 6th Meeting of the 2nd Audit Committee	Audit execution report for June to August 2019	No dissenting opinion
November 12th, 2019 7th Meeting of the 2nd Audit Committee	Audit execution report for August to November 2019. Approved the 2020 audit plan. Approval of the change of chief internal auditor.	No dissenting opinion
December 10th, 2019 8th Meeting of the 2nd Audit Committee	Audit execution report for November to December 2019.	No dissenting opinion

Communications between the independent directors and CPAs in 2019:

Date/Meeting	Key Communication Points	Suggestions/Execution Results
March 6th, 2019 3rd Meeting of the 2nd Audit Committee	Approved the 2018 consolidated and parent company only financial statements, reported the audit implementation status and results.	No dissenting opinion
May 9th, 2019 4th Meeting of the 2nd Audit Committee	Reviewed the consolidated financial statement for Q1 of 2019, implementation status and results.	No dissenting opinion
August 7th, 2019 6th Meeting of the 2nd Audit Committee	Approved the Company's 2019 Q2 consolidated financial statements, and communicated reports on the implementation status and results of the audit.	No dissenting opinion
November 12th, 2019 7th Meeting of the 2nd Audit Committee	Reported the implementation status and results of the audit of the Company's 2019 Q3 consolidated financial statements, and communicated the key audit items in the audit report according to the Auditing Standards Bulletin No. 58.	No dissenting opinion

* Where an independent director resigns before the end of the fiscal year, the Remark column shall be filled with the independent director's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.
* If Independent Directors are re-elected before the end of the fiscal year, incoming and outgoing Independent Directors shall be listed accordingly and the "Remarks" column shall indicate whether the status of an independent Director is “Outgoing", "Incoming" or “Re-elected” and the date of re-election. The rate of attendance in person (%) is calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during the member's term of office.

2. Participation of Supervisors at Board Meetings: Not applicable as the Company has an Audit Committee in place of Supervisors.

(III) Corporate Governance Execution Status and Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”

Evaluation Item	Implementation Status (Note 1)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
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
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?	✓		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: 1. Ability to make sound business judgment; 2. Ability to conduct accounting and financial analysis; 3. Business management ability; 4. Crisis management ability; 5. Knowledge of the industry; 6. An understanding of international markets; 7. Leadership; 8. Ability to make decisions. In addition to the eight competencies above, the Company has also added two professional abilities, namely legal capability and environmental protection for the diversification of the board members by taking into consideration the growing importance of global issues concerning corporate governance and environmental protection at present, so that the functions of the Board of Director can be more complete. At present, existing members of the Board of Directors possess the knowledge, skills and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, law and environmental protection. The Company proposed the inclusion of a Director with professional legal experience for its board diversity goals. The role should be filled by an individual with an attorney's license who specializes in technology laws and practices to strengthen the protection of the Company's future patent rights. The Company also plans to include a Director who specializes in risk management to increase the Company's sustainability. The Company sets goals for increasing the diversity of board members in terms of legal, risk management, and other professional skills so that the functions of the Board of Director can be more complete. For details on the diversity of Board members, refer to the table below:	No material discrepancy

Evaluation Item	Implementation Status (Note 1) Yes	No	Abstract Illustration	Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	✓		(see table below)	

Name/Gender of Director \ Diversified Core Competences	Business judgment	Accounting and finance	Business management	Crisis management	Knowledge of the industry	International markets	Leadership	Decision-making ability	Law	Environmental protection
Wu, Yi-Gui / Male	✓	✓	✓	✓	✓	✓	✓	✓		
Wu, Pei-Chi / Male	✓		✓	✓	✓	✓	✓	✓		
Ying, Bao-Luo / Male	✓	✓	✓	✓	✓	✓	✓	✓		✓
Liu, Han-Tai / Male	✓		✓	✓	✓	✓	✓	✓		
Liu, Chen-Tu / Male	✓	✓	✓	✓			✓	✓	✓	
Ko, I-Shao / Male	✓		✓	✓	✓	✓	✓	✓		
Chen, Tien-Wen / Male	✓	✓	✓	✓		✓	✓	✓		
Ma, Yi-Kung / Female	✓	✓		✓				✓		✓
Juan, Chi-Ying / Male	✓		✓	✓				✓	✓	

Evaluation Item	Yes	No	Abstract Illustration	
			Directors who serve as employees account for 22% of all Directors while Independent Directors account for 33% of all Directors. Two Independent Directors are appointed for a term of four years and one Independent Director is appointed for one year. Two Directors are aged 70 to 79, six are aged 60 to 69, and one is under 60.	
(II) Has the Company voluntarily established functional committees other than the Remuneration Committee and Audit Committee that are established in accordance with the law?	✓		The Company has established a Remuneration Committee and an Audit Committee which exercise their authority in accordance with the Remuneration Committee Charter and 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.	No material discrepancy
(III) 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?	✓		I. Performance evaluation of the Board of Directors 1. The Company's Board of Directors passed the "Regulations Governing the Evaluation of the Performance of the Board of Directors" on November 12, 2019 and executes regular performance evaluations of the Board of Directors, Audit Committee, and Remuneration Committee each year. The internal evaluation shall be conducted at the end of each year in accordance with the evaluation procedures to evaluate the performance of the year. 2. The performance evaluation items of the Board of Directors of the Company include the following five categories: (1) Level of participation in corporate operations. (2) Improvement of the quality of the Board of Directors' decision making. (3) Composition and structure of the Board of Directors. (4) The election of the Directors and their continuing professional education. (5) Internal control. 3. The Secretariat of the Board is responsible for the execution of the performance evaluation of the Board of Directors which shall be conducted based on an internal self-evaluation. The performance evaluation results are used as references for the Company's review and improvements. 4. The Company completed the performance evaluation of the Board of Directors in January 2020 for the evaluation period from January 1 to December 31, 2019. The evaluation results this year were good in all major categories. Recommendations and improvements for the Board of Directors are as follows: When necessary, relevant units are recommended to provide the Directors with information on the Company's latest major operation conditions, changes in the operation team and the opportunities and challenges faced by the industry, so that they can understand the Company's existing risks, and thus make more specific suggestions on the Company's operational strategies. The Company has set up a Corporate Governance Officer in May 2019. In the future, the Officer will	No material discrepancy

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>assist in compiling the latest laws and regulations related to the business areas of the Company, arrange discussions at the Board meetings and provide educational information to the Board members from time to time. When necessary, Directors are provided with the necessary information of the Company. They are also provided with assistance for communicating and exchanging ideas with business managers.
5. The results of the performance evaluation of the Board of Directors were reported to the board meeting in the first quarter of 2020.

II. Performance evaluation of the Audit Committee
The performance evaluation items of the Audit Committee include the following items:
1. Level of participation in corporate operations.
2. Understanding of duties of the Audit Committee.
3. Improvement of the quality of the Audit Committee' decision making.
4. Composition of the Audit Committee and selection of committee members.
5. Internal control.
The Accounting Division is responsible for the performance evaluation of the Audit Committee which is conducted through an internal questionnaire which is filled out by the members to assess the operations of the Audit Committee. The performance evaluation results are used as references for the Company's review and improvements.
After the questionnaires are recovered in January each year, the Accounting Division of the Company shall report the results to the Board of Directors in accordance with the Regulations Governing the Evaluation of the Performance of the Board of Directors.
The Company completed the performance evaluation of the Audit Committee (the evaluation period was from January 1 to December 31, 2019) in January 2020. The performance evaluation results shall be submitted to the Board of Directors for review and corrections in March 2020 to ensure a thorough evaluation and supervision of the Company's existing or potential risks.
The evaluation results for each category are as follows:
<table>
<tr><th>Evaluation Item</th><th>Results</th></tr>
<tr><td>Degree of participation in the Company's operations</td><td>Excellent</td></tr>
<tr><td>Understanding of the duties of the Audit Committee.</td><td>Excellent</td></tr>
<tr><td>Improvement of the quality of the Audit Committee' decision making.</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>
</table>
III. Performance evaluation of the Remuneration Committee
1. The performance evaluation items of Remuneration Committee include the following four categories:
(1) Level of participation in corporate operations.
(2) Understanding of duties of the Remuneration Committee.
(3) Improvement of the quality of the Remuneration Committee' decision making.
(4) Composition of the Remuneration Committee and selection of committee members.
2. The performance evaluation of the Remuneration Committee is conducted by the Human Resource Division through an internal questionnaire which is filled out by the members of the Committee. The performance evaluation results are used as references for the Company's review and improvements.
3. The Company completed the performance evaluation of the Remuneration Committee in January 2020 for the evaluation period from January 1st to December 31st, 2019. The evaluation results for 2019 were good in all major categories and results are submitted for review by the Board of Directors in 2020 Q1 as reference for continuous improvements.</td><td></td></tr>
<tr><td>(IV) Does the company regularly evaluate the independence of CPAs?</td><td>✓</td><td></td><td>Article 30 of the Company's Corporate Governance Best Practice Principles stipulates that the independence of the CPA shall be regularly assessed and the content of assessments shall be based on</td><td>No material discrepancy</td></tr>
</table>

Evaluation Item	Implementation Status (Note 1)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			Article 47 of the Certified Public Accountant Act and the "Assessment Table for the Independence of the CPA" in No. 10 Statement of the Professional Ethics Standards for Certified Public Accountants. The Declaration of the Independence of the CPA shall be obtained and submitted to the Board of Directors for discussion and approval in the first meeting of the Board of Directors in 2020 (March 5th, 2020). The main evaluation items are as follows: 1. As of the most recent assurance operation, no CPA has yet to be replaced for seven (7) years. 2. The CPA does not have significant financial interest in his/her trustor. 3. The CPA avoids any inappropriate relationship with his/her trustor. 4. The CPA shall ensure that his/her assistants are honest, fair and independent. 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. 6. The CPA may not permit others to practice under his/her name. 7. The CPA does not own any shares of the Company and its affiliated companies. 8. The CPA has not engaged in lending and borrowing of money with the Company and its affiliated companies. 9. The CPA has not engaged in joint investments or benefit sharing with the Company or its affiliated companies. 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. 11. The CPA is not involved in the decision-making process of the Company and its affiliated companies. 12. The CPA does not concurrently engage in other businesses that may lead to loss of independence. 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. 14. The CPA has not collected any commission related to his/her service. 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.	
IV. Has the TWSE or TPEx listed company set up a full-time (part-time) unit or appointed designated personnel to handle governance related affairs (including but not limited to supplying information requested by the directors and supervisors, processing company registration and change of registration and preparing minutes of the board meetings and shareholders' meetings)?	✓		To protect the interests of the shareholders and strengthen the functions of the Board of Directors, the Company, following the resolution passed by the Board of Directors meeting on May 9th, 2019, appointed the legal affairs manager Chen, Yung-Chih as the Company's Corporate Governance Officer, the highest-ranking manager responsible for related corporate governance affairs. Mr. Chen, Yung-Chih has more than three years of experience in services as a manager of a public company's legal affairs unit. His main duties include related affairs of board meetings and shareholders' meetings, production of meeting minutes for board meetings and shareholders' meetings, assisting Directors in taking office and continuing education, providing data required by Directors to perform their duties, and assisting Directors in legal compliance. The key points of business operations in 2019 were as follows: I. Assisted Directors in performing their duties, provide the necessary information, arrange continuing education for Directors, and process liability insurance policies. 1. The Corporate Governance Officer compiled the latest laws and regulations related to the business areas of the Company and corporate governance, arranged discussions at the Board meetings and provided educational information to the Board members from time to time. 2. Assisted Directors, upon request, to understand the regulations for which compliance is required for the execution of their business. 3. Provided Directors with the necessary information of the Company. They are also provided with assistance for communicating and exchanging ideas with business managers. 4. Assisted Independent Directors in arranging meetings with the head of internal audit or CPAs when there is a need for Independent Directors to meet them in order to understand the Company's financial operations	No significant deviation

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>5. Assisted the Company in arranging at least 6 hours of continuing education courses for members of the Board of Directors.
6. Verified that the Company has purchased the liability insurance for Directors and key persons" for members of the Board of Directors and reported to the Board of Directors.
II. Organized matters related to the proceedings of Board of Directors' meetings and shareholders' meetings and confirmed compliance matters of resolutions.
1. Produced meeting notices and agenda for the Board of Directors; reminded Directors to recuse themselves in advance for discussions on issues that require their recusal due to conflicts of interests; produced meeting minutes within the statutory time limit.
2. Registered the date of the shareholders' meeting in advance according to the law and prepared the meeting notice, handbook, and meeting minutes within the statutory time limit.
3. Confirm that the organization, resolution procedures, and meeting minutes of the Board of Directors and shareholders' meeting meet related regulations and the Corporate Governance Best Practice Principles.
4. Changed registration items.
III. Maintain relations with investors:
The Company updates website information from time to time to keep investors abreast of the Company’s financial, business, and corporate governance information and protect the interests of shareholders.
Continuing education in 2019:
According to Article 24 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers", TWSE-listed companies are required to arrange continuing professional education (CPE) for its chief corporate governance officer.
A newly appointed chief corporate governance officer shall complete a minimum of 18 CPE hours within the year from the person's appointment and a minimum of 12 CPE hours per year in each following year.
<table>
<tr><th>Date of Training</th><th>Organizer</th><th>Course Title</th><th>Training Hours</th><th>Total Number of Hours of Continuing Education in the Year</th></tr>
<tr><td>July 24th, 2019</td><td>Securities & 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 rowspan="5">18</td></tr>
<tr><td>October 8th, 2019</td><td>Securities & Futures Institute</td><td>Response Strategies of Corporation and Individuals for the Implementation of the Economic Substance Law and Global Initiatives Against Tax Avoidance</td><td>3</td></tr>
<tr><td>October 25th, 2019</td><td>Securities & Futures Institute</td><td>2019 Insider Trading Prevention Seminar</td><td>3</td></tr>
<tr><td>November 21st, 2019</td><td>Taiwan Stock Exchange</td><td>Effective Implementation of the Functions of Directors Seminar</td><td>3</td></tr>
<tr><td>November 27th, 2019</td><td>Taiwan Corporate Governance Association</td><td>15th International Forum on Corporate Governance — Strengthening the Corporate Governance Environment and Implement the Independent Director System</td><td>6</td></tr>
</table></td><td></td></tr>
<tr><td>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?</td><td>✓</td><td></td><td>The Company has set up a stakeholders' section under Corporate Social Responsibility on its website featuring contact information and channels of communication, as well as disclosing information regarding the quality, environment, occupational safety and health policies, employee rights, as well as social and product liabilities.</td><td>No significant deviation</td></tr>
<tr><td>VI. Does the Company commission a professional shareholder services agency to arrange shareholders' meetings and other relevant affairs?</td><td></td><td>✓</td><td>The Company takes charge of its own stockholder affairs and handles matters related to shareholders' meetings in accordance with the law.</td><td>The Company handles its own stockholder affairs to ensure quality and efficiency.</td></tr>
</table>

Evaluation Item	Implementation Status (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
VII. Information Disclosure (I) Has the Company established a website to disclose information on financial operations and corporate governance?	✓		The Company has set up a website and regularly discloses company information.	No significant deviation
(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose Company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?	✓		The Company has appointed dedicated personnel to be in charge of the collection and disclosure of Company information, as well as implementing a spokesperson system.	No significant deviation
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month ahead of schedule before the specified deadline?		✓	The Company has not yet published and reported the annual financial report within two months after the end of a fiscal year but we have published and reported the quarterly financial reports monthly revenue, and information on endorsements and guarantees.	No significant deviation
VIII. Has the Company provided important information to better understand the state of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, progress of training of Directors and Supervisors, risk management policy and implementation of risk impact standards, implementation of customer policies and the Company's purchase of liability insurance for its Directors and Supervisors)?	✓		(I) The Company provides its employees with comprehensive healthcare. In addition to formulating guidelines related to employee assistance services and 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. (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. (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 system led by the South Labor Inspection Institute of the Ministry of Labor and actively participates in the events organized by Linyuan Safety and Health Promotion Association. (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. (V) Implementation of risk management policies and risk measurement standards: The Company has established operating procedures and internal control systems and possesses clear rules and regulations on authorized limits. The Company also implements internal audit for risk control and discloses such information in its annual reports. (VI) 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. The Company also maintains contact with its major shareholders.	No significant deviation

Evaluation Item	Implementation Status (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(VII) Implementation of consumer protection or customer policy: The Company has formulated its quality policy in order to improve product and service quality, as well as continuously strives to enhance customer satisfaction. The Company also maintains good relationships with suppliers based on the principles of good faith and mutual benefits. (VIII) The Company encourages its directors to participate in continuing education. In addition to providing its directors with various information on continuing education, the Company also organizes such courses from time to time and invites its directors to attend courses related to corporate governance. (IX) The Company has purchased liability insurance for Directors and reported the insurance policies to the Board of Directors.	

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)

No. 1.4: According to the Company's plan, the Chairman shall attend the general shareholders' meeting in person.

No. 2.2: The results of performance evaluation of the Board of Directors and functional committees in 2019 have been disclosed on the Company's website in January 2020 and reported in the first Board of Directors' Meeting in 2020 (March 5th, 2020).

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

1. Information regarding the members of the Remuneration Committee

Title (Note 1)	Criteria / Name	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
		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	I-Kung Ma			V	V	V	V	V	V	V	V	V	V	V	0	
Independent Director	Tien-Wen Chen			V	V	V	V	V	V	V	V	V	V	V	0	
Independent Director	Chi-Ying Juan	V		V	V	V	V	V	V	V	V	V	V	V	0	

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

Note 2: Please tick 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 serving as a Director or Supervisor of any of the Company's affiliated companies (this restriction does not apply to Independent Directors in the Company or its parent company or subsidiaries, which have been appointed in accordance with local laws or laws of the registered country).

(3) Not a natural-person shareholder whose shareholding, together with those of his/her spouse, minor children, and shares held under others' names, exceed 1% of the total number of outstanding shares of the Company, or ranks the person in the top ten shareholders of the Company.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the managers listed in subparagraph (1) or persons listed in subparagraphs (2) and (3);

(5) Not a Director, Supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).

(6) Not a Director, Supervisor, or employee of a company with a majority of the company's director seats or voting shares and those of any other company are controlled by the same person (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).

(7) Not a Director, Supervisor, or employee of a company or institution with the same chairperson of the board, general manager, or equivalent position, or a spouse thereof (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).

(8) Not a Director, Supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).

(9) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; Provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.

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) The term of office: June 26th, 2018 to June 21st, 2021. The Remuneration Committee convened three (3) meetings (A) in the most recent year. The qualification and attendance of members are as follows:

Title	Name	Attendance in Person (B)	Number of Attendance by Proxy	Attendance in Person Rate (%) (B/A) (Note)	Remark(s)
Convener	Ma, Yi-Kung	3	0	100%	
Committee Member	Chen, Tien-Wen	3	0	100%	
Committee Member	Juan, Chi-Ying	3	0	100%	
I. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should 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 (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None. II. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.					

Note:

(1) Where an member of the Remuneration Committee resigns before the end of the fiscal year, the "Remarks" column shall state the member's resignation date, whereas his/her rate 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 "Remarks" 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.

Remuneration Committee	Resolution and Follow-up Actions	Dissenting Opinions or Qualified Opinions of Members of the Remuneration Committee
3th Term 3rd Meeting 2019.3.6	1. Distribution of directors and employees' compensation for 2018.	None
	2. Proposal for annual bonuses for the managers in 2018.	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 filed for discussion in the board meeting.	
	The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	
4th Term 4th Meeting 2019.8.7	Reported the Company's annual salary adjustments.	None
	Opinions of the Remuneration Committee: None.	
	Resolutions of the Remuneration Committee: None.	
	The Company's response to Remuneration Committee opinions: None.	
4th Term 5th Meeting 2019.11.12	1. Amended certain articles of the Company's "Director and Managerial Officer Remuneration Policy and Regulations".	None
	2. Amended certain articles of the Company's "Regulations Governing the Evaluation of the Performance of the Board of Directors".	None
	3. Amended the Company's "Remuneration Committee Charter".	None
	4. Established the work plan of the Committee for 2020.	None
	Opinions of the Remuneration Committee: None.	
	Resolution of the Remuneration Committee: 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 Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	

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

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)	
I. Has the company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies? (Note 3)	V		The Company has promoted various risk management based on the principle of materiality to respond to short, medium and long-term risks such as operational risks, regulatory risks, climate change, environmental risks, disaster accident risks, and financial risks. The Company currently assigns units responsible for execution of specific items or management of important risks to assess and formulate response strategies. The Audit Office shall regularly follow up on results of the plans and report the internal control self-assessment results to the Committee for prompt corrections and improvements to implement the PDCA management cycle and enhance risk management.	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies
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?	V		The Company has established the Corporate Social Responsibility Committee, in which an Independent Director serves as the Chairman and the General Manager serves as the Vice Chairman. Three promotion teams have been established under the Committee, namely the Corporate Governance Team, the Environmental Protection Team and the Social Relations Team. Members of each team are responsible for the promotion of CSR-related work. Their main duties are as follows: 1. Formulate the corporate social responsibility policy 2. Corporate social responsibility strategy planning, annual plans and project plans formulation. 3. Supervise the implementation of corporate social responsibility strategy planning, annual plans and project plans, and evaluate their status of implementation 4. Validate the corporate social responsibility report. 5. Report the implementation results of corporate social responsibility to the Board of Directors every year. 6. Any other matters assigned by the Board of Directors to the committee. This committee reports the implementation status of corporate social responsibility to the Board of Directors every year. To enhance corporate governance, the Company approved to upgrade the status of the Corporate Social Responsibility Committee to the functional committee of the Board of Directors on December 22nd, 2018. The Company has also formulated the "Corporate Social Responsibility Charter" in accordance with Article 23-3 of the Company's Articles of Incorporation and Article 26 of the Regulations for Corporate Governance, which is to be complied with by this committee. The Committee is composed of four members, including the Chairman, General Manager and two Independent Directors resolved by the Board of Directors.	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on the characteristics of the industry to which it belongs? (II) Is the Company committed to improving the efficiency of using various resources, and to the use of recycled materials with reduced environmental impact? (III) Does the Company assess the potential risks and opportunities brought by climate changes, both for now and in the future, and take measures to cope with?	 V V V		(I) The Company has established an appropriate environmental management system with regard to air pollution prevention, water resources management and water pollution prevention, waste control, as well as safe management of raw materials and products according to the characteristics of the industry to which it belongs. Furthermore, the Company has set up a channel for handling environmental impact grievances to maintain the Company's procedures for communicating, participating in and providing consultation on environmental issues. (II) The Company is conscious of its responsibilities toward environmental protection and encourages clean production and green environmental movements. It makes process improvement to control pollution and has plans for execution each year for regular follow-up and review of the progress of each target. (III) The Company adopts response strategies for mitigating the impact of climate change for risk management and reviews the effectiveness of the response strategies each year. We	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies

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)	
			have used the Task Force on Climate-Related Financial Disclosures (TCFD) published by the Financial Stability Board (FSB) to identify risks and opportunities. We also evaluate the potential financial impact and set response plans based on the results of identification. To keep the Company updated with its GHG emission status, the Kaohsiung plant voluntarily performs a GHG inventory audit every year and reports to the Bureau of Environmental Protection. We also collectively release major emission sources 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. The carbon dioxide emissions of the Company and subsidiary companies in 2019 and 2018 were 88,822 tons and 98,971 tons. The reductions were 2,852 tons and 1,664.4 tons. The greenhouse gas emissions are subject to annual self-inventory, water consumption and waste, and annual statistics are recorded. Improvement measures such as energy saving, carbon reduction and water conservation are implemented according to the Group's management approach, such as replacing fuel heavy oil with natural gas system, replacing old and old high-energy consuming motors, increasing the amount of recycled waste water in the process to reduce the amount of water required in the process, planning the establishment of sludge drying system to reduce the amount of "	
(IV) Does the Company conduct statistics on the greenhouse gas emissions, water consumption, and total weight of waste for the past two years, and correspondingly formulate policies for energy conservation, carbon reduction, greenhouse gas reduction, water use reduction, or other waste management?	V		(IV) Does the Company calculate the amount of greenhouse gas emission, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumptions, carbon and greenhouse gas emissions, and waste production?	
IV. Social issues				Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies
(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?	V		(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. The Company has established human rights policies suitable for the Company and all affiliate companies of the USI Group to eliminate human rights violations so that our existing colleagues can enjoy reasonable and dignified treatment.	
(II) Has the Company established and implemented reasonable employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	V		(II) The Company has established the Remuneration Committee to regularly review its remuneration policies and report rewards and punishments based on outcomes of performance appraisal so as to ensure that its reward and punishment system is effective. The annual salary of the regular employees is 14 months, including 12 months' salary and 2 months' bonus. The Company also provides bonuses for three major Chinese holidays and distributes year-end bonuses based on the Company's profitability, personal performance of the employees, and achievement rate of organizational objectives.	
(III) Does the Company provide a safe and healthy work environment to its employees, and regularly offer safety and health education to its employees?	V		(III) The Company has passed ISO 14001 (Environmental Management System) and OHSAS 18001 (Occupational Health and Safety Management System) review and certification to provide employees of the Company with a safe work environment. The Company provides a safe and healthy work environment and established dedicated	

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)	
			units and committees responsible for occupational safety and health. The Company appointed professional doctors and nurses and organizes related training for safety and health as well as fire safety. The Company takes necessary preventive measures to prevent the occurrence of occupational hazards and thereby reduce the risk factors in the work environment.	
(IV) Has the Company established effective career development and training plans for its employees?	V		(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. At the same time, 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.	
(V) Has the Company followed relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, and marketing and labeling of its products and services and established related consumer protection policies and grievance procedures?	V		(V) The Company establishes long-term cooperation with high-quality suppliers based on quality, capability and environmental protection policies, fulfills corporate social responsibilities, and delivers the idea of environmental protection policies to contractors and carriers. At the same time, the Company complies with the RoHS directive and enhances environmental protection education and training. The Company also pays serious attention to the safety of construction companies in the plant area and ensures the safety of various operations so as to protect the safety and health of workers and jointly engage in good risk management with them. Customer health and safety: TTC has established the material safety data sheet (MSDS) for all products and provided them as guidance for customers for storage and transportation to maintain health and safety. Customer privacy: The Company has established the "customer personal data control operations" in 2013 to provide guidance for protecting customer privacy. Marketing and labeling: TTC products meet all related regulations and international standards for marketing and labeling. Trademark labeling on packaging bags is processed in accordance with regulations in the Trademark Act. Establishment of related consumer rights protection policy and grievance-filing procedures: The Company provides customers with complaint channels for in accordance with the "Operating Procedures for Processing Customer Complaints" to protect their interests.	
(VI) Has the Company formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such issues?	V		(VI) To ensure the implementation of the CSR Plan, new suppliers are requested to provide the assurance statement for zero use of substances harmful to the environment before their products are purchased. We also regularly assign related personnel to factories to verify the compliance of regulations on environmental protection, occupational safety and health, and labor rights issues after certification.	

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)	
V. Does the Company prepare corporate social responsibility reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the Company obtain third-party assurance or qualified opinion for the reports above?	V		The Company's CSR reports are drafted based on the "Core Options" of the "GRI Sustainability Reporting Standards" (GRI Standards) published by the Global Reporting Initiative's (GRI). The Company shall obtain third-party assurance or qualified opinion for the reports each year. For instance, the Company passed the certification of the independent third party SGS Taiwan and obtained an assurance statement. After the certification, the report obtained two international certifications including the GRI Standards: Core Options and AA 1000 Type 1 Medium Assurance Level certification.	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies

VI. If the Company has established its own Corporate Social Responsibility Best Practice Principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies", state the discrepancies between these principles and its implementation:
The Company established its "Corporate Social Responsibility Best-Practice Principles" on March 11th, 2015. There is no material discrepancy between these principles and their implementation.

VII. Other important information helpful in understanding CSR operation:
TTC upholds the spirit of "giving back to the society what is taken from it" to care for the community, local groups and local schools, as well as continuing to interact with local communities to maintain good relations.
Giving back to the community: community development association, education, culture, volunteer police/firefighters, community clubs, local festivals and emergency rescue.
Provide job opportunities: local talents are prioritized for appropriate vacancies and contractors are encouraged hire local residents.
Community engagement: including activities for local inhabitant, community representatives, environmental protection groups, religious activities.

2019 Community Care Activities and Implementation Results

Events	Results/Implementation
Donations to the USI Education Foundation	The Company has donated NT$1 million to the USI Education Foundation each year since 2018, allowing the foundation to contribute more resources in public welfare such as rural education and environmental sustainability to give back to the society.
Caring for the neighborhood in Linyuan District	The Company contributed NT$346,000 in the project to fund festive activities, social networking and lectures.
Sponsorship for community clubs in Linyuan District	The Company contributed NT$327,000 to sponsor the social development association and workshops of various associations.
Donations and other sponsorship for temples in Linyuan District	The Company contributed NT$185,000 mainly to sponsor temple activities and other activities.
Participation in the USI Tennis Tournament	The Company contributed NT$100,000 and organized the Tournament on November 9th. A total of 7 employees at the Linyuan Plant took part in the Tournament.
Participation in the community Dragon Boat Festival Championship	USI Group's TVCM/TTC/APC formed dragon boat teams consisting of companies from the industrial zone and participated in the traditional Dragon Boat Festival Championship of Chung-yun Fishing Harbor in Kaohsiung.
Participation in community softball games	17 employees from the Linyuan Plant participated in the One Day Cup softball game organized by the Daba Tobacco and Alcohol Store of Linyuan District on August 4th, the Dapingding Fall Softball League Game in Xiaogang District on September 8th, and the 9th Petrochemicals Cup of Kaohsiung City on October 26th.
Participation in the enterprise adoption of air purification equipment on campus organized by Kaohsiung City Government	Qianzhen Plant actively took part in the 2019 enterprise adoption of air purification equipment on campus campaign to improve the air quality of classrooms in Kaohsiung City and improve the learning environment for schoolchildren.
Adoption of the Kaohsiung Clean Air Quality Region	Linyuan Plant collaborated with the Environmental Protection Bureau of Kaohsiung City Government in the "2018 and 2019 Kaohsiung Clean Air Quality Region Management Plan" on September 25th and adopted the Clean Air Quality Region of Chunyun Elementary School for one year.
Participation in blood donation events	Two TTC employees participated in the blood donations activities at Tai'an Building Square in Taipei City on August 6th to help others.

◈ Sponsorship for Linyuan community care

Summary of TTC expenditures for local communities in the past three years Unit: NT$

	2017	2018	2019
Caring for the neighborhood	338,000	344,000	346,000
Community clubs	325,000	343,000	327,000
Donations and other sponsorship for temples	82,100	222,300	185,400
Total	745,100	909,300	858,400

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)	

◈ USI Tennis Tournament Sponsorship
The Group's three factories in Linyuan (TTC/APC/TVCM) have commissioned the Linyuan Tennis Association to hold the USI Tennis Tournament for many years. Each company donates NT$100,000 a year for the Kaohsiung Linyuan Tennis Association to organize the tournament. The Company has hosted 17 tournaments by 2019. In addition to promoting sports and fitness, the tournament increases the interactions among Group employees and local residents. The 17th tournament was held on November 9th, 2019 in Linyuan Senior High School. Seven employees from the Linyuan Plant participated.

◈ Participation in the community Dragon Boat Festival Championship
On June 8th, 2019, USI Group's TVCM/TTC/APC formed dragon boat teams consisting of companies from the industrial zone and participated in the traditional 2019 Dragon Boat Festival Championship of Chung-yun Fishing Harbor in Kaohsiung. 8 TTC employees took part in the event.

◈ Participation in community softball games
Linyuan Plant employees actively participated in community softball games
(1) Employees participated in the One Day Cup softball game organized by the Daba Tobacco and Alcohol Store of Linyuan District at Jintan Elementary School in Linyuan District on August 4th. The team won second place.
(2) They participated in the Xiaogang District Dapingding Fall Softball League Game at the Dapingding Sports Park in Xiaogang District on September 8th, 2019.
(3) They took part in the 9th Harmonious Labor-Management Softball Game organized by the Kaohsiung City Petrochemicals Industry Union held at Jintan Elementary School on October 26th, 2019. The team entered the second round and played in the finals on October 27th. A total of 17 employees from TTC's Linyuan Plant participated in the event including the team leader Pan, Meng-Wei, Manager Chang Chien, Tien-Si, Coach Li, Chao-Hsing, and management staff Li, Ming-Hui.

◈ Participation in the enterprise adoption of air purification equipment on campus organized by Kaohsiung City Government
On May 7th, 2019, two representatives from the Environmental Protection Bureau of Kaohsiung City Government personally delivered the certificate of gratitude for the [2019 enterprise adoption of air purification equipment on campus campaign] to thank Qianzhen Plant for actively taking part in the 2019 enterprise adoption of air purification equipment on campus campaign to improve the air quality of classrooms in Kaohsiung City and improve the learning environment for schoolchildren.

◈ Adoption of the Kaohsiung Clean Air Quality Region
TTC Linyuan Plant collaborated with the Environmental Protection Bureau of Kaohsiung City Government in the "2018 and 2019 Kaohsiung Clean Air Quality Region Management Plan" to improve overall air quality of the entire City, protect the environment, pursue sustainable development, and demonstrate its responsibilities as a corporate citizen. TTC Linyuan Plant adopted the Clean Air Quality Region including assistance for maintaining the environment and plants of Chunyun Elementary School for one year from September 25th, 2019 to September 24th, 2020.

◈ Sponsorship for the USI Education Foundation
The USI Education Foundation was jointly established by USI Corporation and Asia Polymer Corporation on December 30th, 2011. Since it began official operations in 2012, it has engaged in education and welfare industries and focused on disadvantaged groups, remote areas, and the ecology. It has established scholarships, made donations to public welfare platforms, and donated to education and public welfare activities to strengthen service capacity and improve service benefits.
TTC joined the list of sponsors in 2018 and the Company has donated NT$1 million to the Foundation each year since, allowing the foundation to contribute more resources in public welfare such as rural education and environmental sustainability to give back to the society. In 2019, the total sponsorship expenditure of the USI Education Foundation was NT$8.98 million, including NT$1.25 million distributed as education scholarships, NT$500,000 for social service clubs in colleges, NT$750,000 for music education at Wanggong Elementary School, NT$500,000 in sponsorship of the Education Support for Taiwan, NT$1 million for the Alliance Cultural Foundation, NT$4 million for Taitung Junyi Experimental High School, and NT$980,000 in sponsorship for other education and charity activities.

◈ Sponsorship for the music education at Wanggong Elementary School
The Company promoted the music education program at Wanggong Elementary School with the assistance of the Harvest365 Foundation of Chiayi City. Professional choir instructors were appointed to help teachers form the "Doremi Choir" composed of 54 children from grades and 4. The program allows children to set foot on stage and show their learning results.
The program was established to help each child sing with happiness. It does not select children or encourage them to practice singing for entering contests. It aims to use the choir courses for each child to sing with confidence and the courage for challenging themselves and imbue in them good ethics and the teamwork spirit. The music education program is implemented with three main goals including one day of classes per week, music festival activities outside of the school, and participation in the school festival. These events are intended to inspire children's motivation for learning and their passion for music.

◈ Blood donation events
USI Group organizes regular blood donation activities at Tai'an Building in Taipei City throughout the year. The location is the square on the first floor of the building and the activity is attended by employees of USI Group. Two TTC employees participated in the blood donations activity on August 6th to help others.

Note 1: If "Yes" is selected in the operating status, please explain the important policies, strategies, and measures adopted, and the implementation status; if "No" is selected in the operating status, please specify the reason and explain related future policies and plans for strategies and measures.
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.

(VI) Implementation of ethical corporate management, deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", and reasons for deviation:

Evaluation item	Implementation Status (Note)			Discrepancies between its Implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and programs (I) Does the company specify ethical corporate management policies and programs in its regulations and on external documents? Do its Board of Directors and the management team actively advocate and implement these policies?	V		(I) The Group upholds the business philosophy of "Solid Operation, Professional Management, Seeking Excellence and Serving the Society" and exercises its corporate culture that "seeks truth, honesty and comprehensiveness". The Company has established the "Ethical Corporate Management Best Practice Principles" "Procedures for Ethical Management and Guidelines for Conduct", "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers" to specify its ethical corporate management policies. The Company's Board of Directors and the General Manager have signed statements of ethical management to fulfill their commitments in management policies.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
(II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	V		(II) The Company's Board of Directors has established the "Ethical Corporate Management Best Practice Principles" and evaluation mechanisms for the risks of unethical conduct and regularly analyze and evaluate business activities within their business scope that are possibly at a higher risk of being involved in an unethical conduct. The Company shall use the evaluation to establish prevention programs, regularly review the appropriateness and effectiveness of prevention programs, and strengthen related preventive measures. The prevention programs adopted by the Company shall include preventive measures against the following actions: 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. 5 Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights and interests, health and safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision or sale of products and services.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
(III) Has the company established policies to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for violation, rules of appeal clearly stated in the policies, and implemented the policies, and reviewed the aforementioned policies on a regular basis?	V		(III) 1. The Company has established the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct". It also amended the aforementioned regulations in accordance with the amendments of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" announced and amended by the competent authority in May 2019. They were passed in the meeting of the Board of Directors on November 12th, 2019. 2. The Company has established the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" and encourages reports on any illegal activities or violations of the Code of Conduct or the Ethical Corporate Management Best Practice Principles. Any employee or external entity can freely access the Company's website or use the telephone reporting hotline of the Audit Office to report illegal, unethical, or dishonest conduct to the following units: ➢ Audit Committee: Accept reports from shareholders, investors, and other stakeholders.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.

Evaluation item	Implementation Status (Note) Yes	No	Summary	Discrepancies between its Implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and Reasons for such Discrepancies
			➢ Audit Office: Accept reports from customers, suppliers, and contractors. ➢ Human Resources Department: Accept reports from employees of the Company. In 2019, the units received 0 reports from individuals who identified themselves and received 0 anonymous reports with specific evidence. 3. Related regulations have been fully implemented and we continue to organize training courses to promote the ideals.	
II. Implementing ethical corporate management (I) Has the Company evaluated the ethics records of counterparties to its business dealings, and specified ethical business policies in contracts with counterparties related to its business dealings?	V		(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".	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
(II) Does the Company have a unit under the Board of Directors that specializes in promoting ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		(II) To enhance ethical corporate management, the Corporate Governance Work Group is responsible for the formulation and supervision of the implementation of ethical corporate management policies and prevention solutions. The Corporate Governance Officer is responsible for regular reports (at least once every year) to the Board of Directors.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
(III) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	V		(III) The Company has formulated the "Code of Ethical Conduct for Directors and Managerial Officers" to prevent conflict of interest and provide suitable channels for Directors, managerial officers, and employees to explain any potential conflict of interest with the Company.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
(IV) Does the Company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or engage CPAs to perform the audits?	V		(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 conducted a risk assessment and formulated the 2020 audit plan. It included the audit item "management of reports of illegal and unethical or dishonest conduct".	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
(V) Does the company regularly hold internal and external training related to ethical corporate management?	V		(V) To help employees understand professional ethical regulations, the Company has published related regulations on the corporate website and continues to invite renowned academics and experts to provide training and awareness programs for Directors, managerial officers, employees, and substantial controllers so they understand the Company's resolve for implementing ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct. TTC Taipei/Toufen/Linyuan/Qianzhen Plants organized ethical corporate management courses in 2019 for employees with 207 enrollments/578 training hours and the details are provided below:	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.

No.	Course	Hours	Number of Participants	Total Hours
1	[Ethics Seminar] Fair Trade Act Regulations and Practical Operations	2	41	82
2	[Ethics Seminar] Legal Liability and Case Study of Breach of Trust	3	129	387
3	[Ethics Seminar] Case Studies of Common Disputes Involving Trade Secrets	3	35	105
4	[Ethics Seminar] Copyright Protection and Reasonable Use of Patents	2	2	4

Evaluation item	Implementation Status (Note)			Discrepancies between its Implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
III. Implementation of the Company's Whistleblowing System (I) Has the company established concrete whistle-blowing and reward systems and accessible whistle-blowing channels? Does the company assign a suitable and dedicated individual for the case being exposed by the whistle-blower?	V		(I) On November 12th, 2019, the Company's Board of Directors passed the amendment of certain articles in the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" (URL: https://www.ttc.com.tw/OthersPDF/TTC_HandlingForIllegalImmoral.pdf) They included the following report channels, incentive system, dedicated personnel responsible for processing reports, and whistleblower protection measures: 1. Report channels: (1) Personal report: Face-to-face explanation. (2) Telephone report: 02-26503783 (3) Submitting reports: Audit Office, 7F, No. 37, Jihu Road, Neihu District, Taipei City. 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 whistleblower with appropriate rewards. 3. Responsible personnel: (1) Audit Committee: Accept reports from shareholders, investors, and other stakeholders. (2) Audit Office: Accept reports from customers, suppliers, and contractors. (3) Human Resources Department: Accept reports from employees. 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.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
(II) Has the company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	V		(II) The aforementioned regulations specify standard operating procedures for investigations of reported items and related confidentiality mechanisms. For anonymous report or reported cases without real names, if the contents or evidence provided are specific and where an investigation is warranted, such reports may be filed to the Chairman/General Manager for processing and recordkeeping. They may also be retained as references for internal reviews. The Company shall conduct investigations on the internal evidence after receiving the reports. Once they are verified as true, the Company shall, based on the violation or severity of the violation, implement disciplinary measures and process such violations in accordance with related regulations.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
(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?	V		(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.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
IV. Strengthening information disclosure Has the Company disclosed the content and effectiveness of its integrity management principles on the Company's website and the Market Observation Post System?	V		The Company places related regulations and education material for ethical corporate management on the Company's website for employees to read at any time. (URL: https://www.ttc.com.tw/OthersPDF/TTC_FaithManageRule.pdf). The Company also discloses the related information and the effectiveness of its ethical corporate management principles in the Annual Report and the Market Observation Post System.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
V. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies,				

Evaluation item	Implementation Status (Note)			Discrepancies between its Implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
state the discrepancies between these principles and its implementation: The Company has established its "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers", the "Ethical Corporate Management Best Practice Principles", the "Procedures for Ethical Management and Guidelines for Conduct", the "Code of Conduct for Employees Regarding Concurrent and Part-time Work", and the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct". There was no material discrepancy during the implementation of these rules and regulations.				
VI. Other important information that facilitates the understanding of the implementation of ethical corporate management: (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles) The Company has amended the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" in accordance with the amendments of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" announced and amended by the competent authority in May 2019 and they were passed in the meeting of the Board of Directors on November 12th, 2019. The Corporate Governance Officer also reported matters related to ethical management to the Board of Directors on November 12th, 2019.				

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

(VII) If the Company has stipulated best practices for corporate governance and other relevant bylaws, the means for inquiry shall be disclosed

1. The Company has formulated various corporate governance guidelines and rules:
   (1) Articles of Incorporation
   (2) Regulations Governing the Acquisition and Disposal of Assets
   (3) Regulations Governing Making of Endorsements/Guarantees
   (4) Regulations Governing Loaning of Funds to Others
   (5) Rules of Procedure for Board of Directors' Meetings
   (6) Regulations Governing the Evaluation of the Performance of the Board of Directors
   (7) Code of Ethical Conduct for Directors and Managerial Officers
   (8) Regulations Governing the Election of Directors
   (9) Employee Work Rules
   (10) Procedures for Handling Material Inside Information
   (11) Procedures for Ethical Management and Guidelines for Conduct
   (12) Ethical Corporate Management Best-Practice Principles
   (13) Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct
   (14) Rules of Procedure for Shareholders' Meetings
   (15) Rules Governing the Scope of Powers of Independent Directors
   (16) Remuneration Committee Charter
   (17) Corporate Social Responsibility Best-Practice Principles
   (18) Corporate Social Responsibility Committee Charter
   (19) Audit Committee Charter
   (20) Corporate Governance Best-Practice Principles
   (21) Management Guidelines for Employee Complaint and Feedback Mailbox
   (22) Standard Operating Procedures for Requests Filed by Directors
   (23) Human Rights Policy and Management Plan
2. Please refer to the Corporate Governance section on the MOPS website (https://mops.twse.com.tw) or the Company's website (https://www.ttc.com.tw).

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

The Company regularly performs audits of its subsidiaries, as well as analyzing and reviewing 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) Implementation of the Internal Control System

1. Statement of Internal Control

Taita Chemical Company, Ltd.
Statement on Internal Control System

Date: March 5th, 2020

According to our self-evaluation, the Company shall make the following statements on our internal control systems 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 as of December 31st, 2019, 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 was approved by the Board on March 5th, 2020, where zero out of the nine Directors present voted against the resolution and the remaining Directors agreed with the content of the Statement.

Taita Chemical Company, Ltd.

Chairman: Wu, Yi-Gui (signature and seal)

General Manager: Wu, Pei-Chi (signature and seal)

2. Where CPAs are commissioned to audit the Company's internal control systems, the audit report prepared by the CPAs shall be disclosed: None.

Any penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations, details on the punishment if it might have significant impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent fiscal year and as of the date of this annual report: None.

(X) Critical resolutions made during shareholders and Board of Directors' meetings and implementation status 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 24th, 2019	The minutes of the Shareholders' Meeting were posted onto MOPS on July 11th, 2019. The resolutions and their status of implementation are as follows: 1. Approve the 2018 Account Book. Implementation status: Resolution passed. 2. Approve the 2016 earnings distribution plan. Implementation status: Resolution passed. A total of NT$65,530,371 were distributed to the shareholders as cash dividends, and the record day was August 2nd, 2019. All the cash dividends were completely distributed on August 23rd, 2019. A total of NT$65,530,370 were distributed to the shareholders as stock dividends in which 6,553,037 new shares were distributed. All the stocks and dividends were distributed on September 12th, 2019. 3. Discussed the capital increase by retained earnings. Implementation status: Resolution passed. The resolution was declared effective by the Securities and Futures Bureau under the Financial Supervisory Commission on July 5, 2019 and was approved as stated in the approved letter with Reference No. Ching Shou Shang Tzu 10801115880 dated August 27, 2019. The Company issued 6,553,037 new shares, where 20 new shares were distributed for each thousand shares held. The capital increase record date approved by the Board of Directors was August 2, 2019, and all the new shares were completely distributed on September 12, 2019. 4. Discussed the amendment of the Articles of Incorporation. Implementation status: The resolution was passed and has been implemented according to the resolution passed by the Shareholders' Meeting. 5. Discussed the amendment of the "Regulations Governing the Election of Directors". Implementation status: The resolution was passed and has been implemented according to the resolution passed by the Shareholders' Meeting. 6. Discussed the amendment of the "Rules of Procedure for Shareholders Meeting". Implementation status: The resolution was passed and has been implemented according to the resolution passed by the Shareholders' Meeting. 7. Discussed the amendment of the "Procedures for Acquisition or Disposal of Assets". Implementation status: The resolution was passed and has been implemented according to the resolution passed by the Shareholders' Meeting. 8. Discussed the permission for Directors to engage in business competition. Implementation status: Resolution passed.

2. Board of Directors Meeting

Session (Year) of Meeting	Date of Meeting	Key Resolutions
1st Meeting in 2019	March 6th, 2019	1. Ratified endorsement/guarantee made for Taita (BVI) Holding Co., Ltd. (First Bank) 2. Ratified the endorsement/guarantee made for Taita (BVI) Holding Co., Ltd. (Taipei Fubon Bank) 3. Approved the 2018 Account Book. 4. Approved the 2018 remuneration distribution plan for Directors and employees. 5. Approved the 2018 earnings distribution plan. 6. Approved capital increase by retained earnings and issuance of new shares. 7. Approved the amendment of certain articles in the Articles of Incorporation 8. Approved the amendment of certain articles in the Rules of Procedure for Board of Directors' Meetings 9. Approved the amendment of certain articles in the Rules of Procedure for Shareholders' Meetings 10. Approved the amendment of certain articles in the Regulations Governing the Election of Directors. 11. Approved the amendment of certain articles in the Regulations Governing the Acquisition and Disposal of Assets 12. Approved the recommendation to lift competition restrictions against newly elected directors at the Annual General Meeting 13. Approved matters related to the convening of the 2019 general shareholders' meeting. 14. Accepted and handled shareholders' proposals from April 17th to April 27th, 2019. 15. Approved CPA fees for 2018. 16. Approved the CPA appointment and evaluation of its independence for 2019. 17. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents with financial institutions. 18. Approved the issuance of the 2018 Statement on the Internal Control System 19. Approved donations to the USI Education Foundation. 20. Permitted managerial officers of the Company to concurrently hold other positions and engage in competitions
2nd Meeting in 2019	May 9th, 2019	1. Ratified the three-year comprehensive credit limit signed with KGI Bank. 2. Approved the amendment of certain articles in the Corporate Governance Best Practice Principles 3. Approved the appointment of the Corporate Governance Officer 4. Permitted managerial officers to engage in competitions 5. Established the Company's "Standard Operating Procedures for Requests Filed by Directors". 6. Approved the amendment of the internal control system.
3rd Meeting in 2019	June 26th, 2019	1. Ratified the endorsement / guarantee made for subsidiaries Company Taita (BVI) Holding Co., Ltd. and Taita Chemical (Zhongshan) Co., Ltd.

Session (Year) of Meeting	Date of Meeting	Key Resolutions
		2. Approved the issuance of new shares.
4th Meeting in 2019	August 7th, 2019	1. Ratified the endorsement / guarantee made for subsidiaries Company Taita (BVI) Holding Co., Ltd. and Taita Chemical (Zhongshan) Co., Ltd. 2. Approved the 2019 Quarter 2 Consolidated Financial Statements 3. Approved the amendment of certain articles in the Audit Committee Charter.
5th Meeting in 2019	November 12th, 2019	1. Ratified endorsement/guarantee made for Taita (BVI) Holding Co., Ltd. 2. Approved the 2020 company budget. 3. Approved the 2020 audit plan. 4. Approval of the change of chief internal auditor. 5. Approved the amendment of certain articles in the Director and Managerial Officer Remuneration Policy and Regulations. 6. Approved the amendment of certain articles in the Regulations Governing the Evaluation of the Performance of the Board of Directors. 7. Approved the amendment of certain articles in the Ethical Corporate Management Best Practice Principles. 8. Approved the amendment of certain articles in the Procedures for Ethical Management and Guidelines for Conduct. 9. Approved the amendment of the certain articles in the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct. 10. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents with financial institutions.
6th Meeting in 2019	December 10th, 2019	Permitted accounting managers to engage in competitions
1st Meeting in 2020	March 5th, 2020	1. Ratified endorsement/guarantee made for Taita (BVI) Holding Co., Ltd. (First Bank) 2. Ratified the endorsement/guarantee made for Taita (BVI) Holding Co., Ltd. (Taipei Fubon Bank) 3. Ratified the changes made to the personnel responsible for the safekeeping of the "company seal" and "seal of the person in charge" registered at the Ministry of Economic Affairs. 4. Approved the 2019 Account Book. 5. Approved the 2019 remuneration distribution plan for Directors and employees. 6. Approved the 2019 earnings distribution plan. 7. Approved capital increase by retained earnings and issuance of new shares. 8. Approved the amendment of certain articles in the Rules of Procedure for Shareholders' Meetings 9. Approved the amendment of certain articles in the Regulations Governing the Making of Endorsements / Guarantees. 10. Approved the amendment of certain articles in the Procedures for Loaning of Funds to Others. 11. Approved the recommendation to lift competition restrictions against newly elected directors at the Annual General Meeting

Session (Year) of Meeting	Date of Meeting	Key Resolutions
		12. Approved matters related to the convening of the 2020 general shareholders' meeting. 13. Accepted and handled shareholders' proposals from April 11th to April 21st, 2019. 14. Approved remuneration of CPAs for 2019. 15. Approved the 2020 evaluation of the independence of appointed CPAs. 16. Approved the appointment of CPAs for 2020. 17. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents with financial institutions. 18. Approved the issuance of the 2019 Internal Control System Statement. 19. Permitted managerial officers of the Company to concurrently hold other positions and engage in competitions 20. Approved donations to the USI Education Foundation.

(XI) In the last fiscal year and until the date of publication of the Annual Report, the main content of the record or the written statement of Directors or Supervisors who hold different opinions toward important resolutions adopted by the Board of Directors: None.

(XII) Summary of the resignation or dismissal of the Company's Chairman, General Manager, Heads of Accounting, Finance, Internal Audit and R&D in the most recent fiscal year up to the publication date of this annual report: No such occurrences.

Title	Name	Date Appointed	Date Dismissed	Reasons for resignation or dismissal
R&D Manager	Huang, Chun-Hao	2018.3.9	2020.3.11	Huang, Chun-Hao was reassigned and senior engineer Lin Wang, Tsung-Cheng was promoted to R&D Manager
Chief Internal Auditor	Chien-Hsin Hsiao	2018.08.09	2019.11.12	Resignation

V. Information on CPA Professional Fees

CPA professional fees

CPA Professional Fees by Range (Please tick a range or fill in the amount)

Name of the CPA Firm	Name of CPAs		Audit Period	Notes
Deloitte, Taiwan	Hsiu-Chun Huang	Cheng-Chun Chiu	January 1st to December 31st, 2019	None

Note: 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.

Unit: NT$ thousands

Range of Fees \ Fee Items		Audit Fees	Non-Audit Fees	Total
1	Under NT$2,000,000		280	280
2	NT$ 2,000,000 (inclusive) to NT$4,000,000	3,220	0	3,220
3	NT$ 4,000,000 (inclusive) to NT$6,000,000	0	0	0
4	NT$ 6,000,000 (inclusive) to NT$8,000,000	0	0	0
5	NT$ 8,000,000 (inclusive) to NT$10,000,000	0	0	0
6	Over NT$ 10,000,000 (inclusive)	0	0	0

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

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)	Subtotal		
Deloitte, Taiwan	Hsiu-Chun Huang	Cheng-Chun Chiu	3,220	0	0	0	280	280	January 1st to December 31st, 2019	NT$80,000 for the certification of the conversion of earnings to capital and NT$200,000 for tax affairs consultation.

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.
   The Company has not replaced the accounting firm in 2019, and thus it is not applicable.
3. Where the audit fees were reduced by more than 15 percent compared to the previous fiscal year, the amount and percentage of decrease in audit fees, as well as the reason for it should be disclosed
   The Company's audit fee has not been reduced by more than 15 percent of that paid in the previous year. This is therefore not applicable.

VI. Information on Replacement of Certified Public Accountants

(I) Previous CPAs: Not applicable

<table>
<tr><td>Replacement Date</td><td colspan="4"></td></tr>
<tr><td>Reason for Replacement and Explanation</td><td colspan="4"></td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA did not accept the appointment</td><td colspan="2">Contracting Party
Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td colspan="2">Termination of appointment</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td colspan="2">No longer accepted (continued) appointment</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="4">2019 and 2018 audit report with unqualified opinion</td></tr>
<tr><td rowspan="6">Differences with the Company</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Remarks/specify details: None</td></tr>
<tr><td>Other Revealed Matters
(Matters that should be disclosed in accordance with Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations)</td><td colspan="4">None</td></tr>
</table>

(II) Regarding the successor CPA: 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 Chairman, General Manager, or Any Managerial Officer in Charge of Finance or Accounting Matters has Held a Position at its CPA's Accounting Firm or at an Affiliated Enterprise in the Most Recent Year

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

(I) Changes in shareholdings of Directors, Supervisors, managerial officers and substantial shareholders

Changes in shareholdings of Directors, Supervisors, managerial officers and substantial shareholders [Position (Note 1)]	Name	2019		Current fiscal year up to April 30th, 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
Director and Substantial Shareholder	Union Polymer Int'l Investment Corp.	2,410,715	(19,500,000)	0	0
Director	Wu, Yi-Gui (representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Wu, Pei-Chi (representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Ying, Bao-Luo (representative of Union Polymer Int'l Investment Corp.)	528	0	0	0
	Liu, Han-Tai (representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Liu, Chen-Tu (representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Taiwan Union International Investment Co., Ltd.	599,022	0	0	0
	Ko, I-Shao (representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
Independent Director	I-Kung Ma	0	0	0	0
	Tien-Wen Chen	0	0	0	0
	Chi-Ying Juan	0	0	0	0
Chief Executive Officer	Wu, Yi-Gui	0	0	0	0
President	Wu, Pei-Chi	0	0	0	0
Vice President	Tai-Ming Yen	0	0	0	0
Corporate Governance Officer.	Chen, Yung-Chih (newly appointed on May 9th, 2019)	0	0	0	0
Head of Finance Department	Chuang, Kai-Hui	0	0	0	0
Head of Accounting Department	Lin, Chin-Tsai	0	0	0	0

(II) Information on equity transfer: No counterparty involved in equity transfer is a related party of the Company's Directors, Supervisors, managerial officers and shareholders with shareholding percentage exceeding ten (10) percent.

Name (Note 1)	Reason for 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
N/A						

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

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

(III) Information on pledging of shares: No counterparty involved in pledging of shares is a related party of the Company's Directors, Supervisors, managerial officers and shareholders with shareholding percentage exceeding ten (10) percent.

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
N/A								

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

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

IX. Relationship Information, if among the Company's 10 Largest Shareholders any one is a Related Party, Spouse or a Relative within the Second Degree of Kinship

April 20th, 2020

Name (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Title or name and relationship of top 10 shareholders who are defined by the Statement of Financial Accounting Standard No. 6 to be related parties or each other's spouses and relatives within the second degree of kinship		Notes
	Number of Shares	Shareholding Percentage (Note 2)	Number of Shares	Shareholding Percentage (Note 2)	Number of Shares	Shareholding Percentage (Note 2)	Name (or name)	Relationship (Note 3)	
Union Polymer Int'l Investment Corp.	122,946,465	36.79%	-	-	0	0%	China General Terminal & Distribution Corporation	Same ultimate parent company as the Company	
Representative: Wu, Yi-Gui	0	0%	-	-	0	0%			
Taiwan Union International Investment Co., Ltd.	30,550,159	9.14%	-	-	0	0%	None	-	
Representative: Ko, I-Shao	0	0%	0	0%	0	0%	China General Terminal & Distribution Corporation	Director	
Standard Chartered Bank (Taiwan) Limited Dunhua Branch as custodian of Arcadian Emerging Markets Equity Small Cap Fund Co., Ltd. Investment Account	4,438,723	1.33%	-	-					
Cheng, Yi-Ting	3,622,460	1.08%	No information has been provided by the shareholder						
Su, Chi-Mo	2,128,702	0.64%	No information has been provided by the shareholder						
Citibank (Taiwan) as custodian of Dimensional Fund Advisors' Emerging Markets Core Securities Portfolio Investment Account	2,078,601	0.62%	-	-					
Citibank (Taiwan) as custodian of Dimension Emerging Market Assessment Fund Investment Account	1,931,581	0.58%	-	-					
China General Terminal & Distribution Corporation	1,915,033	0.57%	-	-	-	-	Union Polymer Int'l Investment Corp.	Same ultimate parent company as the Company	
Representative: Chang, Hung-Chiang	0	0%	0	0%	0	0%	None	None	
Li-Hua Wu	1,700,649	0.51%	No information has been provided by the shareholder						
Chia-Hsiang Yu	1,627,920	0.49%	59,160	0.02%	0	0%	None	None	

Note 1: List separately the names of the top ten shareholders (corporate shareholders and their respective representatives within substantial shareholders).

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 other persons.

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

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 31st, 2019; Unit: shares

Ownership of Shares in Affiliated Enterprises	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
Taita (BVI) Holding Co., Ltd.	61,738,000	100.00%	0	0.00%	61,738,000	100.00%
China General Plastics Corporation	10,445,510	1.98%	131,591,144	24.97%	142,036,654	26.95%
China General Terminal & Distribution Corporation	18,667,463	33.33%	0	0.00%	18,667,463	33.33%
Acme Electronics Corporation	4,445,019	2.43%	1,256,284	0.69%	5,701,303	3.12%
Thintec Materials Corporation	600,000	10.00%	0	0.00%	600,000	10.00%

Chapter 4 Funding Status

I. Capital and Shares

(I) Source of Share Capital

Year and Month	Issue price	Authorized Capital		Paid-in Capital		Notes		
		Number of Shares	Amount (NT$)	Number of Shares	Amount (NT$)	Sources of share capital (NT$)	Capital Increase by Assets Other than Cash	Others
2019.8	10	400,000,000 shares	NT$4,000,000,000	334,204,892 shares	NT$3,342,048,920	Capital increase from surplus of NT$65,530,370 (Note)	None	None

(Note) Approved in the MOEA Shou-Shang No. 10801115880 Letter of the Ministry of Economic Affairs dated August 27th, 2019.

Note 1: Information for the current year shall be added as of the publication date of the Annual Report.

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

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.

Type of Shares	Authorized Capital			Notes
	Outstanding Shares (Note)	Unissued shares	Total	
Registered common stocks	Issued 334,204,892 shares	65,795,108 shares	400,000,000 shares	-

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).

Information on shelf registration: N/A.

(II) Shareholder Structure

April 20th, 2020

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Juristic Persons	Individuals	Foreign Institutions and Individuals	Total
Number of Shareholders	0	0	137	40,582	62	40,781
Number of Shares Held	0	0	158,872,437	160,832,576	14,499,879	334,204,892
Percentage of Shares Held	0	0	47.54%	48.12%	4.34%	100%

Note: Companies primarily listed on the TWSE or the TPEx shall disclose the proportion of their shares held by investors from Mainland China. Investors from Mainland China refer to natural persons, corporations, organizations, other institutions or companies invested in areas other than Taiwan and Mainland China as defined in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan. (III) Distribution of Equity Ownership

(III) Share Distribution

April 20th, 2020

Shareholding Range	Number of Shareholders	Number of Shares Held	Percentage of Shares Held
1 to 999	25,286	3,006,889	0.90%
1,000 to 5,000	10,063	21,734,761	6.50%
5,001 to 10,000	2,386	16,628,446	4.98%
10,001 to 15,000	1,183	13,678,337	4.09%
15,001 to 20,000	475	8,354,015	2.50%
20,001 to 30,000	510	12,063,992	3.61%
30,001 to 50,000	343	13,196,054	3.95%
50,001 to 100,000	295	20,131,712	6.02%
100,001 to 200,000	150	19,940,913	5.97%
200,001 to 400,000	52	13,595,048	4.07%
400,001 to 600,000	14	6,661,671	1.99%
600,001 to 800,000	8	5,649,733	1.69%
800,001 to 1,000,000	3	2,592,252	0.78%
1,000,001 and above	13	176,971,069	52.95%
Total	40,781	334,204,892	100.00%

(IV) List of Major Shareholders

April 20th, 2020

Shares / Name of Major Shareholders	Number of Shares Held	Percentage of Shares Held
Union Polymer Int'l Investment Corp.	122,946,465	36.79%
Taiwan Union International Investment Co., Ltd.	30,550,159	9.14%
Standard Chartered Bank (Taiwan) Limited Dunhua Branch as custodian of Arcadian Emerging Markets Equity Small Cap Fund Co., Ltd. Investment Account	4,438,723	1.33%
Cheng, Yi-Ting	3,622,460	1.08%
Su, Chi-Mo	2,128,702	0.64%
Citibank (Taiwan) as custodian of Dimensional Fund Advisors' Emerging Markets Core Securities Portfolio Investment Account	2,078,601	0.62%
Citibank (Taiwan) as custodian of Dimension Emerging Market Assessment Fund Investment Account	1,931,581	0.58%
China General Terminal & Distribution Corporation	1,915,033	0.57%
Li-Hua Wu	1,700,649	0.51%
Chia-Hsiang Yu	1,627,920	0.49%

(V) Market Price, Net Worth, Earnings, Dividend and Related Information over the Last Two Years

Unit: Share / NT$ thousand

Item		Year	2019	2018	Current year up to April 30th, 2020
Market price per share (Note 1)	Highest		12.40	18.15	11.90
	Lowest		9.23	9.87	6.23
	Average		10.98	14.31	9.34
Net asset value per share (Note 2)	Before distribution		12.87	12.18	13.03
	After distribution		*	11.94	*
Earnings per share	Weighted average number of shares		334,204,892	327,651,855	334,204,892
	Before adjustment		1.19	0.63	0.43
	After adjustment (Note 3)		*	0.62	*
Dividends per share	Cash dividends		0.3*	0.2	-
	Stock dividends	Dividends from surplus earnings	0.3*	0.2	-
		Dividends from capital reserve	0	0	-
	Accumulated unpaid dividends (Note 4)		0	0	-
Return on investment	Price/earnings ratio (Note 5)		8.95*	21.40	22.06*
	Price/dividend ratio (Note 6)		35.5*	66.35	-
	Cash dividend yield (Note 7)		2.82%*	1.51%	-

* The Board of Directors resolved to distribute dividends, which is yet to be approved in the shareholders' meeting.

* If the surplus earning or capital reserve is used for capital increase, market price and cash dividends that are retrospectively 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 year and calculate the average market price for each year based on the trading value and volume in each year.

Note 2: Fill these rows based on the number of shares that have been issued at the end of the year and the distribution plan approved in the shareholders' meeting in the subsequent year.

Note 3: If there is any retrospective adjustment required due to stock dividends, earnings per share before and after such adjustment shall be listed.

Note 4: If there is any condition in issuing equity securities that allows for an undistributed dividend for the year to be accumulated to subsequent years in which there is a profit, the Company shall separately disclose accumulated undistributed dividends up to that year.

Note 5: Price/earnings ratio = Average closing price per share for the year / Earnings per share after adjustment.

Note 6: Price/dividend ratio = Average closing price per share for the year / Cash dividends per share.

Note 7: Cash dividend yield = Cash dividends per share / Average closing price per share for the year.

Note 8: Net worth per share and earnings per share for the latest quarter up to the date of publication of the Annual Report as audited (reviewed) by CPAs shall be filled in. For all other columns, the Company shall fill information for the year up to the date of publication of the Annual Report.

(VI) Dividend Policy and Its Implementation

1. Dividend policy set forth in the Company's Articles of Incorporation

   If the Company records net income after tax (NIAT) as indicated in its final annual accounts for the year, it can use it to cover any accumulated losses in previous years. If there is a balance remaining, ten percent of it shall be set aside as legal reserve, while the rest shall be considered as distributable profit. This distributable profit shall then be combined with the undistributed earnings accumulated over the previous years. Part of this combined amount shall be considered as or transferred to special reserve as required by the law or the authority in charge, and the balance shall be treated as accumulated distributable profit. The Board of Directors shall propose a profit distribution plan which is then submitted to the shareholders' meetings for approval. The meeting may retain all or part of it based on the business performance of the Company.

   According to the Company's Articles of Incorporation, R&D requirements and business diversification shall be considered when the Company distributes dividends as the Company's industry is at a maturity stage. Dividends paid to shareholders shall not be less that ten percent of distributable profit for the year, and cash dividends shall not be less than ten percent of the total dividends. However, dividends may be distributed if the distributable profit per share for the year is less than NT$ 0.1.

2. Dividend payout plans proposed during the most recent shareholder's meeting

   Cash dividends/share: NT$0.3; stock dividends/share: NT$0.3.

3. Any expected material changes in the dividend policy shall be further explained:

   N/A.

(VII) Impacts on the Company's Business Performance and Earnings per Share of Any Stock Dividend Distribution Proposed or Adopted in the Most Recent Shareholders' Meeting

No financial forecast was prepared for 2020; therefore, there is no need to disclose forecast information.

<table>
<tr><th colspan="3">Year / Item</th><th>2020 (Estimated)</th></tr>
<tr><td colspan="3">Beginning paid-in capital</td><td>NT$3,342,048,920</td></tr>
<tr><td rowspan="3">Distribution of dividends for the year</td><td colspan="2">Cash dividends per share</td><td>NT$0.3</td></tr>
<tr><td colspan="2">Number of shares distributed per share held due to capital increase from surplus earnings</td><td>0.03 shares</td></tr>
<tr><td colspan="2">Number of shares distributed per share held due to capital increase from capital reserve</td><td>0 share</td></tr>
<tr><td rowspan="7">Changes in operating performance</td><td colspan="2">Operating income</td><td></td></tr>
<tr><td colspan="2">Percentage of increase (decrease) in operating income YoY</td><td></td></tr>
<tr><td colspan="2">Net income after tax</td><td></td></tr>
<tr><td colspan="2">Percentage of increase (decrease) in net income after tax YoY</td><td></td></tr>
<tr><td colspan="2">Earnings per share</td><td></td></tr>
<tr><td colspan="2">Percentage of increase (decrease) in earnings per share YoY</td><td></td></tr>
<tr><td colspan="2">Annual average return on investment (reciprocal of average annual price/earnings ratio)</td><td></td></tr>
<tr><td rowspan="6">Pro forma earnings per share and price/earnings ratio</td><td rowspan="2">If capital increase from surplus earnings is entirely replaced by distribution of cash dividends</td><td>Pro forma earnings per share</td><td></td></tr>
<tr><td>Pro forma average annual return on investment</td><td></td></tr>
<tr><td rowspan="2">If capital reserve is not used for capital increase</td><td>Pro forma earnings per share</td><td></td></tr>
<tr><td>Pro forma average annual return on investment</td><td></td></tr>
<tr><td rowspan="2">If capital reserve is not used for capital increase and capital increase from surplus earnings is replaced by distribution of cash dividends</td><td>Pro forma earnings per share</td><td></td></tr>
<tr><td>Pro forma average annual return on investment</td><td></td></tr>
</table>

1. The Company shall describe the underlying assumptions on which the estimate or information prepared is based.
2. If capital increase from surplus earnings is fully replaced by distribution of cash dividends, dividends per share
   = [Net income after tax - Interest expenses arising from cash dividends* x (1 - Tax rate)] / (Total number of shares issued at the end of the year - Number of shares distributed from surplus earnings**).
   Interest expenses arising from cash dividends* = Amount of capital increase from surplus earnings x one-year general loan interest rate.
   Number of shares distributed from surplus earnings**: Number of shares added due to the distribution of shares from surplus earnings for the previous year.
3. Annual average price/earnings ratio = Annual average market price per share / Earnings per share reported in the annual financial statements.

(VIII) Compensation Distributed to Employees and Directors

1. Percentage or range of compensation distributed to employees and directors as stipulated in the Company's Articles of Incorporation:
   (1) Percentage or range of employee compensation: Employee compensation shall not be less than one percent of the profit for the year.
   (2) Percentage or range of director compensation: Director compensation shall not be more than one percent of the profit for the year.
2. Basis for estimating the amount of compensation to be distributed to employees, directors and supervisors, basis for calculating the number of shares to be distributed as employee compensation, and accounting treatment for discrepancies between the actual and estimated amounts of compensation to be distributed for the year
   (1) Basis of estimation: The Company's compensation distributed to employees shall be no lower than one percent of the profit for the year, and director compensation shall be no higher than one percent of the profit for the year. However, when the Company has accumulated losses, it shall first use its profit to offset accumulated losses.
   (2) Accounting treatment for discrepancies: If there are still changes in the annual financial statements after they are issued, these changes shall be treated as changes in accounting estimates and adjusted in the financial statements for the following year.
3. Distribution of compensation approved by the Board of Directors
   (1) Where compensation for employees, directors and supervisors is distributed in the form of cash or shares, the amount, causes and treatment of discrepancies between the actual and estimated amounts of recognized expenses for the year shall be disclosed:
      a. Employee compensation and director compensation to be distributed: NT$4,656 thousand.
      b. Discrepancies between the actual and estimated amounts of recognized expenses for the year: None.
      c. Reason for discrepancies: N/A.
      d. Treatment of discrepancies: N/A.
   (2) Amount of employee compensation distributed in the form of shares and its proportion to net income after tax provided in the parent company only or individual financial statements, as well as its proportion to the total amount of employee compensation: N/A.
4. Where there is any discrepancy between the actual amount of compensation distributed to employees, directors and supervisors (including number and amount of shares distributed and share price) and the recognized amount of compensation for employees, directors and supervisors for the previous year, the amount, causes and treatment of such discrepancies shall be stated:
   (1) Employee compensation and director compensation to be distributed: NT$2,560 thousand.
   (2) Discrepancies: None.
   (3) Reason for discrepancies: N/A.
   (4) Treatment of discrepancies: N/A.

(IX) Repurchase of the Company's Shares: N/A.

II. Issuance of Corporate Bonds

(I) Issuance of Corporate Bonds: None.

(II) Information on the Conversion of Corporate Bonds: None.

(III) Information on Corporate Bond Swap: None.

(IV) Information on Shelf Registration for Corporate Bonds: None.

(V) Information on Equity Warrant Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Global Depository Receipts: None.

V. Issuance of Employee Stock Options and New Restricted Employee Shares: None.

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

VII. Implementation of Capital Utilization Plan

(I) Contents of the Plan

As of the quarter prior to the date of publication of the Annual Report, the Company has no securities issuance that is incomplete or completed over the past three years but not fully yielded the planned benefits.

(II) Implementation Status: N/A

Chapter 5 Operations Overview

I. Business Activities

(I) Scope of Business

1. Principal business activities and revenue distribution

(1) Production and sale of general polystyrene (GPS) resin and expandable polystyrene (EPS) resin.

(2) Production and sale of acrylonitrile-butadiene-styrene (ABS) resin.

(3) Production and sale of styrene-acrylonitrile (SAN) resin.

(4) Production and sale of plastic raw materials and processed products.

(5) Production and sale of glass wool and related products. (6) Production and sale of cubic printing and related products.

(7) E303020 noise and vibration restricting engineering.

(8) E801010 building maintenance and upholstery.

Main Product	Percentage
1. Expandable polystyrene (EPS)	46.8%
2. Acrylonitrile butadiene styrene (ABS) copolymer resin	30.63%
3. General purpose polystyrene (GPS)	19.42%
4. Glass wool products	2.66%
5. Cubic printing	0.36%
6. Impact-resistant polystyrene (IPS)	0.13%

2. New products planned for development

(1) Development of high-strength heat-resistant acrylonitrile-butadiene-styerne (ABS).

(2) Development of non-absorbent, anti-static EPS.

(3) Development of packaging materials for high-speed-foaming expanded polystyrene (EPS).

(4) Development of low VOC expanded polystyrene (EPS) products.

(5) Development of general polystyrene (GPPS) materials for light guide plates.

(6) Patent application and development of port boards.

(7) Development of 8mm glass wool repellent products.

(II) Industry Overview

1. Current state and development of the industry

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. The main reasons are as follows: Many downstream processing plants in Taiwan have set up plants in Mainland China and southeast Asia due to cost competitiveness; areas such as Southeast Asia, the Middle East, Africa, and Central and South America, are emerging markets with relatively more potential for growth in 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.

The total production capacity of EPS manufacturers in Mainland China is far greater than domestic demand. At the end of 2019, the total domestic production capacity of EPS in Mainland China exceeded 6.5 million tons, while domestic demand was only 3.1 million tons. Demand for EPS is generally from four major areas based on application - packaging for electrical appliances, boxes for vegetables and fruits, ceramic packaging and building slabs. Building slabs currently account for approximately 35% of the total demand, while electrical appliances account for approximately 45%. Vegetable and fruit boxes and ceramic packaging account for roughly 10% each. Based on the market distribution, 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). Demand in the South and East China regions is mainly for packaging of electrical appliances, while that in the North and Northeast China regions is concentrated on building slabs. With advancements in the Chinese government's policy for expanding the domestic market, the electrical appliance production sites in the South China and Eastern China regions have gradually relocated inland along the Yangtze river basin. The transfer is exemplified in the emerging appliance manufacturing bases in Hefei, Wuhan, Chongqing, and Chengdu. Demand in the North China and Northeast China regions, which has been affected by the severe overcapacity, and unregulated actions on the market have led to the deterioration of the competitive environment in the regional market. In addition, with the increasingly stringent national environmental protection policy, some EPS manufacturers were shut down in advance or collectively relocated to the surrounding areas of thermal power plants, at which customers and the production capacity were mainly concentrated.

2. Correlations between upstream, midstream and downstream industries

Among TTC's main products, the primary raw material for PS and EPS is styrene monomer (SM), while that for ABS includes SM, acrylonitrile (AN) and butadiene (BD).

SM: SM manufacturers in Taiwan include Taiwan Styrene Monomer Corporation, Formosa Chemicals & Fibre Corporation, and Grand Pacific Petrochemical Corporation. They have an annual capacity of approximately 2 million MT, which is sufficient for overall domestic demand (approximately 1.85 million MT). SM can be transported under normal pressure and obtained relatively easily due to a large transaction volume in international trade. TTC purchases SM needed for its plants in Taiwan from the domestic market and through contracts with major foreign SM manufacturers. In June 2018, China started to impose an anti-dumping duty on SM imported from the U.S. and South Korea, causing SM manufacturers in the U.S. and South Korea to distribute sales markets; as a result, TTC was able to purchase SM overseas at a competitive price and therefore strategically increased the percentage of SM import to reduce costs. Currently, SM manufacturers in Mainland China have an annual capacity of approximately 11.27 million MT. Although existing plants are continuously expanded and new ones have been set up in recent years, they still do not meet domestic demand of Mainland China and require import to fill the shortfall. The primary raw material, SM, for EPS in TTC's Zhongshan Plant is mainly obtained from Chinese SM manufacturers, while some are obtained through contracts with major foreign SM manufacturers for stable supply.

AN: AN manufacturers in Taiwan include China Petrochemical Development Corporation and Formosa Chemicals & Fibre Corporation. They have an annual capacity of approximately 510,000 MT, which is sufficient to meet overall domestic demand (approximately 380,000 MTA). AN is a toxic material and its transportation is governed by numerous regulations and restrictions. It is therefore not favored for long-distance transportation. TTC can obtain a sufficient quantity of AN from domestic sources thus no need to import.

BD: BD manufacturers in Taiwan include CPC Corporation and Formosa Chemicals & Fibre Corporation. They have an annual capacity of approximately 600,000 MT, which equals overall domestic demand of 600,000 MTA. However, manufacturers sometimes import BD during the annual plant maintenance. The main users of BD are the rubber industry and ABS production plants. TTC can obtain sufficient BD from domestic sources.

The upstream materials for ABS/PS/EPS are crude oil derivatives and prices usually fluctuate along with fluctuations in oil prices. Reference prices of raw materials for SM/AN/BD are available globally for buyers and sellers.

Downstream customers are mainly small and medium enterprises with a generally low processing scale. The design of molds and craftsmanship also differ based on product design provided by final customers. ABS/PS/EPS plants have to meet the downstream customers' needs for changes and provide technical services and material recommendations upon request.

3. Development trends of products

ABS/PS are mainly supplied to downstream processes for injection and molding of IT products, electrical appliances, household items, and toys. Among these products, IT products are still produced in Taiwan, while most other products are sourced from Mainland China or Southeast Asia. ABS has been driven by the booming global economy, which has led to an increase in demand. Besides, there have been only a few new production capacities in recent years. Hence, the market is still generally optimistic about its growth potential. The PS market has continued to grow due to stable demand for downstream food packaging materials and disposable tableware which is helpful to the PS sales. EPS is mainly used for packaging and construction applications. Its use also fluctuates based on the economic growth of each region, which leads to varying levels of demand.

4. Competition

ABS was originally classified as high-priced/high-profit engineering plastic. However, it has gradually lost its high-priced/high-profit advantage and become more of general-purpose plastic after Taiwan's Chi Mei Corporation and South Korea's LG Corporation increased their capacity and became respectively the largest and the second largest plants in the world.

Generally speaking, ABS resin is widely used in areas such as automobiles, electronics, electrical appliances, tools and building materials due to its excellent comprehensive properties, such as impact resistance, heat resistance, low temperature resistance, chemical resistance, easy to process and mold, and good surface glossiness. It is a type of polymer material between general-purpose plastic and engineering plastic. In China, downstream consumption of ABS is mainly concentrated in the home appliance industry, accounting for more than 60% of the total. In the home appliance industry, air-conditioners, vacuum cleaners, refrigerators, and washing machines have the largest demand for ABS. Due to the continuous impact of the US-China trade war in 2019, the demand in Mainland China remains uncertain which would affect the ABS profit margin. However, the overall demand for the year is set for growth.

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 TTC) purchase SM to manufacture GPS. Therefore, SM prices have a greater impact on their competitiveness. TTC is the only GPS manufacturer in Asia which adopts the NOVA manufacturing process. This process manufacturing GPS with low-free monomers, and the quality of GPS enables the Company to compete in the market. The Company's GPS products are mainly sold 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.

EPS is listed as a Class 9 dangerous good in maritime transportation as it contains pentane. 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. The fire-retardant EPS, a heat-and sound-insulating building material, is replaced, because the traditional fire-retardant, HBCD, has gradually been restricted by all countries in the world (the EU has listed HBCD as SVHC), and thus the non-HBCD fire-retardant is fully used in the 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. EPS is rarely used for insulation in Taiwanese construction works due to its subtropical climate. Hence, 90% of EPS products manufactured in Taiwan are exported. EPS products manufactured by TTS are mainly exported to countries all over the world.

(III) Technology, Research and Development Overview

1. Research and development (R&D) expenses in the most recent year up to the date of publication of the Annual Report

   In 2018, the total amount of R&D expenses was NT$25,048 thousand, while the total amount of R&D expenses from January to April 2020 was NT$7,844 thousand.

2. Successfully developed technologies or products

   2.1 Glass wool

   2.1.1 The wooden floor glass wool sound insulation system and new products received high performance green building materials mark.

   2.2 Expanded polystyrene (EPS)

   2.2.1 The environmental protection and energy conservation low VOC expanded polystyrene (EPS) was successfully developed and used for automobile upholstery.

   2.2.2 Development of flat panel display packaging materials - anti-static and low-moisture expanded polystyrene (EPS).

   2.2.3 Development of packaging materials for high-speed-foaming expanded polystyrene (EPS) effectively shortens the forming time.

   2.3 Acrylonitrile-butadiene-styrene (ABS) polymer

2.3.1 General-use acrylonitrile-butadiene-styrene (ABS) polymer, WRAS, and NSF water materials certification.

2.3.2 Development of heat-resistant acrylonitrile-butadiene-styrene (ABS) polymer

2.3.3 Development of acrylonitrile-butadiene-styrene (ABS) polymer reduced VOC polymerization technology.

2.4 Improvement in ABS / GPS / EPS manufacturing processes

Year	2017	2018	2019	Total
Electricity savings (kWh)	684,165	2,351,139	476,554	3,511,858
Electricity consumption (kWh)	79,558,800	78,424,000	77,713,440	235,696,240
Electricity saving ratio (%)	0.85	2.91	0.61	**(average)** 1.47

Note: The central government's policy requires 10% electricity savings from 2015 to 2024 and we have currently achieved approximately 5.97%.

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

1. Short-term business development plans

(1) We shall increase the proportion of direct customers for ABS, increase the proportion of injection molding grades with superior profitability for PS, and increase the proportion of production and sales of regular-grade EPS with superior profitability.

(2) 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.

(3) We continue to increase the proportion of production and sales of GPS products of injection molding grades with superior profitability. By making good use of the NOVA manufacturing process in production, we can continue to achieve growth of GPS products in the optoelectronics market and increase profitability for GPS products.

(4) EPS Qianzhen Plant: Increase the proportion of production and sales of regular-grade EPS with better profitability. The Company will continue to monitor the demand for anti-static EPS customers and continue to improve quality in order to increase sales.

(5) 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.

(6) 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.
(7) The Company will develop and advance high value-added products to strengthen market competitiveness.
(8) 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.
(9) The Company will work with main customers in product development to launch new products and expand new markets.
(10) The main development targets for EPS in Mainland China are concentrated in South China.
   a. The Company will continue to maintain the stability of raw materials, enhance the quality of ultra-light materials and rapid-grade materials, stabilize basic sales volume and expand sales in favorable markets.
   b. The Company will continue to strengthen core markets (in Yunnan and Guangdong Provinces) and develop markets in Guangxi, Fujian, Sichuan, and Hubei so as to further enhance regions that favor market sales.
   c. The Company will use the complementarity of market demand specifications to balance sales specifications. The Company will continue to increase and expand technical service capabilities and scope for customers to increase customer loyalty.
   d. The Company will improve the pellet size and concentration to meet market demand.

2. Long-term business development plans
(1) The Company will collect information on trends in the selection of materials in the electronics and develop suitable products and materials.
(2) With the improvement of physical properties of its products, the Company will increase its market share in the "high-quality, high-priced" market segment.
(3) The Company will increase its market share in overseas emerging markets.
(4) The Company will also reduce its reliance on material suppliers and develop direct customers.
(5) 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.

II. Market, Production and Sales Overview

(I) Market Analysis

1. Sales regions and market share of main products

Products produced by TTC in Taiwan are mainly for export, which account for 89% of the ABS/PS turnover. Mainland China and Hong Kong account for the largest portion of sales, but TTC has begun to increase sales in markets, such as the Middle East, Africa, Central and South America, Europe, the U.S., New Zealand, Australia and other regions. The gradual increase in sales outlets in foreign markets and the increase in the proportion of sales contribute to the Company's goals of market dispersion and risk diversification. In the face of rapid changes in the international environment, the Company not only has to stabilize domestic sales and exports to Mainland China and Hong Kong, but also needs to actively develop other export markets with growing demand.

The Company's sales regions in 2020 are as follows:

(1) ABS/PS products

Mainland China and Hong Kong:	58%
Northeast Asia/Southeast Asia/South Asia, and Central Asia:	12%
Domestic market:	10%
North America/South America and Central South America:	9%
Europe and Africa:	6%
Middle East:	3%
New Zealand and Australia:	2%

(2) Glass wool products

Domestic market:	52%
United States, Canada, Australia, New Zealand:	40%
South Africa:	3%
Other regions (including Southeast Asia):	5%

The market share of the Company's main products in the domestic market is as follows: ABS: 8%, GPS:11%, and EPS: 8%.

The market share of subsidiary companies in Mainland China including Zhongshan Plant in 2019 was as follows:

Sales Region	Province	Market Share
South China	Guangdong	22%
	Yunnan	26%
	Guangxi	4%
	Fujian	2%
	Sichuan	2%
	Others	1%

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

(1) ABS/PS products

ABS: ABS continued to be affected by the China-US trade war in 2019 and the demand in Mainland China remains uncertain which would affect the ABS profit margin. However, the overall demand for the year is set for growth. 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. Recently, LG's Huizhou Plant (CNOOC & LG Petrochemicals Co., Ltd.) has initiated an additional capacity of 150,000 MTA per year for ABS production since March 2019. This new production capacity has been successfully absorbed by the market. Competitors have planned the launch of new production capacity for ABS in the near future. However, the impact of the COVID-19 pandemic in 2020 and the fall of the price of raw materials caused by the drastic fall of crude oil have increased uncertainty in the market and we must respond carefully.

GPS: In recent years, there has been no capacity expansion or new players in the GPS market. There are no obvious seasonal differences in the main market of disposable tableware. With the increasing population of diner-out, demand for GPS increased in 2019. The Company's sales increased by 5% from 2018 and reported the growth of profits. In addition, with reasonable management and control of raw material inventory and increase in the proportion of sales for injection-grade products with higher profitability, we have made GPS operations profitable and greatly increased profits. However, the impact of the COVID-19 pandemic in 2020 and the fall of the price of raw materials caused by the drastic fall of crude oil have increased uncertainty in the market and we must respond carefully.

EPS: The international market for EPS is still in a state of oversupply. In addition, the increase in the cost of flame-retardant agents has decreased the profitability of flame-retardant EPS. The Company shall increase the proportion of production and sales of regular-grade EPS with better profitability and continue to develop markets with lower market shares and better profitability. However, the impact of the COVID-19 pandemic in 2020 and the fall of the price of raw materials caused by the drastic fall of crude oil have increased uncertainty in the market and we must respond carefully.

(2) EPS in Mainland China

There are only three major EPS manufacturers due to relatively balanced supply and demand of styrene resources in South China. In 2019, only our competitor Xingda has added new EPS production capacity of 60,000 tons per year in the South China region. Although there are changes in the overall market supply, such changes were still relatively healthy. Longwang is building a new plant with a production capacity of 300,000 tons in Zhuhai, and this plant is estimated to begin operation in the second half of 2020, thereby further increasing the production capacity in the South China market. The Company stabilizes the quality of raw materials to improve the quality of ultra-light materials and rapid materials, enhance the Company's competitiveness in its main markets in South China, including the electrical appliance packaging and slab markets, enhance output ratio of effective specifications, and reduce the production of inactive inventory. In addition, the Company's main goals are still to increase factory uptime, reduce the inventory of raw materials and finished products, and achieve synergy with Tianjin Plant, so as to enhance the profitability of the Company.

(3) Glass wool products

Domestic demand for glass wool dropped by 3% in 2019. Glass wool imports accounted for 11% of the overall market and glass wool was imported mainly from South Korea and India, accounting for 14% and 77% of total glass wool imports respectively. The domestic demand for glass wool in 2020 is expected to grow between 4% and 5% from 2019.

Due to stiff competition and low unit prices in the Southeast Asian market, the Company has shifted its sales focus to markets with higher unit prices, such as New Zealand, Australia, and South Africa. As the local producer Fletcher in Australia shut down the Sydney Plant and transferred purchases from TTC, the Company has successfully consolidated its position in New Zealand and Australia and is continuously developing the South African market and other markets with high unit prices to actively increase the width and depth of the export market. We estimate that the ratio of domestic sales to exports in 2020 will be 53% to 47%.

3. Competitive niches

The Company focuses its operations on providing customers satisfying service quality and creating value for shareholders. Our competitive niches are:

(1) Continuously maintain the inventory of raw materials and finished products at a low level to maximize the production and sales and profitability.

(2) Continuously increase the proportion of sales in overseas niche markets.

(3) Continuously develop customized products.

(4) Provide fast and timely customer services and implement regular customer visit plans to enhance the added value of products through enhanced after-sales service systems.

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

(1) Favorable factors

◆ABS/PS products

a. The reliable quality of ABS/PS products, positive research and development, enhanced customer services, and implementation of management systems help increase customers' confidence in our products.

b. GPS using the NOVA manufacturing process technology is resistant to heat and has low residual monomers.

c. The development of new EPS products has catapulted the Company to a leading position in the domestic market. The Company is the first to develop fire-rated anti-static products, which has gained it considerable reputation in the international market.
d. Domestic demand in South China still has room for growth, and demand for EPS will continue to increase. This will benefit the operations of our EPS plant in Zhongshan.
e. Both Sekisui and BASF, two of the Company's EPS competitors, have shut down their EPS plants in Southeast Asia. This will benefit our sales in the region.
f. As Japan and New Zealand have announced a ban on HBCD, there will be more room for growth for our newly developed non-HBCD fireproof EPS.

◆Glass wool products

a. Leading brand with accepted quality.
b. High service quality effectively precludes competition from foreign products.
c. Solid marketing channels strengthen market development and competitiveness.
d. Glass wool is used as a filler in calcium silicate board partition systems. This application has been gradually accepted in the market.
e. The sales volume of gypsum board partition systems increases each year and the use of glass wool is expected to increase as well.
f. The conversion of CNS6532, the standard for non-combustibility testing, to CNS14705 has helped fiberglass ceilings pass the non-combustibility test.
g. In addition to the successful renewal of Branz certification in New Zealand and Australia, the Company has also helped its New Zealand customers to successfully obtain the Environmental Choice New Zealand (ECNZ), an eco-friendly label, and became qualified to bid for New Zealand government projects in March 2018.
h. The market for fire-retardant glass wool for roof and exterior walls was continuously developed, where sales of such products in 2018 grew by 47% from 2017.
i. Regulations related to floor impact sound were implemented in July 2019. The new product Porter panel has pass tests, thus facilitating new market development.
j. Value-added six-sided covered products have been newly developed.

(2) Unfavorable factors

◆ABS/PS products

a. PS manufacturers in Asia are still experiencing overcapacity, and market bidding remains extremely intense. EPS manufacturers in Mainland China are also facing overcapacity, and price competition is also extremely intense.

   Response measures:

   - Enhance product quality, increase the added value of products, segment the market, and avoid competition in market prices.
   - Maximize the capacity, reduce costs, and select and sell relatively favorable products.
   - Analyze and keep abreast of market and economic developments to enter potential emerging markets as early as possible.

b. The volatile and unstable SM market has led to difficulties in production and sales control.

   Response measures:

   - Effectively realize integrated supply chain management
   - Effectively reduce the inventory of raw materials and finished products, thereby lowering risks.

◆Glass wool products

a. India's import cost is low, and its products have passed the one-hour calcium silicate board fire test, thereby causing a major impact on the domestic market.

   Response measures:

   - Organize promotions on imported products of the same specifications to solidify the distribution network.
   - Strengthen project tracking and conduct direct sales.

b. Alternative products flood the market.

   Response measures:

   - Enhance project visits and control to prevent changes in glass wool materials.

c. Products from Mainland China have entered the Taiwanese market through imports via ad hoc application.

   Response measures:

   - Actively participate in related trade associations, maintain contact with the Industrial Development Bureau, and keep an eye on product trends in Mainland China at all times.

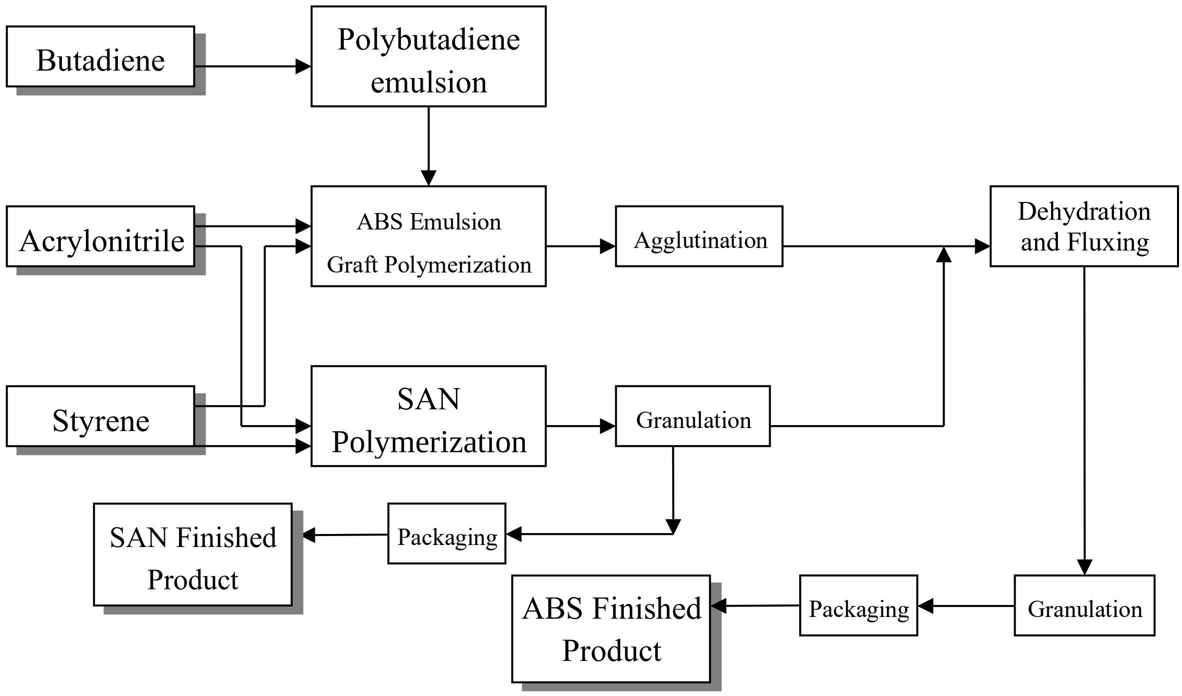
(II) Important Uses and Production Processes of Main Products

1. Important uses of main products

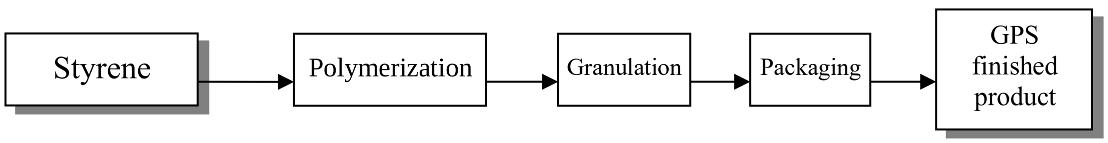
(1) ABS resin: IT equipment, OA equipment, home appliances and electronic parts, consumer electronics, bathroom equipment, toys, automotive and machine components, heels, suitcases, everyday items, telephones, stationery, sports equipment, battery cases, and safety helmets.
(2) SAN resin: External casing of blenders, powder boxes, coffee machine water tanks, transparent decorations, air conditioning axial fans, electric fan blades, stationery, and utensils.
(3) GPS: Lighting equipment, stationery, home appliance parts, everyday items, diffusion plates, insulation boards, disposable tableware, food and pharmaceutical packaging materials.
(4) EPS: Insulation boards for buildings, packaging materials, antistatic packaging materials, vegetable and fruit boxes, fishing boxes, insulation materials, slabs, and building walls, and safety helmet cushion lining.
(5) Glass wool: Cooling materials for air-conditioning ducts, metal roofs, insulation materials for walls, dry partitions filled with sound-absorbing insulation materials, ceilings for interior decoration, wall panels, insulation materials for the petrochemical industry, machinery and equipment, insulation and sound-absorbing materials for home appliances, vehicles, heat- and sound-insulating materials for ships and insulation materials for curtain walls.
(6) Cubic printing: Special printing techniques for plastics, metals, wood, plaster, glass and ceramics.
(7) Impact-resistant polystyrene: IT equipment, home appliances, toys, everyday items, stationery, electronic components, and menstrual cups.

2. Production processes of main products

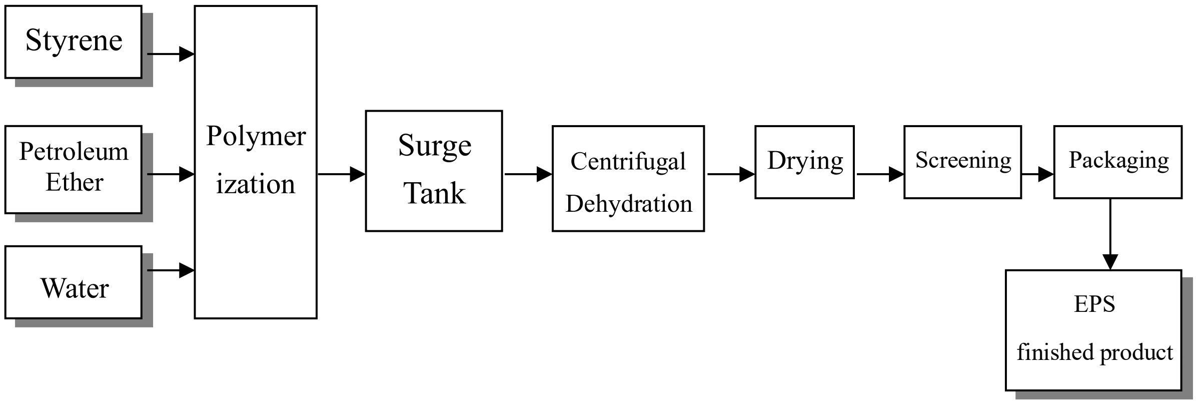
(1) Production processes of ABS and SAN resin



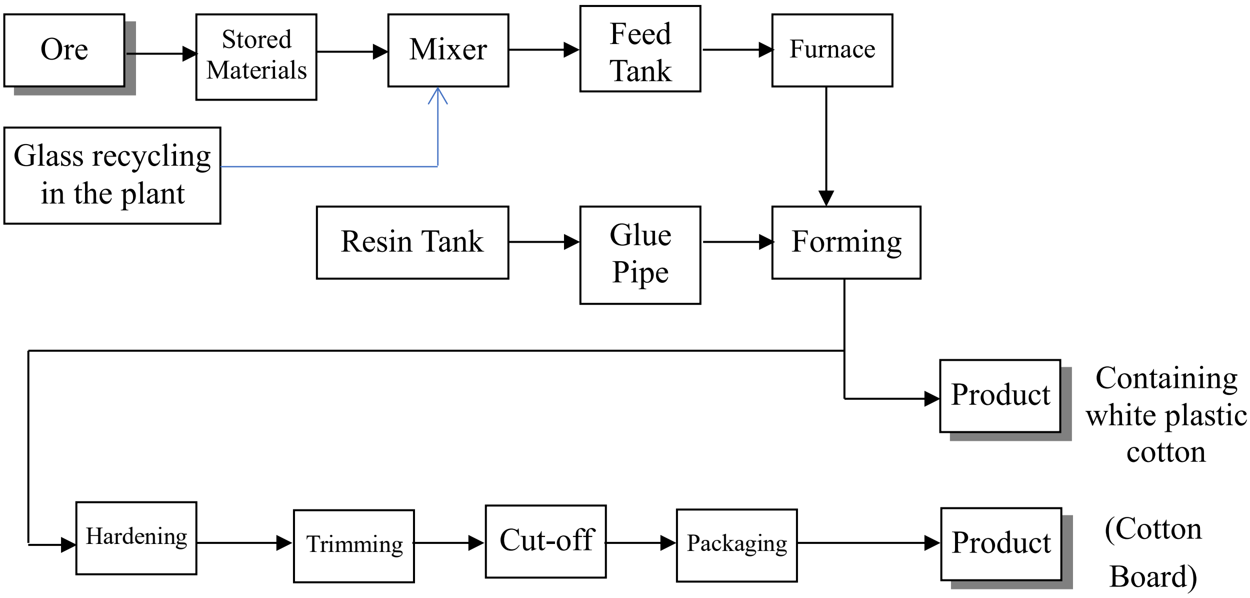
(2) Production process of GPS



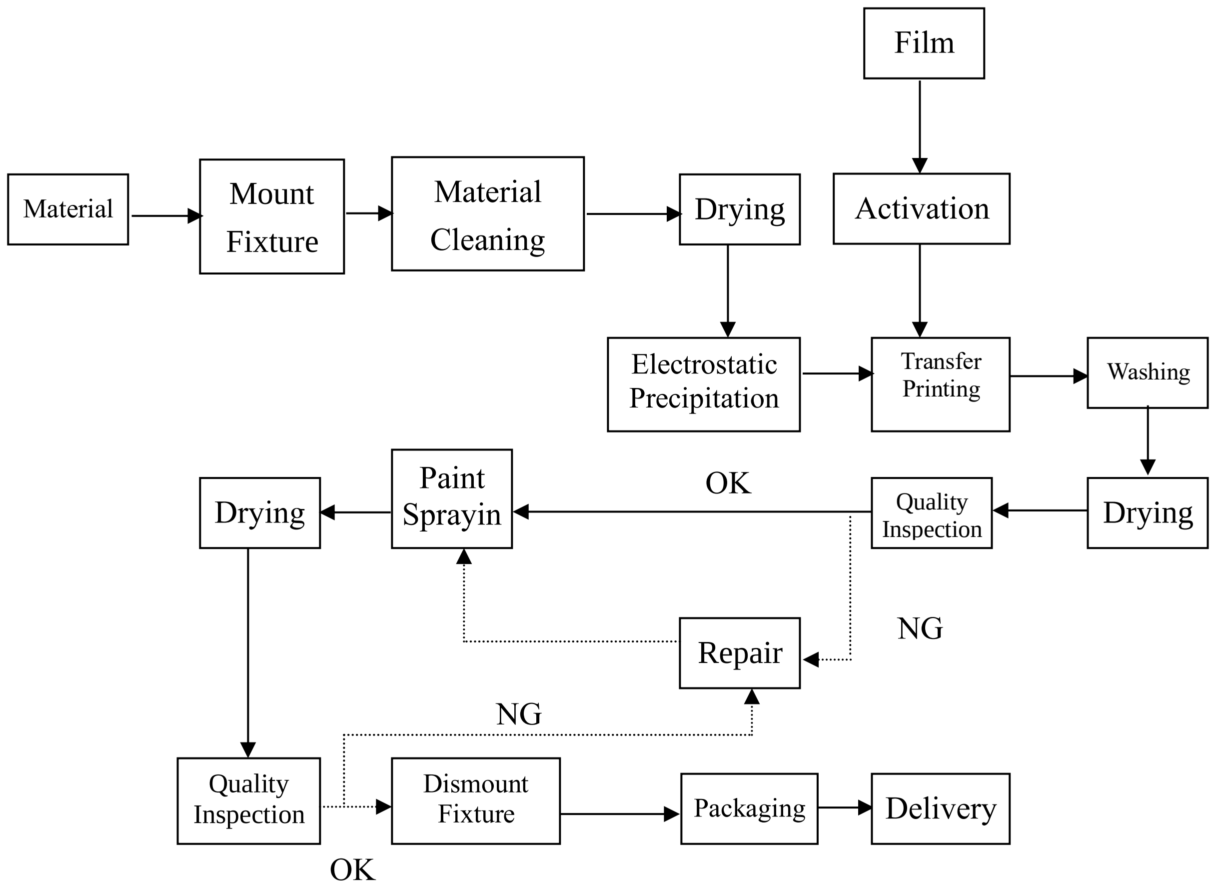
(3) Production process of EPS



(4) Production process of glass wool products



(5) Production process of cubic printing



(III) Supply of Main Raw Materials

1. Styrene monomer (SM)

The supply and demand for styrene monomer (SM) is balanced. The Company continuously purchases SM from Taiwan Styrene Monomer Corporation, Formosa Chemicals & Fibre Corporation, China Petrochemical Development Corporation and Shell Petrochemicals Company Limited, and directly imports SM from the foreign supplier, SABIC, to balance the price risk. Thus, there is no risk of shortages.

2. Ac1rylonitrile (AN)

The Company has signed a contract with SinoPec Chemical Commercial (Huanan) Holding Co., Ltd. with regard to the supply of this product. Besides, the Company also regularly purchases AN from Formosa Plastics Corporation, and imports AN from time to time according to supply and demand to increase dispatch flexibility. Hence, there is no concern regarding the shortage of supply for this material.

3. Butadiene (BD)

The Company has signed a material supply agreement with CPC Corporation and Formosa Petrochemical Corporation. The Company imports BD from time to time according to market supply and demand to meet its own demand.

4. Pentane

   Pentane is mainly available in ready stock abroad. Pentane is partly purchased from CPC Corporation. The usage of pentane is stable, and there is no issue regarding the shortage of supply for this material.

5. Glass quality sand

   Glass quality sand is the main raw material for glass wool products. As the unit price is low, it is purchased from domestic sources. There are few changes in quantity and price, and thus the Company has full control over this material.

(IV) List of Customers who Account for More than 10% of the Total Purchases (Sales) of Goods and Their Amount and Proportion of Purchases (Sales) of Goods in Any One of the Most Recent Two Years, and Reasons for Changes

1. List of customers who account for more than 10% of the total purchases of goods and their amount and proportion of purchases of goods, and reasons for changes Information on Major Suppliers in the Most Recent Two Years

Unit: NT$ thousands

	2019				2018				As of the Previous Quarter in 2020			
Item	Name	Amount	Percentage of Net Purchases of Goods (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchases of Goods (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchases of Goods in the Current Year up to the Previous Quarter (%)	Relationship with the Issuer
1	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd.	2,641,108	18.44	None	Formosa Chemicals & Fibre Corporation	4,319,565	25.44	None	Formosa Chemicals & Fibre Corporation	731,774	28.53	None
2	Formosa Chemicals & Fibre Corporation	2,394,986	16.72	None	Taiwan Styrene Monomer Corporation	2,434,925	14.34	None	Taiwan Styrene Monomer Corporation	309,251	12.05	None
3	Taiwan Styrene Monomer Corporation	1,954,939	13.65	None	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd.	2,121,685	12.49	None				
4	CNOOC and Shell	1,576,530	11.01	None	CNOOC and Shell	2,029,625	11.95	None				
5			0.00									
6	Others	5,757,022	40.18	Note 3	Others	6,075,134	35.78	Note 3	Others	1,524,322	59.42	Note 3
	Net purchases of goods	14,324,585	100.00	-	Net purchases of goods	16,980,934	100.00	-	Net purchases of goods	2,565,347	100.00	-

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: The purchase amount from other individual suppliers did not exceed 10% of total purchases. Purchases from affiliates and the net amount for purchases of the entire year were NT$3,151 thousand in 2019, accounting for 0.02%; NT$2,608 thousand in 2018, accounting for 0.02%; NT$859 thousand in the first quarter of 2020, accounting for 0.03%.

2. List of customers who account for more than 10% of the total sales of goods and their amount and proportion of sales of goods, and reasons for changes

Information on Major Customers in the Most Recent Two Years

Unit: NT$ thousands

	2019				2018				As of the Previous Quarter in 2020			
Item	Name	Amount	Percentage of Net Sales of Goods (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Sales of Goods (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Sales of Goods in the Current Year up to the Previous Quarter (%)	Relationship with the Issuer
	Others	17,672,204	100.00	Note 3	Others	21,683,702	100.00	Note 3	Others	2,958,085	100.00	Note 3
	Net sales	17,672,204	100.00	-	Net sales	21,683,702	100.00	-	Net sales	2,958,085	100.00	-

Note 1: List the name of customers who account for more than 10% of the total sales of goods and their amount and proportion of sales of goods in the most recent two years. However, if the name of customers 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: The sales amount to other individual companies did not exceed 10% of total sales. Sales to affiliates and the net amount for sales of the entire year were NT$67,158 thousand in 2019, accounting for 0.38%; NT$121,992 thousand in 2018, accounting for 0.56%; NT$7,950 thousand in the first quarter of 2020, accounting for 0.27%.

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

Quantity: Metric tons Amount: NT$ thousands

Year / Production Value / Main Product	2019			2018		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
ABS	100,000	121,642	5,103,038	100,000	111,472	5,789,855
GPS	100,000	91,881	3,024,788	100,000	87,047	3,676,783
EPS	380,000	208,103	8,846,426	380,000	233,507	9,483,460
Subtotal	512,000	421,626	16,974,252	580,000	432,026	18,950,098
Cubic printing (Note)	200,000	73,576	55,386	200,000	114,332	80,151
Glass wool products	8,600	8,594	278,334	8,600	7,670	255,885
Total	-	-	17,307,972	-	-	19,286,134

Note: Measurement unit of cubic printing: jig.

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

Quantity: Metric tons Amount: NT$ thousands

2019						
Product Category	Domestic Sales		Exports		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
ABS	7,295	364,909	114,234	5,048,927	121,529	5,413,836
GPS	13,749	494,574	79,575	2,937,204	93,324	3,431,778
Impact-resistant polystyrene (IPS)	9	414	483	21,854	492	22,268
EPS	167,544	6,445,264	47,593	1,825,449	215,137	8,270,713
Subtotal	188,597	7,305,161	241,885	9,833,434	430,482	17,138,595
Cubic printing (Note 1)	72,186	64,209	0	0	72,186	64,209
Glass wool products (Note 2)	8,718	319,627	4,234	149,773	12,952	469,400
Total	-	7,688,997	-	9,983,207	-	17,672,204

Note 1: Measurement unit of cubic printing: jig.

Note 2: Glass wool products include imported stone wool and aluminum foil.

Quantity: Metric tons Amount: NT$ thousands

2018						
Product Category	Domestic Sales		Exports		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
ABS	7,178	439,115	104,890	5,744,311	112,068	6,183,426
GPS	12,089	528,207	76,472	3,389,366	88,561	3,917,573
Impact-resistant polystyrene (IPS)	19	954	635	32,846	654	33,800
EPS	184,703	8,787,771	47,431	2,212,990	232,134	11,000,761
Subtotal	203,989	9,756,047	229,428	11,379,513	433,417	21,135,560
Cubic printing (Note 1)	112,553	88,676	0	0	112,553	88,676
Glass wool products (Note 2)	9,483	338,052	3,157	121,414	12,640	459,466
Total	-	10,182,775	-	11,500,927	-	21,683,702

Note 1: Measurement unit of cubic printing: jig.

Note 2: Glass wool products include imported stone wool and aluminum foil.

III. Information on Employees

Year		2019	2018	Current year up to April 30th, 2020
Number of employees	Staff	218	254	212
	Workmen	328	372	323
	Total	546	626	535
Average age		44.56	42.1	44.4
Average year of services		15.5	14.3	15.4
Distribution of academic qualifications	PhD/Master's degree	9.0%	9.0%	8.6%
	Bachelor's degree	28.4%	33.3%	29.2%
	Junior college	22.5%	25.9%	22.1%
	High school/vocational high school	35.5%	28.4%	35.5%
	High school or lower	4.6%	3.4%	4.7%

IV. Information on Environmental Protection Expenditure

(I) Total amount of losses (including compensation and violations of environmental protection regulations in the results of environmental protection audits; the date of the penalty, penalty document number, articles in regulations violated, contents of violation, and contents of penalties) and penalties incurred due to environmental pollution in the most recent fiscal year up to the publication date of this annual report, and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures:

Penalty date/number	Regulations violated	Amount of compensation or penalty (thousand)	Cause	Improvement measures
June 21, 2019/20-108-060022	Article 20 of the Air Pollution Control Act	NTD100	The Environmental Protection Bureau of Kaohsiung City Government assigned personnel to inspect the odor in the P001 pipeline of the regenerative	The efficiency of the RTO waste gas incinerator had declined due to internal leaks and aging of regenerative heat materials which caused the back pressure to be excessively high and reduced the efficiency. The

Penalty date/number	Regulations violated	Amount of compensation or penalty (thousand)	Cause	Improvement measures
			thermal oxidizer (RTO) on April 29, 2019 and discovered that the odor pollutant was 3090 which exceeded the permitted level of 2000.	Plant inspected the switch valves and replaced the regenerative heat materials on August 4, 2019. The equipment passed inspections on August 12, 2019 and reported to the Environmental Protection Bureau to close the case.
October 23, 2019100/20-108-100002	Article 32 of the Air Pollution Control Act	NTD100	In the emergency generator test on July 17, 2019, the anti-shock soft pipe in the engine intake pipeline broke and caused an imbalance in the air and oil ratio in the incineration of the engine and resulted in emissions of black smoke. The incident was a violation of Article 32 of the Air Pollution Control Act and it was recorded and reported by the Environmental Protection Bureau on video	The anti-shock soft pipe was replaced on July 18, 2019 and the test results were satisfactory. The Company added performance inspections for the anti-shock soft pipes and other items into weekly test table to ensure comprehensiveness. The weekly tests are changed to no-load tests and load tests are only used before the typhoon and rain seasons. Personnel shall be required to monitor and confirm the exhaust status during test operations.
September 24, 2019/20-108-090026	Article 20 of the Air Pollution	NTD300	On July 29, 2019, the Environmental	The Company regularly uses water jets to clean

Penalty date/number	Regulations violated	Amount of compensation or penalty (thousand)	Cause	Improvement measures
	Control Act		Protection Bureau of Kaohsiung City Government conducted a dioxin audit in the P014 pipeline in the waste incinerator pipelines and the inspection results exceeded permitted standards (the inspection value was 0.96ng-TEQ/ Nm3 and the permitted level was 0.5 ng-TEQ/ Nm3).	the processing units of the incinerator and pipelines to reduce the amount of residual dioxin. The improvements passed inspections on October 14, 2019 and the Plant issued an official letter report to the Environmental Protection Bureau to close the case.
November 14, 2019/20-108-110019	Article 20 of the Air Pollution Control Act	NTD100	The Environmental Protection Bureau of Kaohsiung City Government conducted an audit on the equipment components in Linyuan Plant on September 19th, 2019 and the test results exceeded permitted standards.	The Company appointed an inspection company to conduct a review test on September 23, 2019 and the results were satisfactory. The test report was submitted to the Environmental Protection Bureau to close the case. Strengthening the regulations on the removal and repairs of components: After engineering inspections or removal for inspections and restoration, the Company shall

Penalty date/number	Regulations violated	Amount of compensation or penalty (thousand)	Cause	Improvement measures
				conduct large-area FLIR scans and use TVA-2020 for detailed inspections. Records shall also be retained for reference. Organizing test equipment training: Organize training to ensure that personnel fully understand the use and test methods of the instruments. Performance bonus deduction: The Company deducted approximately NT$40,000 from the performance bonus of employees of the Plant as warning. As the Environmental Protection Bureau has added an internal regulation stating that "if the component test value is lower than 10000 PPM, the operator shall be given one hour to complete inspections; if inspections and improvements can be made within one hour, the penalty may be waived". Therefore, when auditors enter the plant in the future, they shall be

Penalty date/number	Regulations violated	Amount of compensation or penalty (thousand)	Cause	Improvement measures
				accompanied by repairs personnel to discover leaks and implement immediately inspections and repairs. All improvements were completed as of September 23, 2019.
October 2, 2019/20-108-090011	Article 20, Paragraph 1 the Air Pollution Control Act	NTD100	On July 12, 2019, the Environmental Protection Bureau inspected the odor in the P009 pipeline of the Plant and discovered that the odor pollutant exceeded permitted levels (the inspection result was 1740 and the emission standard was 1000) and imposed a penalty for violation of Article 20, Paragraph 1 the Air Pollution Control Act.	To meet emissions standards, the Company has formulated an improvement plan to increase the height of the pile. The Company also issued an official letter to request an extension on the P009 pile construction on October 25th, 2019. After the completion of construction, the Company changed the M01 stationary pollution source operation permit. A qualified inspection company shall be appointed after the completion of the changes to conduct re-inspection of odors and submit the improvement report to the Environmental Protection Bureau for review. The project is scheduled for completion on October 1, 2020.

Penalty date/number	Regulations violated	Amount of compensation or penalty (thousand)	Cause	Improvement measures
March 1, 2019/(Zhong-Ju) Ying-Ji-Fa (2019) No. 4	Article 80, Subparagraph (4) of the "Regulation on the Safety Management of Hazardous Chemicals"	RMB50	The Bureau of Safe Production and Supervision of Zhongshan City conducted an audit at the Plant on January 31, 2019 and discovered the following deficiencies: Failure to promptly store the dangerous chemical EPS in a designated warehouse.	Coordination between production and sales. In the event of sales issues, the Company shall implement suitable production and sales plans and reduce production or temporary pause operations. Implement production based on the capacity of the dedicated warehouse to ensure that products can be stored in the dedicated warehouse in a timely manner.

(II) Current or future environmental protection expenditures and response measures:

1. Complying with relevant environmental safety regulations and environmental requirements.
2. Continuing with energy saving, recycling, industrial waste reduction.
3. Pollution prevention and lowering potential risks during operation.
4. Continuous employee training and environmental safety implementation.
5. Actively communicating with customers and citizens, managing suppliers and contractors, and encouraging employees' participation in environmental safety work.
6. Thoroughly implementing environmental management system to improve environmental performance and lower environmental safety risks in community.

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

Expenditure Item	
Linyuan Plant	
1. Purchase of component inspection instruments (completed)	500
Total	500
Qianzhen Plant	
1. Replacement of industrial pipelines in the NOVA process area (construction completed)	1,280
2. Modification of the baghouse filter tail gas pipe in Area 30 of the EPS Section (construction completed)	171
3. Replacement of the drum fans (B6101, B6102) of the activated sludge pool in the wastewater plant (construction completed)	150
Total	1,601
Toufen Plant	
1. Replacement of the baghouse filter bag (construction completed).	121
2. Glass wool pile (P009, P010) height increase construction (construction completed)	365
Total	486
Zhongshan Plant	
1. Annual exhaust monitoring expenses (completed)	103
Total	103
Total	2,690

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

Expenditure Item	
Linyuan Plant	
1. Added PVA-Gel biological aerated filter tank on Line A in Area 82 (in progress)	4,750
2. Replacement of 5 pumps in Area 13/24/25 (in progress)	3,550
3. Replacement of carbon steel with stainless steel as the RBD pipe material (in progress)	2,590
4. Installation of ABSL concentration physical pressure filter equipment in Area 22 (ABSL process)	2,300
5. Incineration tower top outlet pipeline and incinerator update	2,200
6. Fire safety water connection construction with Taiwan Styrene Monomer Corporation (in progress)	1,200
7. Replacement of 5 drum fans pumps (B3112-7) in Area 31 (in progress)	185
8. Replacement of lighting equipment in Area 24 with explosion prevention LED (in progress)	920
9. Improvement of fire detection system for the #1 and #2 warehouse for finished products (in progress)	170
10. Installation of exhaust duct in laboratories	190
11. Installation of an additional water-seal tank in Area 27 (in progress)	1,700
12. Replacement of gas detector main units across the plant (in progress)	1,890
13. Incinerator inspections and repairs (in progress)	650
14. Painting of ABS storage tanks (S1111-1 & S1111-2) and related pipelines in Area 11/Area 11B (individual tank areas) (in progress)	410
15. Setting up temporary waste storage area on the south side of the incinerator (in progress)	700
16. Installation of an additional air pollution control device (fume incinerator with regenerative heat) in Area 26 (in progress)	22,150
17. Removal of rust and painting of components, supports, and pipelines for equipment in Area 21/Area 22 (in progress)	1,500
Total	47,055
Qianzhen Plant	
1. Replacement of NOVA cooling tower fans with FRP energy-efficient blades	738
2. Purchase of magnetic spare parts for NOVA CA302 thermal fluid shaftless pumps (in progress)	300
3. Purchase of RTO spare parts (in progress)	695
4. Installation of additional gas detectors for the EPS Section (in progress)	154
5. Replacement of safety valves for reaction tanks of the EPS Section (in progress)	1,030
6. Refurbishment of the transportation and control system in Area 27	1,280
7. Update of the 2B3T process electricity distribution panel in the pure ware area (in	400

Expenditure Item	
progress)	
8. Purchase of the breathing apparatus and protection suit (in progress)	223
9. Removal of rust and painting emission pipes and pipelines of the Plant (in progress)	1,000
Total	5,820
Toufen Plant	
1. Glass wool pile (P001 to P004) improvements (in progress)	1,300
2. Cubic printing wastewater improvements (in progress)	253
Total	1,553
Zhongshan Plant	
1. Operating expenses of environmental protection facilities (in progress)	1,547
2. Hazardous waste disposal fees (in progress)	513
3. Annual waste water monitoring expenses (in progress)	123
4. ISO 14001 system operation expenses (in progress)	150
Total	2,333
Total	56,761

3. Effect after improvement: Improve production efficiency, conserve energy, and reduce waste.

(II) The EU Restriction of Hazardous Substances Directive (RoHS) Has No Impact on the Company.

V. Labor Relations

(I) Employee Welfare Measures, Continuing Education and Training, Retirement System and Implementation Status, as well as Agreements between the Company and Employees and Measures for Protecting Employees' Rights and Interests

1. Employee welfare measures
   (1) The Company has established and implemented reasonable employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately. The measures are consistent with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
   (2) All employees of the Company participate in labor insurance, health insurance and group insurance, and they are given medical benefits for their spouses and children and medical care for cancer. In addition, the Company also purchases travel insurance for employees on business trips to provide full insurance coverage for employees. Employees in Mainland China are provided with social security that mainly includes pension social welfare, unemployment insurance, occupational injury insurance, and maternity insurance.
   (3) The Company organizes regular health examinations for employees and pays close attention to their health.
   (4) According to the Company's Articles of Incorporation, if the Company posts a net profit in the current year, employee compensation shall not be less than 1% of the Company's net profit for the current year, while the performance bonus and year-end bonus shall also be distributed based on the Company's business performance and individual performance.
2. Continuing education and training
   (1) The Company has always valued employees' continuing education and training and formulated the employee training standards to provide pre-employment training, on-the-job training, work instructions, and online learning to improve the skills and quality of employees.
   (2) The Company has designed tiered courses to encourage employees to actively learn and study. Employees must complete the prescribed courses before they can be officially promoted.
   (3) The Company has set up an employee training database to record the progress of employees, and requires them to attend at least 8 hours of training every year.
   (4) In addition to conducting a survey among trainees for each course, the Company has also designed a comprehensive survey at the end of a year as a reference for improving training operations.
   (5) Continuing education and training at each plant
   In addition to assigning employees to participate in external professional training for finance and accounting managers, the Company also organizes various internal training programs. The plants continuously send employees to participate in labor safety training, technical training and various external operations and safety training. Each plant also organizes various internal training programs and regularly holds general manager management seminars and various management skill training programs to strengthen cohesion and improve management skills. The contents of these training programs are compiled as follows:

Total training hours in 2019			
Course Type	Number of Participants	Hours	Percentage
Management skills	725	3,032	22.5%
Professional skills	764	3,191	23.7%
Occupational safety and environmental protection	1132	4,718	35.1%
Others	603	2,517	18.7%

(6) The total amount of personnel training expenses in 2019 was NT$387 thousand.

3. Retirement system and implementation status

(1) For employees eligible for the pension pursuant to the Labor Standards Act, the Company has contributed a pension preparatory fund equal to 12% of their monthly salary to a dedicated account and established the Labor Pension Reserve Fund Supervision Committee to manage and supervise its operations.

(2) In accordance with the Labor Pension Act, the Company allocates 6% of an employee's total monthly salary as a retirement reserve fund to the dedicated personal account managed by the Bureau of Labor Insurance and notifies the employees in writing each month.

(3) Employees of companies in Mainland China are given social security payment according to their average monthly income based on average monthly salaries in the previous year in accordance with the requirements set forth by the Ministry of Labor and the Regulations on the Composition of Gross Wages set forth by the National Bureau of Statistic in Mainland China.

4. Agreements between the Company and employees and measures for protecting employees' rights and interests

The Company has set up Employee Welfare Committee, and contributes a certain percentage of its turnover as a fund for employee welfare activities, such as travel subsidies, wedding and maternity subsidies, education subsidies for children and funeral subsidies for employees. The Company also provides female employees with menstrual leave and parental leave in accordance with the law.

The Company has stated in writing employees' code of conduct and ethical standards, and specified that employees shall not accept or draw up agreements to receive kickbacks. Besides, the Company has specified sexual harassment prevention measures, and regulations governing complaints, grievances, rewards and punishment. On the other hand, the Company has set up an employee complaint and grievance mailbox, and maintains smooth communication with employees. Furthermore, a labor union has been established in the Company, where meetings are regularly held between the Company and employees to establish a harmonious and smooth channel of communication between both the Company and employees. The Company also provides employees with a well-organized group insurance plan, and regularly organizes health checkups every year. Moreover, the Company and its affiliated companies have formed the Employee Assistant Program Service Center (EAPC) to promote employee assistance program services, organize various get-together events, as well as provide employees with counseling and consulting services, with a view to ensuring that employees receive comprehensive care and assistance in psychological adjustment, functional management, health enhancement and quality of life.

With regard to employees' continuing education and training, the Company conducts surveys on the needs of employee training and formulates education and training plans and budgets every year. In addition, the Company has also set up an e-learning platform that offers lifelong learning activities, and regularly conducts employee training, management training, seminars, health talks and various types of conferences to enhance employees' professional or management skills and balance their mental and physical development. For employees who have strong willingness to learn and develop their potential, the Company provides grants for continuing education in local universities, which is supplemented with career adjustments in their respective positions, to develop leading talents required by the Company.

The Company complies with laws and regulations concerning labor and human rights, and does not employ any child labor or forced labor. There is no age and gender difference in terms of salaries and benefits, and the Company provides reasonable compensation and promotion opportunities based on capabilities and potential of employees at work. With regard to the employee retirement system, the Company has set up a Labor Pension Reserve Fund Supervision Committee, and contributes to a pension reserve fund to ensure that employees will enjoy a more secure life after retirement. To maintain good labor relations, the Company communicates with labor union representatives to exchange opinions, and has also established opinion mailboxes so that employees can fully express their opinions.

5. Licenses held by the personnel involved in the transparency of financial information

Department	Name	Certification
Audit Office	Hsu, Liang-Wei	Institute of Internal Auditors, R.O.C. Certificate No.: Chi Hsieh Pei Cheng Fa Tzu No. 1082653 Securities and Futures Institute Certificate No.: (2019) SFI Internal Audit on-the-job Training Tzu No. 00428
Audit Office	Tu, Ying-Chun	1. International certified internal auditor (CIA) 2. Certification of Qualification for Enterprise Internal Control Basic Abilities Test offered by the Securities and Futures Institute
Accounting Division	Lin, Chin-Tsai	Certification of Qualification in Continuous Studies for Accounting Managers offered by the Accounting Research and Development Foundation

6. Code of Conduct or Code of Ethics

(1) The Company has formulated Employee Work Rules which are given to employees while starting their job and are provided access to the Company's website (https://www.ttc.com.tw) too for their reference. There are written regulations for employees and the ethics to be followed. Both employees and the management shall abide by them for an orderly workplace.

(2) To protect the Company's reputation for ethical and decent management, the Company has established the Code of Work Ethics and Professional Ethics, and includes this code as part of the new employee training program. If any employee violates this code, the violation will be included in the employee's performance evaluation. Employees who violate this code in a serious manner will be punished according to the Employee Work Rules.

(3) The Company signs a letter of undertaking with each new employee to specify his or her obligations.

(4) To enhance ethical corporate management of the Company, the Human Resources Division has established ethical management policies and prevention plans, and regularly reports the implementation of such policies and plans to the Board of Directors. Besides, the Human Resources Division has also established the Corporate Social Responsibility Best Practice Principles, which stipulates corporate social responsibility policies, systems and management guidelines.

(5) To ensure that the conduct of the Company's directors, supervisors and managerial officers meet the ethical standards, the Company refers to the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEx Listed Companies and includes these guidelines in the compulsory study materials for the related personnel every year. The targets for these guidelines include the Company's directors, supervisors and managerial officers, and other personnel with signing authority over management affairs at the Company. The contents of these guidelines include avoiding conflict of interests with the Company due to improper benefits provided by individuals holding the specific positions in the Company for their relatives. These guidelines serve to prevent: (1) competition with the Company, and (2) opportunities for personal gains or direct private gains through the use of the Company's properties and information or by virtue of the specific positions held in the Company.

Targets for the aforementioned guidelines shall assume confidentiality obligations to protect the Company's confidential information, including all undisclosed information that can damage the Company after leakage. In addition, the Company shall offer equal treatment to its suppliers, customers, competitors and employees, and shall not make false statements about important matters or engage in other unfair trading methods to obtain improper benefits. For related content, visit the Company's website ((https://www.ttc.com.tw).

7. Measures for protecting the work environment and employees' personal safety

(1) To maintain workplace safety for employees, the Company has installed pollution prevention and fire safety equipment and introduced an environmental management system (ISO 14001) and an occupational safety and health management system (OHSAS 18001) to build a sound management system and provide a safe and healthy work environment.

(2) The Company provides personal protection equipment, such as earmuffs, ear plugs, protective goggles, and toxicity filter masks; in addition, the Company also organizes training from time to time or send employees to participate in related training to improve their knowledge and ideas of occupational safety.

(3) The Company improves manufacturing processes and operations, implements good management and makes good use of limited resources to reduce the risk of hazards relating to manufacturing processes and operations and the environmental impact caused by products, services and activities.

(4) The Company participates in and supports activities relating to responsible care, and incorporates them into the operations of its management system. Besides, the Company also makes timely response to the demand of the public and other stakeholders, so as to gradually realize the concept of responsible care.

(5) The Company selects and uses the best and most feasible technologies and

management techniques, and is committed to housekeeping, industrial waste reduction, cherishing resources, pollution prevention and safeguarding the health and safety of employees, contractors and communities.

(6) The Company continues to provide employees training and participate in communication and consultation with employees, encourages participation of all employees, and strengthens communication and consultation with contractors and customers, so that they fully understand the Company's occupational safety and health and environmental protection policies.

(7) The Company implements inspections, audits and management reviews to continuously improve and enhance its overall occupational safety and health and environmental management performance.

(8) The Company has established a safety and health organization and set up a labor union at Linyuan Plant, Qianzhen Plant and Toufen Plant, respectively; in addition, each plant has also established the Occupational Safety and Health Committee in accordance with the Regulations Governing Occupational Safety and Health. In the committee, labor representatives are elected by the labor union. The committee holds a meeting every quarter, where labor representatives speak for all employees and discuss issues relating to environmental protection, safety and healthy with the management of the Company.

(9) The Company implements occupational safety and health operations, participates in Taiwan Responsible Care Association (TRCA), the safety and health promotion associations and pollution control coordination groups in industrial parks. With regard to work safety, health and environmental protection, the Company engages in mutual observation and learning to enhance the protection of employees' safety and health, and regularly conducts emergency drills, fire drills and occupational safety and health training, so as to train employees to respond to emergencies and manage their safety.

(II) List the losses suffered due to labor disputes in the most recent fiscal year up to the publication date of this annual report (including violations of the Labor Standards Act in the results of labor inspections; the date of the penalty, penalty number, violated articles in regulations, contents of violation, and contents of penalties shall be listed), and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, facts of which estimation cannot be made shall be explained:

The Company enjoys harmonious labor relations, and there has been no material labor disputes or losses as of the date of publication of the Annual Report.

VI. Important Contracts

(I) Supply and Sales Contracts

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Purchase of material	Taiwan Styrene Monomer Corporation	April 1st, 2017 to March 31st, 2020	The Company purchases styrene from Taiwan Styrene Monomer Corporation and the price is determined through negotiations.	None
Purchase of material	Formosa Chemicals & Fibre Corporation	January 1st, 2019 to December 31st, 2019 (renewed each year)	The Company purchases styrene from Formosa Chemicals & Fibre Corporation and the price is determined through negotiations.	None
Purchase of material	CPC Corporation	January 1st, 2018 to December 31st, 2018 (renewed each year)	CPC Corporation has agreed to supply butadiene to the Company every year at a price it sets. Payment for the material shall be made on the 15th of the following month after delivery.	None
Purchase of material	Formosa Petrochemical Corporation	January 1st, 2019 to December 31st, 2019 (renewed each year)	Formosa Petrochemical Corporation has agreed to supply butadiene to the Company every year at a price set by it. Payment for the material shall be made on the 15th of the following month after delivery.	None
Purchase of material	China Petrochemical Development Corporation	January 1st, 2019 to December 31st, 2020	China Petrochemical Development Corporation has agreed to supply acrylonitrile to the Company every year at a negotiated price. Payment for the material shall be made on the 15th of the following month after delivery.	None
Purchase of material	CNOOC and Shell Petrochemical Co., Ltd (CSPC)	January 1st, 2019 to December 31st, 2019 (renewed each year)	The Company purchases styrene from CSPC and Shell Petrochemicals every year at a negotiated price. The Company is required to provide a domestic letter of credit before loading.	None
Purchase of material	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd.	January 1st, 2019 to December 31st, 2019 (renewed each year)	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd. has agreed to supply styrene to the Company every year at a negotiated price. Payment for the material shall be made before delivery.	None
Purchase of material	CNOOC Oriental Petrochemical Co., Ltd.	January 1st, 2019 to December 31st, 2019 (renewed each year)	The Company purchases styrene from CNOOC Oriental Petrochemical Co., Ltd. every year at a negotiated price. The Company is required to provide a domestic letter of credit before loading.	None

(II) Technical Cooperation Contracts

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Technical cooperation	TAICA (Japanese Company)	Renewed automatically every five years from November 25, 1996 until any party requests termination	This contract involves the transfer of cubic printing technology, which 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) to enhance 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)	April 1st, 2014 to March 31st, 2024	Provision of expertise on the manufacture of glass wool insulation products for the Company	None

(III) Construction Contracts: None.

(IV) Long-term Loan Contracts

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Medium-term Lending, Medium-term Secured Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Chang Hwa Bank	July 27th, 2017 to June 30th, 2022	TTC and Chang Hwa Bank signed a five-year medium-term lending, medium-term secured lending and commercial paper guarantee comprehensive limit contract worth NT$1 billion, where it can be used cyclically.	None
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	O-Bank	October 17th, 2017 to October 16th, 2020	TTC signed with O-Bank to secure a 3-year medium-term lending contract with a revolving credit limit of NT$ 300 million; the contract is fully secured by commercial papers.	None
Medium-term Foreign Exchange Credit, Medium-Term Comprehensive Limit Contract	KGI Bank	May 24th, 2019 to May 24th, 2022	TTC signed with O-Bank to secure a 3-year medium-term foreign exchange credit and comprehensive limit contract with a revolving credit limit of NT$ 300 million; the contract is fully secured by commercial papers.	Based on its consolidated annual report/semi-annual report, its current ratio shall not be less than 100%, and its debt ratio (debt/net worth) shall not be more than 175%.

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 Balance Sheet and Statement of Comprehensive Income - Consolidated Financial Statements

Condensed Balance Sheet - Consolidated Financial Statements

Unit: NT$ thousands

Item \ Year		Financial Information in the Most Recent Five Years					Current year as of March 31st, 2020 (Note 1)
		2019	2018	2017	2016	2015	
Current assets		4,801,480	5,391,600	5,313,224	4,926,613	5,658,976	4,462,268
Property, plant and equipment		2,174,859	2,373,653	2,418,756	2,444,205	2,503,719	2,139,815
Intangible assets		7,448	9,668	11,068	16,159	23,096	6,912
Other assets		1,020,954	952,625	1,068,387	1,089,843	1,035,896	955,890
Total assets		8,004,741	8,727,546	8,811,435	8,476,820	9,221,687	7,564,885
Current liabilities	Before distribution	2,278,694	3,316,710	3,132,553	3,260,740	4,025,885	1,800,945
	After distribution	Note 2	3,251,180	3,132,553	3,260,740	4,025,885	Note 2
Non-current liabilities		1,426,284	1,418,879	1,773,332	1,836,962	1,820,719	1,407,907
Total Liabilities	Before distribution	3,704,978	4,735,589	4,905,885	5,097,702	5,846,604	3,208,852
	After distribution	Note 2	4,670,059	4,905,885	5,097,702	5,846,604	Note 2
Equity attributable to owners of parent company		4,299,763	3,991,957	3,905,550	3,379,118	3,375,083	4,356,033
Capital		3,342,048	3,276,518	3,276,518	3,276,518	3,276,518	3,342,048
Capital surplus		810	779	469	469	469	810
Retained earnings	Before distribution	997,971	731,393	505,981	18,182	(69,113)	1,142,721
	After distribution	Note 2	665,863	505,981	18,182	(69,113)	Note 2
Other equity		(41,066)	(16,733)	122,582	83,949	167,209	(129,546)
Treasury stock		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Before distribution	4,299,763	3,991,957	3,905,550	3,379,118	3,375,083	4,356,033
	After distribution	Note 2	3,926,427	3,905,550	3,379,118	3,375,083	Note 2

* If the Company has prepared parent company only financial statements, the condensed parent company only balance sheet and statement of comprehensive income shall also be prepared for the most recent five years.
* Where financial information is prepared for less than five years using IFRS, financial information in Table 2 below shall also be prepared using the Financial Accounting Standards of the Republic of China.

Note 1: Financial information for the first quarter of 2020 was reviewed by CPAs.
Note 2: The 2019 earnings distribution plan is yet to be approved by the shareholders' meeting.
Note 3: Financial information for years that are yet to be audited by CPAs shall be noted.
Note 4: Where asset revaluation is performed for the year, the date of asset revaluation and the amount of asset revaluation shall be noted.
Note 5: As of the date of publication of the Annual Report, the Company whose shares are listed on the stock exchange or traded over the counter shall disclose its most recent financial information that has been audited or reviewed by CPAs.
Note 6: The aforementioned figures after distribution shall be filled in based on the resolutions passed by the shareholders' meeting in the following year.
Note 7: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

Condensed Statement of Comprehensive Income - Consolidated Financial Statements

Unit: NT$ thousands

Item \ Year	Financial Information in the Most Recent Five Years					Current year as of March 31st, 2020 (Note)
	2019	2018	2017	2016	2015	
Net Revenue	17,672,204	21,683,702	19,821,042	16,419,055	17,028,115	2,958,085
Gross profit	1,246,066	1,043,743	1,433,704	945,256	872,281	315,044
Profit from operations	514,665	277,618	675,946	231,431	145,303	157,027
Total non-operating income and expenses	43,539	53,634	1,906	(34,112)	(50,838)	29,540
Profit before income tax	558,204	331,252	677,852	197,319	94,465	186,567
Net income (loss) from continuing operations	397,977	207,973	502,079	120,877	67,525	144,750
Loss from discontinued operations	0	0	0	0	0	0
Net profit for the year	397,977	207,973	502,079	120,877	67,525	144,750
Other comprehensive income(loss) for the year, net of income tax	(21,618)	(124,273)	24,353	(116,842)	(163,002)	(88,480)
Total comprehensive income for the year	376,359	83,700	526,432	4,035	(95,477)	56,270
Net income attributable to owners of parent company	397,977	207,973	502,079	120,877	67,525	144,750
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of parent company	376,359	83,700	526,432	4,035	(95,477)	56,270
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings (loss) per share	1.19	0.62	1.53	0.37	0.21	0.43

* If the Company has prepared parent company only financial statements, the condensed parent company only balance sheet and statement of comprehensive income shall also be prepared for the most recent five years.

* Where financial information is prepared for less than five years using IFRS, financial information in Table 2 below shall also be prepared using the Financial Accounting Standards of the Republic of China.

Note 1: Financial information for the first quarter of 2020 was reviewed by CPAs.

Note 2: Financial information for years that are yet to be audited by CPAs shall be noted.

Note 3: As of the date of publication of the Annual Report, the Company whose shares are listed on the stock exchange or traded over the counter shall disclose its most recent financial information that has been audited or reviewed by CPAs.

Note 4: Loss from discontinued operations is shown in net amount after deducting income tax.

Note 5: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

(II) Condensed Balance Sheet and Statement of Comprehensive Income - Parent Company Only Financial Statements

Condensed Balance Sheet - Parent Company Only Financial Statements

Unit: NT$ thousands

Item \ Year		Financial Information in the Most Recent Five Years				
		2019	2018	2017	2016	2015
Current assets		2,830,260	3,186,843	3,165,533	2,842,828	2,702,333
Property, plant and equipment		1,836,939	1,934,916	1,947,650	1,937,859	1,960,962
Intangible assets		7,448	9,668	11,068	16,159	23,096
Other assets		2,372,990	2,277,532	2,404,645	2,254,021	2,257,063
Total assets		7,047,637	7,408,959	7,528,896	7,050,867	6,943,454
Current liabilities	Before distribution	1,323,907	2,002,329	1,856,117	1,841,248	1,753,667
	After distribution	Note 1	1,936,799	1,856,117	1,841,248	1,753,667
Non-current liabilities		1,423,967	1,414,673	1,767,229	1,830,501	1,814,704
Total Liabilities	Before distribution	2,747,874	3,417,002	3,623,346	3,671,749	3,568,371
	After distribution	Note 1	3,351,472	3,623,346	3,671,749	3,568,371
Equity attributable to owners of parent company		4,299,763	3,991,957	3,905,550	3,379,118	3,375,083
Capital		3,342,048	3,276,518	3,276,518	3,276,518	3,276,518
Capital surplus		810	779	469	469	469
Retained earnings	Before distribution	997,971	731,393	505,981	18,182	(69,113)
	After distribution	Note 1	665,863	505,981	18,182	(69,113)
Other equity		(41,066)	(16,733)	122,582	83,949	167,209
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	4,299,763	3,991,957	3,905,550	3,379,118	3,375,083
	After distribution	Note 1	3,926,427	3,905,550	3,379,118	3,375,083

* If the Company has prepared parent company only financial statements, the condensed parent company only balance sheet and statement of comprehensive income shall also be prepared for the most recent five years.
* Where financial information is prepared for less than five years using IFRS, financial information in Table 2 below shall also be prepared using the Financial Accounting Standards of the Republic of China.

Note 1: The 2019 earnings distribution plan is yet to be approved by the shareholders' meeting.

Note 2: Financial information for years that are yet to be audited by CPAs shall be noted.

Note 3: Where asset revaluation is performed for the year, the date of asset revaluation and the amount of asset revaluation shall be noted.

Note 4: As of the date of publication of the Annual Report, the Company whose shares are listed on the stock exchange or traded over the counter shall disclose its most recent financial information that has been audited or reviewed by CPAs.

Note 5: The aforementioned figures after distribution shall be filled in based on the resolutions passed by the shareholders' meeting in the following year.

Note 6: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

Condensed Statement of Comprehensive Income - Parent Company Only Financial Statements

Unit: NT$ thousands

Item \ Year	Financial Information in the Most Recent Five Years				
	2019	2018	2017	2016	2015
Net Revenue	12,219,221	14,943,406	13,132,796	9,697,443	10,346,640
Gross profit	897,143	692,509	1,077,059	556,144	468,855
Profit from operations	304,007	87,929	477,608	10,710	(59,642)
Total non-operating income and expenses	156,968	165,466	96,941	112,468	126,308
Profit before income tax	460,975	253,395	574,549	123,178	66,666
Net income (loss) from continuing operations	397,977	207,973	502,079	120,877	67,525
Loss from discontinued operations	0	0	0	0	-
Net profit for the year	397,977	207,973	502,079	120,877	67,525
Other comprehensive income(loss) for the year, net of income tax	(21,618)	(124,273)	24,353	(116,842)	(163,002)
Total comprehensive income for the year	376,359	83,700	526,432	4,035	(95,477)
Net income (loss) attributable to owners of parent company	397,977	207,973	502,079	120,877	67,525
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of parent company	376,359	83,700	526,432	4,035	(95,477)
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings (loss) per share	1.19	0.62	1.53	0.37	0.21

* If the Company has prepared parent company only financial statements, the condensed parent company only balance sheet and statement of comprehensive income shall also be prepared for the most recent five years.
* Where financial information is prepared for less than five years using IFRS, financial information in Table 2 below shall also be prepared using the Financial Accounting Standards of the Republic of China.

Note 1: Financial information for years that are yet to be audited by CPAs shall be noted.

Note 2: As of the date of publication of the Annual Report, the Company whose shares are listed on the stock exchange or traded over the counter shall disclose its most recent financial information that has been audited or reviewed by CPAs.

Note 3: Loss from discontinued operations is shown in net amount after deducting income tax.

Note 4: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

(III) Name and Audit Opinions of CPAs

Year	Name of CPAs		Audit Opinion
2019	Huang, Hsiu-Chun	Chiu, Cheng-Chun	Unqualified opinion
2018	Huang, Hsiu-Chun	Chiu, Cheng-Chun	Unqualified opinion
2017	Wu, Shih-Tsung	Kuo, Tzu-Jung	Unqualified opinion
2016	Wu, Shih-Tsung	Kuo, Tzu-Jung	Unqualified opinion
2015	Wu, Shih-Tsung	Kuo, Tzu-Jung	Unqualified opinion

II. Financial Analysis in the Most Recent Five Years

(I) Financial Analysis - Consolidated Financial Statements

Analysis Item	Year	2019	2018	2017	2016	2015	Current year up to March 31, 2018
		Financial Analysis for the Most Recent Five Years					
Financial structure (%)	Debt-to-assets ratio	46.28	54.26	55.68	60.14	63.40	42.42
	Ratio of long-term capital to property, plant and equipment	263.28	227.95	234.79	213.41	207.52	269.37
Solvency (%)	Current ratio	210.71	162.56	169.61	151.09	140.56	247.77
	Quick ratio	172.37	125.07	125.74	104.27	107.99	196.08
	Interest coverage ratio	11.93	6.98	14.85	5.20	2.35	22.20
Operation ability	Receivables turnover ratio (times)	6.84	7.41	7.76	6.92	5.61	6.07
	Average collection days	53	49	47	53	65	60
	Inventory turnover ratio (times)	17.24	17.03	13.78	11.78	10.96	13.40
	Payables turnover ratio (times)	20.45	17.44	13.87	14.22	16.93	17.07
	Average days for sale	21	21	26	31	33	27
	Property, plant, and equipment turnover ratio (times)	7.77	9.05	8.15	6.64	6.68	5.53
	Total asset turnover ratio (times)	2.11	2.47	2.29	1.86	1.68	1.56
Profitability	Return on assets (%)	5.25	2.88	6.28	1.81	1.24	7.81
	Return on equity (%)	9.60	5.27	13.78	3.58	1.97	13.38
	Ratio of net income before tax to paid-in capital (%) (Note 7)	16.87	10.11	20.69	6.02	2.88	11.16
	Net profit margin (%)	2.25	0.96	2.53	0.74	0.40	4.89
	Earnings per share (NT$)	1.19	0.63	1.53	0.37	0.21	0.43
Cash flow	Cash flow ratio (%)	70.34	(15.18)	13.42	30.15	35.23	28.96
	Cash flow adequacy ratio (%)	382.58	187.87	79.86	76.59	49.95	-
	Cash reinvestment ratio (%)	14.33	(4.92)	4.00	9.93	14.29	4.79
Leverage	Operating leverage	3.89	6.32	3.38	5.76	12.45	1.14
	Financial leverage	1.11	1.25	1.08	1.25	1.93	1.06

Reasons for changes in financial ratios for the most recent two years: (Analysis is not be required if such changes are within 20%.)
In 2019, the increases in the current ratio and quick ratio was mainly due to a decrease in current liabilities.
In 2019, the increases in both interest protection multiples and profitability-related ratios were mainly due to the increase in net profit for the current period.
In 2019, the increase in cash flow ratio was mainly due to the increase in net cash inflow from operating activities and the decrease of current liabilities.
In 2019, the increase in cash flow adequacy ratio was mainly due to the increase in the average net cash inflow from operating activities.
In 2019, the increase in cash reinvestment ratio was mainly due to the increase in net cash inflow from operating activities.
The degree of operating leverage declined in 2019 mainly due to a greater increase in operating profits.

Note: The Company began adopting IFRS since 2012. Consolidated financial statements for each year have been audited by CPAs.

(II) Financial Analysis - Parent Company Only Financial Statements

Analysis Item	Year	2019	2018	2017	2016	2015
		Financial Analysis for the Most Recent Five Years				
Financial structure %	Debt-to-assets ratio	38.99	46.12	48.13	52.08	51.39
	Ratio of long-term capital to property, plant and equipment	311.59	279.42	291.26	268.83	264.66
Solvency %	Current ratio	213.78	159.16	170.55	154.40	154.10
	Quick ratio	167.97	123.33	117.69	96.14	103.15
	Interest coverage ratio	20.06	10.19	23.84	6.34	3.34
Operation ability	Receivables turnover ratio (times)	7.70	9.14	10.12	8.66	6.96
	Average collection days	47	40	36	42	52
	Inventory turnover ratio (times)	18.78	18.28	12.59	9.87	10.63
	Payables turnover ratio (times)	18.24	15.22	10.80	10.63	14.78
	Average days for sale	19	20	29	37	34
	Property, plant, and equipment turnover ratio (times)	6.48	7.70	6.76	4.97	5.25
	Total asset turnover ratio (times)	1.69	2.00	1.80	1.39	1.41
Profitability	Return on assets (%)	5.77	3.08	7.17	2.00	1.25
	Return on equity (%)	9.60	5.27	13.78	3.58	1.97
	Ratio of net income before tax to paid-in capital (%) (Note 7)	13.93	7.73	17.54	3.76	2.03
	Net profit margin (%)	3.26	1.39	3.82	1.25	0.65
	Earnings per share (NT$)	1.19	0.62	1.53	0.37	0.21
Cash flow	Cash flow ratio (%)	60.98	(33.03)	18.40	15.35	55.02
	Cash flow adequacy ratio (%)	213.53	30.51	35.64	54.09	48.62
	Cash reinvestment ratio (%)	7.81	(7.31)	3.66	3.23	11.12
Leverage	Operating leverage	7.15	34.06	4.91	127.75	(31.92)
	Financial leverage	1.09	1.46	1.06	(0.87)	0.68

Reasons for changes in financial ratios for the most recent two years: (Analysis is not be required if such changes are within 20%.)
In 2019, the increases in the current ratio and quick ratio was mainly due to a decrease in current liabilities.
In 2019, the increases in both interest protection multiples and profitability-related ratios were mainly due to the increase in net profit for the current period.
In 2019, the increase in cash flow ratio was mainly due to the increase in net cash inflow from operating activities and the decrease of current liabilities.
In 2019, the increase in cash flow adequacy ratio was mainly due to the increase in the average net cash inflow from operating activities.
In 2019, the increase in cash reinvestment ratio was mainly due to the increase in net cash inflow from operating activities.
The decrease in operating leverage in 2019 was mainly due to the decrease in marginal contribution and increase in operating profits.
In 2019, the decrease in operating leverage was mainly due to the decrease in interest expenses.

* If the Company has prepared parent company only financial statements, parent company only financial ratio analysis shall also be prepared.

Note 1: The Company began adopting IFRS since 2012 and parent company only consolidated financial statements for each year have been audited by CPAs.

Note 2: Financial statements for years that are yet to be audited by CPAs shall be noted.

Note 3: As of the date of publication of the Annual Report, the Company whose shares are listed on the stock exchange or traded over the counter shall disclose its most recent financial information that has been audited or reviewed by CPAs.

Note 4: The following formulas shall be indicated at the end of the Annual Report:

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 5)

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 6)

6. Leverage
(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income (Note 7).
(2) Financial leverage = Operating income / (Operating income - Interest expenses).

Note 5: Special attention shall be paid to the following matters when the above calculation formula for earnings per share is used:
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 6: Special attention shall be paid to the following in the process of cash flow analysis:
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 total value of property, plant and equipment minus accumulated depreciation.

Note 7: The issuer shall classify the operating costs and operating expenses as fixed or variable based on their nature. If it involves estimation or subjective judgment, attention shall be paid to its rationality and consistency.

Note 8: Where company shares have no par value or where the par value per share is not NT$10, any calculation involving paid-in capital and its ratio shall be replaced with the calculation of ratio of equity attributable to owners of parent company in the balance sheet.

III. Audit Committee's Audit Report in the Most Recent Fiscal Year

Audit Committee's Review Report, Taita Chemical Company, Ltd.

The Audit Committee has completed the review of the 2019 financial statements (including parent company only financial statements and consolidated financial statements) and the earnings distribution plan produced by the Board of Directors and audited by CPAs Huang, Hsiu-Chun and Chiu, Cheng-Chun from Deloitte Taiwan in accordance with the law, and found no inconsistencies. 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 Shareholders' Meeting, Taita Chemical Company, Ltd.

Taita Chemical Company, Ltd.
Audit Committee

Independent Director: Chen, Tien-Wen

Independent Director: Ma, I-Kung

Independent Director: Juan, Chi-Ying

March 20th, 2020

IV. Financial Statement for the Most Recent Fiscal Year

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

TAITA CHEMICAL CO., LTD.

By:

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YI-GUI WU
Chairman

March 5, 2020

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taita Chemical Co., Ltd.

Opinion

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

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

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

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

Allowance for Impairment Loss of Accounts Receivable

As of December 31, 2019, the carrying amount of notes and accounts receivable was NT$2,228,261 thousand (i.e., the gross amount of notes and accounts receivable of NT$2,291,886 thousand with a deduction of allowances for impairment of NT$63,625 thousand) which accounted for 28% of the total assets. The Group's estimation of expected credit loss is based on customers' credit quality, the Group's historical experience, existing market conditions and forward looking estimates. The estimation of expected credit loss involves critical judgment and estimation uncertainty. Thus, we identified the estimation of allowance for impairment loss of notes and accounts receivable as one of the key audit matters.

For the significant accounting policies and critical accounting judgments and key sources of estimation uncertainty related to the estimation of allowance for impairment loss of accounts receivable, refer to Notes 4, 5 and 10 to the consolidated financial statements.

We performed the corresponding audit procedures, for the estimation of allowance for impairment loss of accounts receivable, as follows:

1. We understood and evaluated the Group's internal control procedures on the allowance for impairment loss of accounts receivable.

2. We evaluated the reasonableness of classification and allowance percentage for credit losses, which were assumed by the management's judgment on customers' credit quality, aging schedule of notes and accounts receivable and the amount overdue. We sampled and inspected the aging schedule of notes and accounts receivable to verify the correctness and reasonableness of the computation, and we also compared the distribution of the aging schedule of notes and accounts receivable between the current year and the previous year.

3. We examined the amounts written off during the current year and the previous year and also checked the amounts received in the subsequent period to evaluate the recoverability of accounts receivable.

Estimation of Inventory Write-downs

As of December 31, 2019, the carrying amount of inventory was NT$746,284 thousand (i.e., the gross amount of inventory was NT$750,995 thousand with a deduction of inventory valuation allowance of NT$4,711 thousand) and was accounted for 9 % of the total assets.

Inventories of the Group are stated on the lower of cost or net realizable value. The net realizable value is subject to price fluctuations of styrene monomer. With volatile oil prices worldwide, such valuation of inventory requires significant judgment from management. Thus, we identified inventory write-downs as one of the key audit matters.

For accounting policies and critical accounting judgments and key sources of estimation uncertainty related to the estimation of inventory write-downs, refer to Notes 4, 5 and 11 to the consolidated financial statements.

The main audit procedures that we performed in respect of the inventory write-downs included the following:

1. We understood and evaluated the reasonableness of the Group's policy and methods of the allowance for loss of inventory.

2. We obtained the evaluation documents of the allowance for loss on inventory from management. We sampled and inspected the latest inventory quotations or sales invoices to verify the basis and appropriateness of the management's evaluation.

3. We observed the year-end inventory and we confirmed the inventory status and evaluated the reasonableness of the allowance for loss of inventory.

Other Matter

We have also audited the parent company only financial statements of Taita Chemical Co., Ltd. as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified report.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related

disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsiu-Chun Huang and Cheng-Chun Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 2020

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

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

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

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,312,018	16	$ 602,671	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	306,472	4	404,219	5
Financial assets at amortized cost - current (Notes 4, 9 and 32)	3,000	-	94,636	1
Notes receivable (Notes 4 and 10)	287,861	4	674,101	8
Accounts receivable (Notes 4, 5 and 10)	1,931,006	24	2,232,892	26
Accounts receivable from related parties (Notes 4, 5, 10 and 31)	9,394	-	32,876	-
Other receivables (Notes 4 and 10)	67,739	1	100,356	1
Other receivables from related parties (Notes 4, 10 and 31)	7,735	-	3,918	-
Current tax assets (Note 27)	2,560	-	2,560	-
Inventories (Notes 4, 5 and 11)	746,284	9	1,159,524	13
Prepayments and other current assets (Notes 3, 18, 19 and 32)	127,411	2	83,847	1
Total current assets	4,801,480	60	5,391,600	62
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	209,305	3	182,836	2
Investments accounted for using the equity method (Notes 5 and 13)	517,498	7	498,990	6
Property, plant and equipment (Notes 14, 19, 31 and 32)	2,174,859	27	2,373,653	27
Right-of-use assets (Notes 3, 4, 15, 19 and 32)	84,631	1	-	-
Investment properties (Notes 16, 19 and 32)	108,178	1	108,178	1
Other intangible assets (Note 17)	7,448	-	9,668	-
Deferred tax assets (Notes 5 and 27)	77,542	1	103,757	1
Long-term prepayments for leases (Notes 3, 18, 19 and 32)	-	-	35,217	1
Other non-current assets (Note 32)	23,800	-	23,647	-
Total non-current assets	3,203,261	40	3,335,946	38
TOTAL	$ 8,004,741	100	$ 8,727,546	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 14, 15, 19 and 32)	$ 1,197,082	15	$ 2,004,800	23
Short-term bills payable (Note 19)	-	-	20,000	-
Accounts payable (Note 20)	682,883	8	922,418	11
Accounts payable from related parties (Notes 20 and 31)	822	-	390	-
Other payables (Note 21)	301,532	4	314,760	4
Other payables from related parties (Note 31)	7,623	-	7,187	-
Current tax liabilities (Note 27)	57,749	1	7,746	-
Lease liabilities - current (Note 3, 4, 15 and 31)	4,464	-	-	-
Refund liabilities - current (Note 22)	909	-	806	-
Other current liabilities	25,630	-	38,603	-
Total current liabilities	2,278,694	28	3,316,710	38
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 14, 16, 19 and 32)	1,000,000	12	1,000,000	11
Deferred tax liabilities (Note 27)	144,973	2	151,418	2
Lease liabilities - non-current (Note 3, 4, 15 and 31)	47,451	1	-	-
Net defined benefit liabilities - non-current (Note 23)	229,914	3	262,226	3
Other non-current liabilities	3,946	-	5,235	-
Total non-current liabilities	1,426,284	18	1,418,879	16
Total liabilities	3,704,978	46	4,735,589	54
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3 and 24)				
Share capital	3,342,048	42	3,276,518	38
Capital surplus	810	-	779	-
Retained earnings				
Legal reserve	42,017	-	21,220	-
Special reserve	308,061	4	308,061	3
Unappropriated earnings	647,893	8	402,112	5
Total retained earnings	997,971	12	731,393	8
Other equity	(41,066)	-	(16,733)	-
Total equity	4,299,763	54	3,991,957	46
TOTAL	$ 8,004,741	100	$ 8,727,546	100

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

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

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

	2019		2018	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 4, 22, 25 and 31)	$ 17,672,204	100	$ 21,683,702	100
COST OF GOODS SOLD (Notes 11, 14, 23, 26 and 31)	16,426,138	93	20,639,959	95
GROSS PROFIT	1,246,066	7	1,043,743	5
OPERATING EXPENSES (Notes 23, 26 and 31)				
Selling and marketing expenses	523,389	3	543,956	2
General and administrative expenses	182,964	1	199,092	1
Research and development expenses	25,048	-	23,077	-
Total operating expenses	731,401	4	766,125	3
PROFIT FROM OPERATIONS	514,665	3	277,618	2
NON-OPERATING INCOME AND EXPENSES (Notes 7, 13, 26 and 31)				
Other income	76,647	-	64,920	-
Other gains and losses	(15,851)	-	34,813	-
Share of profit of associates	33,834	-	9,250	-
Finance costs	(51,091)	-	(55,349)	-
Total non-operating income and expenses	43,539	-	53,634	-
PROFIT BEFORE INCOME TAX	558,204	3	331,252	2
INCOME TAX EXPENSE (Note 27)	160,227	1	123,279	1
NET PROFIT FOR THE YEAR	397,977	2	207,973	1
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 13, 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	3,785	-	10,196	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	30,287	-	(64,111)	(1)

(Continued)

TAITA CHEMICAL CO., LTD. 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 Amount	2019 %	2018 Amount	2018 %
Share of the other comprehensive income (loss) of associates accounted for using the equity method - unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	$ 5,357	-	$ (19,147)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method - remeasurement of defined benefit plans	(312)	-	619	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(910)	-	4,287	-
	38,207	-	(68,156)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(71,262)	-	(64,480)	-
Share of the other comprehensive loss of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	(3,182)	-	(1,852)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	14,619	-	10,215	-
	(59,825)	-	(56,117)	-
Other comprehensive loss for the year, net of income tax	(21,618)	-	(124,273)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 376,359	2	$ 83,700	-
EARNINGS PER SHARE (Note 28)				
Basic	$ 1.19		$ 0.62	
Diluted	$ 1.19		$ 0.62	

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

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company (Notes 3, 13 and 24)													
	Share Capital		Capital Surplus			Retained Earnings				Other Equity				
	Shares (In Thousands)	Amount	Long-term Equity Investment	Unpaid Dividends	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
BALANCE AT JANUARY 1, 2018	327,652	$ 3,276,518	$ 469	$ -	$ 469	$ -	$ 308,061	$ 200,475	$ 508,536	$ (78,384)	$ -	$ 200,808	$ 122,424	$ 3,907,947
Appropriation of 2017 earnings														
Legal reserve	-	-	-	-	-	21,220	-	(21,220)	-	-	-	-	-	-
Changes in capital surplus	-	-	14	296	310	-	-	-	-	-	-	-	-	310
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	-	207,973	207,973	-	-	-	-	207,973
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	14,884	14,884	(56,117)	-	(83,040)	(139,157)	(124,273)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	222,857	222,857	(56,117)	-	(83,040)	(139,157)	83,700
BALANCE AT DECEMBER 31, 2018	327,652	3,276,518	483	296	779	21,220	308,061	402,112	731,393	(134,501)	-	117,768	(16,733)	3,991,957
Effect of retrospective application	-	-	-	-	-	-	-	(3,054)	(3,054)	-	-	-	-	(3,054)
BALANCE AT JANUARY 1, 2019 AS RESTATED	327,652	3,276,518	483	296	779	21,220	308,061	399,058	728,339	(134,501)	-	117,768	(16,733)	3,988,903
Appropriation of 2018 earnings														
Legal reserve	-	-	-	-	-	20,797	-	(20,797)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(65,530)	(65,530)	-	-	-	-	(65,530)
Share dividends distributed by the Company	6,553	65,530	-	-	-	-	-	(65,530)	(65,530)	-	-	-	-	-
Changes in capital surplus	-	-	31	-	31	-	-	-	-	-	-	-	-	31
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	397,977	397,977	-	-	-	-	397,977
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	2,715	2,715	(59,825)	-	35,492	(24,333)	(21,618)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	400,692	400,692	(59,825)	-	35,492	(24,333)	376,359
BALANCE AT DECEMBER 31, 2019	334,205	$ 3,342,048	$ 514	$ 296	$ 810	$ 42,017	$ 308,061	$ 647,893	$ 997,971	$ (194,326)	$ -	$ 153,260	$ (41,066)	$ 4,299,763

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

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 558,204	$ 331,252
Adjustments for:		
Depreciation expenses	207,777	194,604
Amortization expenses	2,220	3,167
(Reversal of) expected credit loss	(6,888)	1,434
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(40,844)	(22,937)
Finance costs	51,091	55,349
Interest income	(25,213)	(12,922)
Dividend income	(4,617)	(4,444)
Share of profit of associates	(33,834)	(9,250)
Loss on disposal of property, plant and equipment	667	1,054
Amortization of prepayments for leases	-	1,244
(Reversal of) write-down of inventories	(55,133)	35,632
Impairment loss recognized on property, plant and equipment	60,265	-
Net loss (gain) on foreign currency exchange	(2)	2,879
Recognition of refund liabilities	7,535	10,493
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	138,537	(75,296)
Notes receivable	376,775	(7,235)
Accounts receivable	282,905	(33,039)
Accounts receivable from related parties	23,482	(28,818)
Other receivables	38,964	17,463
Other receivables from related parties	(3,798)	1,878
Inventories	467,766	52,579
Prepayments	(52,423)	21,025
Other current assets	113	684
Accounts payable	(242,079)	(517,766)
Accounts payable from related parties	432	(105)
Other payables	522	(10,546)
Other payables from related parties	434	(1,395)
Other current liabilities	(12,680)	24,712
Net defined benefit liabilities	(28,527)	(331,925)
Cash generated from (used in) operations	1,711,651	(300,229)
Interest received	18,554	12,920
Interest paid	(51,604)	(55,000)
Income tax paid	(75,869)	(161,083)
Net cash generated from (used in) operating activities	1,602,732	(503,392)

(Continued)

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

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

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	$ 3,827	$ 1,185
Purchase of financial assets at amortized cost	(126,659)	(457,284)
Proceeds from disposal of available-for-sale financial assets	219,799	454,138
Payments for property, plant and equipment	(93,197)	(159,922)
Proceeds from disposal of property, plant and equipment	2,166	44
Increase in refundable deposits	(155)	(425)
Payments for intangible assets	-	(1,767)
Dividends received	19,683	19,071
Net cash generated from (used in) investing activities	25,464	(144,960)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(791,621)	907,525
Decrease in short-term bills payable	(20,000)	(170,000)
Proceeds from long-term borrowings	850,000	3,400,000
Repayments of long-term borrowings	(850,000)	(3,400,000)
Repayments of the principal portion of lease liabilities	(4,416)	-
Decrease in other non-current liabilities	(1,253)	(2,276)
Cash dividends	(65,501)	-
Net cash (used in) generated from financing activities	(882,791)	735,249
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(36,058)	10,928
NET INCREASE IN CASH AND CASH EQUIVALENTS	709,347	97,825
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	602,671	504,846
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,312,018	$ 602,671

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

1. GENERAL INFORMATION

Taita Chemical Co., Ltd. (the "Company") was established and began operations in April 1960. The Company designs, develops, and sells chemical products like EPS, ABS and PS plastic resins. Other products include SAN resins, glasswool and cubic printing, all of which are widely used in consumer-oriented and industrial applications. The Company's parent company is USI Corporation, which held indirectly 36.79% of the ordinary shares of the Company as of December 31, 2019 and 2018. USI Corporation has operational control over the Company.

The ordinary shares of the Company has been listed on the Taiwan Stock Exchange since 1986.

The functional currency of the Company is the New Taiwan dollar, and the consolidated financial statements of the Company and its subsidiaries, collectively referred to as the "Group", are presented in the Company's functional currency.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 5, 2020.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the 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 Group's accounting policies:

   IFRS 16 "Leases"

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

   Definition of a lease

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

The Group as lessee

The Group recognizes right-of-use assets 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 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 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 were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights in China were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the 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 is 1.1%. The difference between the lease liabilities recognized and 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	$ 78,604
Less: Recognition exemption for short-term leases	(18,411)
Less: Recognition exemption for leases of low-value assets	(36)
Undiscounted amounts on January 1, 2019	$ 60,157
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 56,331
Lease liabilities recognized on January 1, 2019	$ 56,331

The Group as lessor

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

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

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Prepayments	$ 1,220	$ (1,220)	$ -
Long-term prepaid rent	35,127	(35,127)	-
Right-of-use assets	-	91,870	91,870
Investments accounted for using the equity method	498,990	(2,156)	496,834
Total effect on assets	$ 535,427	$ 53,277	$ 588,704
Lease liabilities - current	$ -	$ 4,416	$ 4,416
Lease liabilities - non-current	-	51,915	51,915
Total effect on liabilities	$ -	$ 56,331	$ 56,331
Retained earnings	$ 402,112	$ (3,054)	$ 399,058
Total effect on equity	$ 402,112	$ (3,054)	$ 399,058

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; 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 any the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). 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.

See Note 12 and Tables 7 and 8 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

For the purpose of presenting consolidated financial statements, the functional currencies of the Group (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

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 or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

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

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

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

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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

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

j. Intangible assets

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

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

k. Impairment of tangible and intangible assets

At the end of each reporting period, the Group 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

l. 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 the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

   All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

   a) Measurement categories

      Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

      i. Financial assets at FVTPL

         Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and derivatives and mutual fund that do not meet the amortized cost criteria or the FVTOCI criteria.

         Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 30.

      ii. Financial assets at amortized cost

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

         i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

         ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

         Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, pledged financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

         Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

         i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such a financial asset; and

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when 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 reverse repurchase agreements collateralized by bonds which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

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

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

Expected credit losses reflect the weighted average of credit losses with the respective risks of a 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 purpose, if any internal or external information shows that the debtor is unlikely to pay its creditors, the Group will determine that a financial asset is in default (without taking into account any collateral held by the Group).

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on such financial liabilities. Fair value is determined in the manner described in Note 30.

b) Derecognition of financial liabilities

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

3) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to 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.

m. Revenue recognition

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

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of PS, ABS, SAN, glasswool products, plastic raw materials and the related processed products. The sale of goods above is recognized as revenue when goods are delivered to a customer because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

n. 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.

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

2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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. 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 future lease payments resulting from 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 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 Group as lessor

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

2) The Group as lessee

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

o. 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under 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 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.

q. 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 at 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 and unused loss carryforwards to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimations 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.

Kay Sources of Estimated Uncertainty

a. Estimated impairment of financial trade receivables

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

c. Impairment of tangible and intangible assets

The impairment of tangible and intangible assets is based on the impact of plastic industry and the recoverable amounts of those assets, which is the higher of their fair values less costs of disposal and their values in use. Any changes in the market prices or future cash flows will affect the recoverable amounts of those assets and may lead to recognition of additional impairment losses or reversals of impairment losses.

d. Income taxes

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.

e. Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

f. Associate's estimated damage compensation for Kaohsiung gas explosions

The associate, China General Terminal & Distribution Corporation ("CGTD"), should recognize a provision for civil damaged compensation caused by the Kaohsiung gas explosion. Management considers the progress of the relevant civil/criminal proceedings and settlements, and estimates the amount of the provision according to legal advice. However, the actual result probably differ from the current estimation.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Cash on hand and petty cash	$ 702	$ 844
Checking accounts and demand deposits	592,036	576,827
Cash equivalents		
Time deposits	719,280	-
Reverse repurchase agreements collateralized by bonds	-	25,000
	$ 1,312,018	$ 602,671

The market rate or interval of market rates of cash equivalents at the end of the reporting period were as follows:

	December 31	
	2019	2018
Time deposits	1.46%-2.07%	-
Reverse repurchase agreements collateralized by bonds	-	0.53%

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

	December 31	
	2019	2018
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 2,923	$ 390
Non-derivative financial assets		
Beneficiary securities	291,549	253,829
Mutual funds	12,000	150,000
Domestic unlisted shares	-	-
	303,549	403,829
	$ 306,472	$ 404,219

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

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2019			
Sell	USD/NTD	2020.01.13-2020.03.19	USD13,000/NTD393,051
December 31, 2018			
Sell	USD/NTD	2019.01.15-2019.03.14	USD6,000/NTD184,171

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

The net gain arising from financial assets at FVTPL for the years ended December 31, 2019 and 2018 was $53,931 thousand and $41,367 thousand, respectively. The net loss arising from financial liabilities at FVTPL for the years ended December 31, 2019 and 2018 was $3,686 thousand and $8,442 thousand, respectively.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2019	2018
Investments in equity instruments at FVTOCI		
Domestic investments		
Listed shares		
Ordinary shares - USI Corporation	$ 209,272	$ 179,808
Unlisted shares		
Ordinary shares - Harbinger Venture Capital Corp. (“Harbinger”)	27	473
	209,299	180,281
Foreign investments		
Unlisted shares		
Ordinary shares - Budworth Investment Ltd. (“Budworth”)	6	2,555
	$ 209,305	$ 182,836

Harbinger, the investee, announced a reduction of capital by returning cash in January 2019 and April 2018. The Group received $505 thousand and $1,185 thousand, respectively, according to its ownership percentage.

Budworth, the investee, announced a reduction of capital by returning cash in January 2019. The Group received $3,322 thousand according to its ownership percentage.

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.

9. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31 2019	December 31 2018
Pledged deposits (a)	$ -	$ 91,636
Pledged time deposits (b)	3,000	3,000
	$ 3,000	$ 94,636

a. As of December 31, 2018, the market interest rate of pledged deposits was 0.35% per annum.

b. As of December 31, 2019 and 2018, the range of market interest rates on the pledged time deposits were both 0.62% to 0.94% per annum.

c. Refer to Note 32 for information related to the pledged financial assets at amortized cost.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31 2019	December 31 2018
Notes receivable (a)		
Notes receivable - operating	$ 287,861	$ 674,101
Accounts receivable (a)		
Amortized cost		
Gross carrying amount	$ 1,994,631	$ 2,303,657
Less: Allowance for impairment loss	(63,625)	(70,765)
	$ 1,931,006	$ 2,232,892
Accounts receivable from related parties (a) (Note 31)	$ 9,394	$ 32,876
Other receivables (b)		
VAT refund receivables	$ 61,160	$ 100,257
Others	6,579	99
	$ 67,739	$ 100,356
Other receivables from related parties (Note 31)	$ 7,735	$ 3,918

a. Notes receivable and accounts receivable

In the average credit period of sales of goods is between 30 and 90 days. No interest is charged on 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. For part of the accounts receivable, the Group entered into a credit insurance contract or obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. 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. Before accepting new customers, the Group takes client evaluation results generated by the internal system into consideration to measure the potential customer's credit quality and define the customer's credit limit. Customer credit limits and ratings are reviewed periodically. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

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

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2019

	Credit Rating A	**Credit Rating B**	**Credit Rating C**	**Others**	**Total**
Gross carrying amount	$ 2,244	$ 278,978	$ 553,652	$ 1,457,012	$ 2,291,886
Loss allowance (Lifetime ECL)	-	-	(2,747)	(60,878)	(63,625)
Amortized cost	$ 2,244	$ 278,978	$ 550,905	$ 1,396,134	$ 2,228,261

December 31, 2018

	Credit Rating A	**Credit Rating B**	**Credit Rating C**	**Others**	**Total**
Gross carrying amount	$ -	$ 519,892	$ 700,432	$ 1,790,310	$ 3,010,634
Loss allowance (Lifetime ECL)	-	-	(12,879)	(57,886)	(70,765)
Amortized cost	$ -	$ 519,892	$ 687,553	$ 1,732,424	$ 2,939,869

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 70,765	$ 71,656
Add (Less): Net remeasurement of loss allowance	(6,888)	1,434
Less: Amounts written off	-	(1,923)
Foreign exchange gains and losses	(252)	(402)
Balance at December 31	$ 63,625	$ 70,765

The aging of receivables (including related parties) was as follows:

	December 31	
	2019	2018
Not past due	$ 2,220,347	$ 2,895,700
Past due within 60 days	16,056	56,493
Past due over 60 days	55,483	58,441
	$ 2,291,886	$ 3,010,634

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

As of December 31, 2019 and 2018, no single customer's receivables exceeded 10% of the total amount of all receivables.

The concentration of credit risk is limited because the Group's customer base is vast and unrelated to each other.

b. Other receivables

As of December 31, 2018 and 2019, the Group assessed the impairment loss of other receivables using expected credit losses.

11. INVENTORIES

	December 31	
	2019	2018
Finished goods	$ 285,893	$ 523,924
Work in progress	39,414	92,470
Raw materials	188,013	394,219
Production supplies	33,536	42,639
Inventory in transit	199,428	106,272
	$ 746,284	$ 1,159,524

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018, was $16,365,873 thousand and $20,639,959 thousand, respectively.

The cost of goods sold included reversal of inventory write-down of $55,133 thousand, which resulted from inventory closeout, and write-down of $35,632 thousand for the years ended December 31, 2019 and 2018, respectively.

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership December 31		Remark
			2019	2018	
The Company	Taita (BVI) Holding Co., Ltd. ("TTC (BVI)")	Reinvestment	100%	100%	a
TTC (BVI)	Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	Production and marketing of polystyrene derivatives	100%	100%	b
	Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)")	Production and marketing of polystyrene derivatives	100%	100%	c

Remark:

a. As of December 31, 2019, the capital of TTC (BVI) was US$61,738 thousand.

b. As of December 31, 2019, the amount invested in TTC (ZS) was US$43,000 thousand. TTC (ZS) distributed share dividends of US$3,250 thousand from retained earnings in 2007. As of December 31, 2019, the capital of TTC (ZS) was US$46,250 thousand.

c. As of December 31, 2019, the amount invested in TTC (TJ) was US$26,000 thousand. TTC (TJ) distributed share dividends of US$1,350 thousand from retained earnings in 2012. As of December 31, 2019, the capital of TTC (TJ) was US$27,350 thousand.

Subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2019 and 2018 were based on the subsidiaries' financial statements which have been audited for the years then ended.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in associates that are not individually material		
Listed shares		
China General Plastics Corporation ("CGPC")	$ 163,528	$ 165,982
Acme Electronics Corp. ("ACME")	30,423	34,003
Unlisted shares		
China General Terminal & Distribution Co. ("CGTD")	257,584	228,250
Acme Electronics (Cayman) Corp. ("ACME (Cayman)")	64,517	69,303
Thintec Materials Corporation ("TMC")	1,446	1,452
	$ 517,498	$ 498,990

Aggregate information of associates that are not individually material as follows:

	For the Year Ended December 31	
	2019	2018
The Group's share of:		
Profit from continuing operations	$ 33,834	$ 9,250
Other comprehensive (loss) income	1,833	(20,380)
Total comprehensive (loss) income for the year	$ 35,667	$ (11,130)

The proportion of the Group's ownership and voting rights of the associates were as follows:

	December 31	
Name of Associate	**2019**	**2018**
CGPC	1.98%	1.98%
ACME	2.43%	2.44%
CGTD	33.33%	33.33%
ACME (Cayman)	5.39%	5.39%
TMC	10.00%	10.00%

Refer to Table 7 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the associates.

The Group with its affiliates jointly held more than 20% of the shareholdings of CGPC, ACME, ACME (Cayman) and TMC and had significant influence over each entity. Therefore, the Group adopted the equity method to evaluate the above investments.

TMC had no actual production and sales activities in recent years. Therefore, on April 12, 2019, the board of directors of TMC resolved to liquidate starting from May 25, 2019, which was the dissolution date. TMC had not completed the process of liquidation as of December 31, 2019.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

	December 31	
Name of Associate	**2019**	**2018**
CGPC	$ 217,267	$ 220,963
ACME	$ 54,451	$ 59,119

The investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2019 and 2018 were based on the associates' financial statements which have been audited for the same years.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost							
Balance at January 1, 2018	$ 634,432	$ 1,322,663	$ 4,680,966	$ 43,674	$ 370,339	$ 192,753	$ 7,244,827
Additions	-	-	6,995	644	1,533	149,173	158,345
Disposals	-	(625)	(157,403)	(4,422)	(12,993)	-	(175,443)
Internal transfers	-	2,261	219,842	8,172	5,263	(235,538)	-
Effects of foreign currency exchange differences	-	(8,052)	(18,003)	(311)	(1,110)	(1,241)	(28,717)
Balance at December 31, 2018	$ 634,432	$ 1,316,247	$ 4,732,397	$ 47,757	$ 363,032	$ 105,147	$ 7,199,012
Accumulated depreciation and impairment							
Balance at January 1, 2018	$ -	$ 835,696	$ 3,618,627	$ 39,518	$ 332,230	$ -	$ 4,826,071
Disposals	-	(625)	(156,601)	(4,202)	(12,917)	-	(174,345)
Depreciation expenses	-	44,468	135,901	2,201	12,034	-	194,604
Effects of foreign currency exchange differences	-	(5,025)	(14,828)	(194)	(924)	-	(20,971)
Balance at December 31, 2018	$ -	$ 874,514	$ 3,583,099	$ 37,323	$ 330,423	$ -	$ 4,825,359
Carrying amounts at December 31, 2018	$ 634,432	$ 441,733	$ 1,149,298	$ 10,434	$ 32,609	$ 105,147	$ 2,373,653
Cost							
Balance at January 1, 2019	$ 634,432	$ 1,316,247	$ 4,732,397	$ 47,757	$ 363,032	$ 105,147	$ 7,199,012
Additions	-	-	5,857	79	1,011	75,068	82,015
Disposals	-	(1,138)	(29,764)	(4,980)	(6,386)	-	(42,268)
Internal transfers	-	4,290	138,423	6,009	4,531	(153,883)	-
Effects of foreign currency exchange differences	-	(18,075)	(40,834)	(995)	(2,487)	(2,026)	(64,417)
Balance at December 31, 2019	$ 634,432	$ 1,301,954	$ 4,806,079	$ 47,870	$ 359,701	$ 24,306	$ 7,174,342
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 874,514	$ 3,583,099	$ 37,323	$ 330,423	$ -	$ 4,825,359
Disposals	-	(1,138)	(27,514)	(4,561)	(6,222)	-	(39,435)
Depreciation expenses	-	43,697	145,629	3,035	9,574	-	201,935
Impairment losses	-	-	59,008	10	1,214	33	60,265
Effects of foreign currency exchange differences	-	(12,043)	(34,084)	(417)	(2,097)	-	(48,641)
Balance at December 31, 2019	$ -	$ 905,030	$ 3,726,138	$ 35,390	$ 332,892	$ 33	$ 4,999,483
Carrying amounts at December 31, 2019	$ 634,432	$ 396,924	$ 1,079,941	$ 12,480	$ 26,809	$ 24,273	$ 2,174,859

The management stopped the production of TAITA (TJ) in April 2019 as a result of the reduction in demand of EPS, which is the main product of Taita Cheminal (Tianjin) Co., Ltd. (“TAITA (TJ)”) in the local market. TAITA (TJ) determined the recoverable amount of the property, plant and equipment, including right-of-use assets, on the basis of their fair value less cost of disposal. The review led TAITA (TJ) to recognize an impairment loss of $60,265 thousand, which was recognized in operating costs for the year ended December 31, 2019.

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

Buildings	
Factories	20, 30, 35, 40 and 55 years
Offices and laboratories	26 to 35 years
Storage rooms	20 to 25 years
Storage tank rooms	8 to 20 years
Others	2 to 9 years
Machinery and equipment	
Environmental protection equipment	15 to 20 years
Monitoring equipment	11 to 15 years
Storage tank and pipeline systems	10 to 15 years
Production and packaging equipment	8 to 15 years
Power systems	7 to 15 years
Others	2 to 8 years
Transportation equipment	5 to 15 years
Other equipment	2 to 15 years

Part of the property, plant and equipment pledged as collateral for bank borrowing are set out in Notes 19 and 32.

15. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 84,631

	For the Year Ended December 31, 2019
Depreciation charge for right-of-use assets	
Land	$ 5,842

Part of the land use rights pledged as collateral for bank borrowing are set out in Notes 19 and 32.

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 4,464
Non-current	$ 47,451

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	1.1%

The Group leases land in Linyuan to build factory from related party. When rental period ends, the Group has no bargain purchase price option for the land leased. Transactions with related parties are set out in Notes 31.

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment are set out in Notes 16.

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 17,088
Expenses relating to low-value asset leases	$ 26
Total cash outflow for leases	$ 22,127

The Group leases certain office equipment, machinery equipment, transportation equipment which qualify as short-term leases and certain other equipment which qualify as low-value asset 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.

16. INVESTMENT PROPERTIES

	December 31	
	2019	2018
Land	$ 108,178	$ 108,178

Management was unable to reliably measure the fair value of investment properties located in Qianzhen District, Xingbang Section and Linyuan Industrial Park, because the fair value for comparable properties is inactive and alternative reliable measurements of fair value are not available. Therefore, the Group concluded that the fair value of the investment properties is not reliably measurable.

The property located in Qianzhan District has been leased to CGTD. The rental was $1,628 thousand per month, which is based on the actual usable area. Refer to Notes 26 and 31.

Part of above investment properties pledged as collateral for bank borrowing are set out in Notes 19 and 32.

17. INTANGIBLE ASSETS

	December 31	
	2019	2018
Carrying amount by function		
Information systems	$ 647	$ 1,266
Design expenses for factories	6,801	8,402
	$ 7,448	$ 9,668

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

Information systems	3 to 5 years
Design expenses for factories	10 years

18. PREPAYMENTS FOR LEASES

	December 31, 2018
Current assets (included in prepayments)	$ 1,220
Non-current assets	$ 35,217

The carrying amount of prepared lease payments include land use rights located in mainland China. Upon initial application of IFRS 16, the Group has reclassified prepayments for leases to right of use assets. The information of reclassification is set out in Note 3.

Part of the land use rights pledged as collateral for borrowings are set out in Notes 19 and 32.

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Secured borrowings		
Bank loans (1)	$ -	$ 153,239
Unsecured borrowings		
Line of credit borrowings (2)	1,197,082	1,851,561
	$ 1,197,082	$ 2,004,800

1) The range of interest rates on bank loans was 4.45% per annum as of December 31, 2018.

2) The range of interest rates on line of credit borrowings was 0.86% to 2.60% and 0.90% to 3.65% per annum as of December 31, 2019 and 2018, respectively.

TTC (ZS) entered into a short-term financing contract with Bank of China Limited to increase working capital. The credit limit was RMB100,000 thousand and matured on April 30, 2019. The contract was extended to April 30, 2020. Refer to property, plant and equipment and land use rights pledged as collateral in Notes 14, 15, 18 and 32. As of December 31, 2019 and 2018, TTC (ZS) has not borrowed from the bank.

b. Short-term bills payable

	December 31	
	2019	2018
Commercial paper	$ -	$ 20,000
Less: Unamortized discount on bills payable	-	-
	$ -	$ 20,000

Outstanding short-term bills payables were as follows:

December 31, 2018

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Taiwan Finance Corporation	$ 20,000	$ -	$ 20,000	0.70%

c. Long-term borrowings

	December 31	
	2019	2018
Secured borrowings	$ 600,000	$ 900,000
Unsecured borrowings	400,000	100,000
	$ 1,000,000	$ 1,000,000

The range of weighted average effective interest rates on long-term borrowings were as following:

	December 31	
	2019	2018
Secured borrowings	1.06%	1.10%-1.15%
Unsecured borrowings	1.05%-1.06%	1.15%

The Group entered into a long-term financing contract with Chang Hwa Commercial Bank for 5 years to increase working capital. The contract was extended to June 2022 with a credit limit of $1,000,000 thousand, which is used cyclically during the validity period. The Group provided property located in Qianzhen District pledged as collateral (refer to Notes 14, 16 and 32). As of December 31, 2019, the Group has borrowed $750,000 thousand.

The Group entered into a long-term financing contract with O-Bank for 3 years. The contract was extended to October 2020 with a credit limit of $300,000 thousand, which is used cyclically during the validity period. As of December 31, 2019, the Group has not borrowed.

The Group entered into 3-year a long-term financing contract with KGI Bank. The contract was extended to May 2022 with a credit limit of $300,000 thousand, which is used cyclically during the validity period. As of December 31, 2019, the Group has borrowed $250,000 thousand.

20. ACCOUNTS PAYABLE

	December 31	
	2019	2018
Accounts payable (including related parties)		
Operating (Note 31)	$ 683,705	$ 922,808

The average payment period for the Group's accounts payable is between 30 and 45 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21. OTHER PAYABLES

	December 31 2019	December 31 2018
Payables for salaries and bonuses	$ 129,796	$ 122,172
Payables for transportation fees	55,932	54,309
Payables for utilities	36,621	28,776
Payables for taxes	16,860	31,781
Payables for professional service expenses	10,206	9,463
Payables for purchases of equipment	8,553	19,704
Payables for insurance	8,064	8,885
Others	35,500	39,670
	$ 301,532	$ 314,760

22. REFUND PROVISIONS

	December 31 2019	December 31 2018
Customer returns and rebates	$ 909	$ 806

	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Balance at January 1	$ 806	$ 1,179
Additional refund liabilities recognized	7,535	10,493
Usage	(7,432)	(10,866)
Balance at December 31	$ 909	$ 806

The refund provision is based on management's judgments and other known reasons for which estimated product returns and rebates may occur for the year ended. The provision is recognized as a reduction of operating income in the periods in which the related goods are sold.

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiaries, TTC (ZS) and TTC (TJ), in mainland China are members of a state-managed retirement benefit plans operated by the government of mainland China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit plans is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries over the 6 months before retirement. Since November 1986, the Company contributed a specific rate (currently 12%) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2019	**2018**
Present value of defined benefit obligation	$ 632,201	$ 686,667
Fair value of plan assets	(402,287)	(424,441)
Net defined benefit liabilities	$ 229,914	$ 262,226

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2018	$ 722,583	$ (118,236)	$ 604,347
Service cost			
Current service cost	6,369	-	6,369
Net interest expense (income)	7,103	(1,191)	5,912
Recognized in profit or loss	13,472	(1,191)	12,281
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,388)	(4,388)
Actuarial (gain) loss			
Changes in demographic assumptions	282	-	282
Changes in financial assumptions	6,398	-	6,398
Experience adjustments	(12,488)	-	(12,488)
Recognized in other comprehensive income	(5,808)	(4,388)	(10,196)
Contributions from the employer	-	(342,035)	(342,035)
Benefits paid	(43,580)	41,409	(2,171)
Balance at December 31, 2018	$ 686,667	$ (424,441)	$ 262,226
Balance at January 1, 2019	$ 686,667	$ (424,441)	$ 262,226
Service cost			
Current service cost	5,298	-	5,298
Net interest expense (income)	5,875	(3,695)	2,180
Recognized in profit or loss	11,173	(3,695)	7,478

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (12,831)	$ (12,831)
Actuarial (gain) loss			
Changes in financial assumptions	11,265	-	11,265
Experience adjustments	(2,219)	-	(2,219)
Recognized in other comprehensive income	9,046	(12,831)	(3,785)
Contributions from the employer	-	(36,005)	(36,005)
Benefits paid	(74,685)	74,685	-
Balance at December 31, 2019	$ 632,201	$ (402,287)	$ 229,914

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2019	2018
Operating costs	$ 5,938	$ 9,768
Selling and marketing expenses	745	1,293
General and administrative expenses	514	819
Research and development expenses	281	401
	$ 7,478	$ 12,281

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 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%	0.875%
Expected rate of salary increase	2.250%	2.250%

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

	December 31	
	2019	**2018**
Discount rate		
0.25% increase	$ (11,264)	$ (12,702)
0.25% decrease	$ 11,600	$ 13,091
Expected rate of salary increase		
0.25% increase	$ 11,213	$ 12,686
0.25% decrease	$ (10,947)	$ (12,374)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely changes in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Company expects to make contributions of $23,000 thousand and $26,000 thousand to the defined benefit plans in the next year starting from December 31, 2019 and 2018, respectively. The weighted average duration of the defined benefit obligation are 7.3 and 7.6 years, respectively.

24. EQUITY

a. Share capital

	December 31	
	2019	**2018**
Number of shares authorized (in thousands)	400,000	327,652
Shares authorized	$ 4,000,000	$ 3,276,518
Number of shares issued and fully paid (in thousands)	334,205	327,652
Shares issued and fully paid	$ 3,342,048	$ 3,276,518

The ordinary shares issued have a denomination of $10 per share. Each share carries the rights to vote and receive dividends.

b. Capital surplus

Capital surplus arising from the issuance of ordinary shares (including share premiums) and donated capital 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 transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Capital surplus arising from unpaid dividends due to overdue may be used to offset a deficit only. Capital surplus arising from investments in subsidiaries and associates accounted for using the equity method may not be used for any purpose.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 26-g.

According to the provisions of the Company's Articles, the Company in order to take R&D needs and diversification of operations into consideration, dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable earnings for the current year is less than $0.1 per share, it shall not be distributed.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in 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 appropriation of earnings for 2017 was approved in the shareholders' meeting on June 22, 2018. After evaluating the Company's business conditions and operating needs, the decision to offset accumulated deficits of $289,879 thousand with net profit in the amount of $502,079 thousand was excluded and a legal reserve in the amount of $21,220 thousand was appropriated; in accordance with the laws and regulations, no cash dividends or share dividends were distributed.

The appropriations of earnings for 2018 which were approved in the shareholders' meetings on June 24, 2019 were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 20,797	$ -
Cash dividends	65,530	0.2
Share dividends	65,530	0.2

The appropriations of earnings for 2019 which were proposed by the Company's board of directors on March 5, 2020, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 39,764	$ -
Cash dividends	100,261	0.3
Share dividends	100,262	0.3

The appropriation of earnings for 2019 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 18, 2020.

d. Special reserve

The Company reserved a special reserve on the first-time adoption of IFRSs as follows:

	December 31	
	2019	2018
Special reserve	$ 308,061	$ 308,061

The Company's amount of unrealized revaluation gain and cumulative adjustments transferred into retained earnings were $279,270 thousand and $160,233 thousand, respectively. The increase in retained earnings arising from the first-time adoption of IFRSs was not sufficient for the special reserve appropriation; thus, the Company appropriated a special reserve in the amount of $308,061 thousand which was the net increase of retained earnings arising from the first-time adoption of IFRSs. As of December 31, 2019, there was no change in the special reserve.

e. Other equity items

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (134,501)	$ (78,384)
Effect of change in tax rate	-	(2,954)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(71,262)	(64,480)
Share from associates accounted for using the equity method	(3,182)	(1,852)
Related income tax	14,619	13,169
Balance at December 31	$ (194,326)	$ (134,501)

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and the group entities (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar. The resulting currency translation differences are recognized in other comprehensive income as exchange differences on translating the financial statements of foreign operations in the respective period.

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 117,768	$ 200,808
Effect of change in tax rate	-	15
Recognized for the year		
Unrealized gain (loss) - equity instruments	30,287	(64,111)
Share from associates accounted for using the equity method	5,357	(19,147)
Related income tax	(152)	203
Balance at December 31	$ 153,260	$ 117,768

25. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Revenue from sale of goods	$ 17,672,204	$ 21,683,702

Refer to Note 4 for description related to contracts with customers. Refer to Note 36 for revenue of major products.

26. NET PROFIT

Net profit includes the following:

a. Other income

	For the Year Ended December 31	
	2019	2018
Interest income		
Bank deposits	$ 16,253	$ 3,953
Financial assets at FVTPL (Note 7)	7,314	8,072
Others	1,646	897
	25,213	12,922
Dividend income	4,617	4,444
Rental income (Notes 16 and 31)	32,084	34,908
Compensation income	793	3,415
Others	13,940	9,231
	$ 76,647	$ 64,920

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Loss on disposal of property, plant and equipment (Note 14)	$ (667)	$ (1,054)
Net foreign exchange (losses) gain	(48,001)	21,625
Net gain on financial assets at FVTPL (Note 7)	46,617	33,295
Net loss on financial liabilities at FVTPL (Note 7)	(3,686)	(8,442)
Expenses from rental assets	(8,391)	(7,360)
Others	(1,723)	(3,251)
	$ (15,851)	$ 34,813

c. Net foreign exchange gains and losses

	For the Year Ended December 31	
	2019	2018
Gross foreign exchange gains	$ 61,228	$ 157,792
Gross foreign exchange losses	(109,229)	(136,167)
Net (loss) gain	$ (48,001)	$ 21,625

d. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ 50,494	$ 55,675
Interest on lease liabilities	597	-
Less: Capitalized interest (included in construction in progress)	-	(326)
	$ 51,091	$ 55,349

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2019	2018
Capitalized interest	$ -	$ 326
Capitalization rate	-	1.105%-1.120%

e. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
Property, plant and equipment (Note 14)	$ 201,935	$ 194,604
Right-of-use assets (Note 15)	5,842	-
Intangible assets (Note 17)	2,220	3,167
Prepayments for leases (Note 18)	-	1,244
	$ 209,997	$ 199,015
An analysis of depreciation by function		
Operating costs	$ 194,450	$ 181,603
Operating expenses	8,142	8,836
Non-operating income and expenses	5,185	4,165
	$ 207,777	$ 194,604
An analysis of amortization by function		
Operating costs	$ 1,601	$ 1,600
General and administrative expenses	619	2,811
	$ 2,220	$ 4,411

f. Employee benefits expense

	For the Year Ended December 31	
	2019	**2018**
Post-employment benefits (Note 23)		
Defined contribution plans	$ 21,464	$ 23,148
Defined benefit plans	7,478	12,281
	28,942	35,429
Insurance expenses	36,225	36,724
Other employee benefits	571,639	572,090
Total employee benefits expense	$ 636,806	$ 644,243
An analysis of employee benefits expense by function		
Operating costs	$ 481,456	$ 488,914
Operating expenses	155,350	155,329
	$ 636,806	$ 644,243

g. Employees' compensation and remuneration of directors

According to Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at the rates of no less than 1% and no higher than 1%, respectively. However, the Company's accumulated deficits should be offset in advance. The employees' compensation can be distributed in the form of shares or cash. When the employees of the Company's subsidiaries meet specific requirements they are also entitled to receive compensation in shares or cash. These requirements are set by the board of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018, which were approved by the Company's board of directors on March 5, 2020 and March 6, 2019, respectively, were as follows:

	For the Year Ended December 31			
	2019		**2018**	
	Accrual Rate	**Amount**	**Accrual Rate**	**Amount**
Employees' compensation	1%	$ 4,656	1%	$ 2,560
Remuneration of directors		$ -	-	$ -

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

There is no difference between the actual amount of employees' compensation and remuneration of directors paid and the amount recognized in the financial statements for the year 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.

27. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 122,796	$ 74,686
Income tax on unappropriated earnings	3,678	17,670
Adjustments for prior years	350	683
	126,824	93,039
Deferred tax		
In respect of the current year	33,203	40,756
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(14,681)
Adjustments for prior years	200	4,165
	33,403	30,240
Income tax expense recognized in profit or loss	$ 160,227	$ 123,279

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

	For the Year Ended December 31	
	2019	2018
Profit before tax	$ 558,204	$ 331,252
Income tax expense calculated at the statutory rate	$ 146,253	$ 88,164
Nondeductible expenses in determining taxable income	893	829
Tax-exempt income	(16,025)	(5,526)
Income tax on unappropriated earnings	3,678	17,670
Unrecognized deductible temporary differences	(8,296)	(8,737)
Unrecognized loss carryforwards	33,007	32,486
Effect of tax rate changes	-	(14,681)
Adjustments for prior years' tax	550	4,848
Others	143	8,226
Income tax expense recognized in profit or loss	$ 160,227	$ 123,279

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of the 2020 appropriation of earnings is uncertain, the potential income tax consequences of the 2019 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Deferred tax		
Effect of change in tax rate	$ -	$ 3,169
In respect of the current year		
Exchange differences on translating the financial statements of foreign operations	14,619	13,169
Unrealized gain (loss) on financial assets at FVTOCI	(152)	203
Remeasurement on defined benefit plans	(758)	(2,039)
	$ 13,709	$ 14,502

c. Current income tax assets and liabilities

	December 31 2019	December 31 2018
Current income tax assets		
Tax refund receivables	$ 2,560	$ 2,560
Current income tax liabilities		
Accrued income tax payable	$ 57,749	$ 7,746

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
Deferred tax assets					
Temporary differences					
Allowance for inventory valuation	$ 6,989	$ (6,047)	$ -	$ 26	$ 968
Allowance for impaired receivables	13,476	(2,087)	-	(102)	11,287
Unrealized foreign exchange losses	694	5,175	-	-	5,869
Defined benefit plans	52,098	(5,705)	(758)	-	45,635
Payables for annual leave	4,316	(23)	-	-	4,293
Exchange differences on translating the financial statements of foreign operations	-	-	8,093	-	8,093
Others	3,463	(1,914)	(152)	-	1,397
	81,036	(10,601)	7,183	(76)	77,542
Operating loss carryforwards	22,721	(22,721)	-	-	-
	$ 103,757	$ (33,222)	$ 7,183	$ (76)	$ 77,542
Deferred tax liabilities					
Temporary differences					
Exchange differences on translating the financial statements of foreign operations	$ 6,526	$ -	$ (6,526)	$ -	$ -
Differences on depreciation between finance and tax	705	(201)	-	-	504
Reserve for land revaluation increment tax	143,860	-	-	-	143,860
Others	327	282	-	-	609
	$ 151,418	$ 81	$ (6,526)	$ -	$ 144,973

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for inventory valuation	$ 1,357	$ 5,628	$ -	$ 4	$ 6,989
Allowance for impaired receivables	13,084	525	-	(133)	13,476
Unrealized foreign exchange losses	3,315	(2,621)	-	-	694
Defined benefit plans	102,444	(54,415)	4,069	-	52,098
Payables for annual leave	3,287	1,029	-	-	4,316
Deferred revenue	456	(74)	-	-	382
Others	1,522	1,341	218	-	3,081
	125,465	(48,587)	4,287	(129)	81,036
Operating loss carryforwards	4,081	18,578	-	62	22,721
	$ 129,546	$ (30,009)	$ 4,287	$ (67)	$ 103,757
Deferred tax liabilities					
Temporary differences					
Exchange differences on translating foreign operations	$ 16,741	$ -	$ (10,215)	$ -	$ 6,526
Differences on depreciation between finance and tax	596	109	-	-	705
Reserve for land revaluation increment tax	143,860	-	-	-	143,860
Others	205	122	-	-	327
	$ 161,402	$ 231	$ (10,215)	$ -	$ 151,418

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31 2019	December 31 2018
Loss carryforwards		
Expiry in 2019	$ -	$ 299,375
Expiry in 2020	157,042	157,042
Expiry in 2021	139,745	139,745
Expiry in 2022	62,532	62,532
Expiry in 2023	124,213	127,554
Expiry in 2024	124,693	-
	$ 608,225	$ 786,248
Deductible temporary differences		
Share of loss of subsidiaries accounted for using the equity method	$ 526,696	$ 613,981
Impairment loss of property, plant and equipment	59,756	-
Allowance for inventory valuation	-	26,186
Others	4,917	2,030
	$ 591,369	$ 642,197

f. Income tax assessments

The income tax returns of the Company through 2016 has been assessed by the tax authorities.

g. Income tax related to subsidiaries

1) TTC (BVI) had no income tax expense due to the relevant tax exemptions in compliance with the regulations of the location where it was established, except for a paid tax expense to receive the share dividends from earnings of TTC (TJ) in 2012.

2) TTC (ZS) and TTC (TJ), both located in mainland China, use the applicable income tax rate of 25%.

28. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2019	**2018**
Basic earnings per share	$ 1.19	$ 0.62
Diluted earnings per share	$ 1.19	$ 0.62

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 2, 2019. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2018 are as follows:

	Before Retrospective Adjustment	**After Retrospective Adjustment**
Basic earnings per share	$ 0.63	$ 0.62
Diluted earnings per share	$ 0.63	$ 0.62

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

Net Profit for the Year

	For the Year Ended December 31	
	2019	**2018**
Earnings used in the computation of basic earnings per share and diluted earnings per share	$ 397,977	$ 207,973

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31	
	2019	**2018**
Weighted average number of ordinary shares used in the computation of basic earnings per share	334,205	334,205
Effect of potentially dilutive ordinary shares:		
Employees' compensation issued to employees	454	317
Weighted average number of ordinary shares used in the computation of diluted earnings per share	334,659	334,522

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, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt and equity.

The senior management of the Group regularly reviews the Group's capital structure. The review includes the consideration of the cost of various types of capital and related risks. The Group balances its overall capital structure by paying dividends, borrowing new debt or repaying old debt, based on the recommendations of the senior management.

30. FINANCIAL INSTRUMENTS

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

The Group's management believes that the carrying amount of financial assets and financial liabilities that are not measured at fair value approximates their fair value. Otherwise, the fair value cannot be measured appropriately.

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	$ -	$ 2,923	$ -	$ 2,923
Beneficiary securities	291,549	-	-	291,549
Mutual funds	12,000	-	-	12,000
Equity instrument investment				
Foreign unlisted shares	-	-	-	-
	$ 303,549	$ 2,923	$ -	$ 306,472
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	$ 209,272	$ -	$ -	$ 209,272
Domestic unlisted shares	-	-	27	27
Foreign unlisted shares	-	-	6	6
	$ 209,272	$ -	$ 33	$ 209,305

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 390	$ -	$ 390
Beneficiary securities	253,829	-	-	253,829
Mutual funds	150,000	-	-	150,000
Equity instrument investment				
Foreign unlisted shares	-	-	-	-
	$ 403,829	$ 390	$	$ 404,219
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	$ 179,808	$ -	$ -	$ 179,808
Domestic unlisted shares	-	-	473	473
Foreign unlisted shares	-	-	2,555	2,555
	$ 179,808	$ -	$ 3,028	$ 182,836

There were no transfers between Levels 1 and 2 for the years ended December 31, 2019 and 2018.

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

Financial assets at FVTOCI - equity instruments

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 3,028	$ 5,080
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	823	(975)
Proceeds from capital reduction (Note 8)	(3,827)	(1,185)
Net exchange differences	9	108
Balance at December 31	$ 33	$ 3,028

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

To determine the fair value for Level 3 financial instruments, the Group's investment department conducts independent fair value verification using external resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. For unlisted domestic equity investments, the Group utilizes the asset approach and takes 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. The unobservable input used was a discount for the lack of marketability of 15% on December 31, 2018 and 2019.

c. Categories of financial instruments

	December 31	
	2019	**2018**
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 306,472	$ 404,219
Financial assets at amortized cost (1)	3,581,393	3,657,394
Financial assets at FVTOCI		
Equity instruments	209,305	182,836
Financial liabilities		
Financial liabilities at FVTPL		
Financial liabilities measured at amortized cost (2)	3,043,006	4,114,945

1) The balance includes financial assets at amortized cost, which includes cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties and excluding VAT refund receivables) and pledged deposits.

2) The balance includes financial liabilities at amortized cost, which includes short-term and long-term loans, short-term bills payable, accounts payable (including related parties) and other payables (including related parties and excluding payables for taxes).

d. Financial risk management objectives and policies

The Group's conduct of risk controlling and hedging strategy is influenced by the operational environment. The Group monitors and manages the financial risk by business nature and risk dispersion.

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 operating activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risk.

There had 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 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 is regulated by the policies passed by the Group's board of directors. Internal auditors focus on reviewing the observance of the policies and the quota of risk exposures. The trade of derivative financial instruments that the Group engaged in was not for speculation purposes.

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

Sensitivity analysis

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency against U.S. dollars, the net income before tax for the years ended December 31, 2019 and 2018 would have decreased/increased by $32,810 thousand and $28,571 thousand, respectively.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign currency risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Group was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Group's management regularly monitors the fluctuations on market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Group's interest rates more closely approach market rates in response to the interest rate risk.

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

	December 31	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ 736,632	$ 42,201
Financial liabilities	1,878,997	1,871,560
Cash flow interest rate risk		
Financial assets	588,856	662,828
Financial liabilities	370,000	1,153,239

Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Group are not included in the analysis as they are all measured at amortized cost. For floating rate assets and liabilities, the analysis was prepared assuming that the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 point fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by $1,094 thousand and decreased/increased by $2,452 thousand, respectively.

c) Other price risk

The Group was exposed to price risk through its investments in domestic listed shares, foreign and domestic unlisted shares, beneficiary securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a specific team to monitor price risk.

Sensitivity analysis

The Group's sensitivity analysis focuses on securities price risks at the end of the reporting period. If securities prices had been 5% higher/lower, the net profit before tax for the year ended December 31, 2019 and 2018 would have increased/decreased by $15,177 thousand and $20,191 thousand as a result of the changes in fair value of financial assets at FVTPL, respectively. The other comprehensive income before tax for the year ended December 31, 2019 and 2018 would have increased/decreased by $10,465 thousand and $9,142 thousand, as a result of the changes in fair value of financial assets at FVTOCI, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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 to and credit ratings for its counterparties are continuously monitored.

The counterparties of the Group's accounts receivable included numerous clients distributed over a variety of areas, and were not centered on a single client or location. Furthermore, the Group continuously assesses the financial condition of its clients, and then the Group's credit risk was limited. As at the end of the reporting period, the Group's largest exposure of credit risk approximates to the carrying amount of financial assets.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and bank loan facilities 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 was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2019

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 856,822	$ 15,628	$ -
Lease liabilities	1.100	5,013	20,052	30,078
Floating interest rate liabilities	0.987	120,000	250,000	-
Fixed interest rate liabilities	1.646	1,077,082	750,000	-
		$ 2,058,917	$ 1,035,680	$ 30,078

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
Lease liabilities	$ 5,013	$ 20,052	$ 25,065	$ 5,013

December 31, 2018

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years
Non-derivative financial liabilities			
Non-interest bearing liabilities		$ 1,101,155	$ 16,035
Floating interest rate liabilities	1.563	153,239	1,000,000
Fixed interest rate liabilities	2.022	1,871,560	-
		$ 3,125,954	$ 1,016,035

b) 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:

	December 31	
	2019	2018
Bank loan facilities		
Amount unused	$ 4,604,993	$ 4,176,198

31. TRANSACTIONS WITH RELATED PARTIES

As of December 31, 2019 and 2018, USI Corporation held indirectly 36.79% of the Company's outstanding ordinary shares.

Balances and transactions between the Company and its subsidiaries 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 party names and categories

Related Party	Related Party Category
USI Corporation ("USI")	Parent company
China General Plastics Corporation	Associate
Continental General Plastics (Zhongshan) Co., Ltd.	Associate
CGPC Consumer Products Corporation	Associate
CGPC Polymer Corporation	Associate
Taiwan VCM Corporation ("TVCM")	Associate
China General Terminal & Distribution Co. ("CGTD")	Associate
Acme Electronics Corp.	Associate
Asia Polymer Corporation ("APC")	Fellow subsidiary
USI Trading (Shanghai) Co., Ltd.	Fellow subsidiary
USI International Corporation	Fellow subsidiary
Swanson Plastics Corp.	Fellow subsidiary
Swanson Plastics (Kunshan) Co., Ltd.	Fellow subsidiary
USI Management Consulting Corp. ("UM")	Fellow subsidiary
Taiwan United Venture Management Corporation	Fellow subsidiary
USIG (Shanghai) Co., Ltd.	Fellow subsidiary
INOMA Corporation	Fellow subsidiary
USI Education Foundation ("USIF")	Other related party

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31 2019	2018
Fellow subsidiary	$ 50,658	$ 104,456
Parent company	16,500	17,276
Associate	-	260
	$ 67,158	$ 121,992

The Group's credit period of sales of goods to related parties was from 30 days to 90 days after delivering the products. The sales of goods between the Group and its related parties had no material differences from those of general sales transactions.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2019	2018
Associate	$ 2,963	$ 2,341
Fellow subsidiary	188	267
	$ 3,151	$ 2,608

The average credit period on purchases of goods from related parties was 30 days after acceptance. The purchases of goods between the Group and its related parties had no material differences from those of general purchase transactions.

d. Receivables from related parties (excluding loans to related parties)

Related Party Category/Name	December 31 2019	2018
Fellow subsidiary	$ 8,668	$ 31,162
Parent company	726	1,714
	$ 9,394	$ 32,876

The outstanding accounts receivable from related parties were unsecured. No impairment loss was recognized.

e. Payables to related parties (excluding loans from related parties)

Related Party Category/Name	December 31 2019	2018
Associate	$ 822	$ 325
Fellow subsidiary	-	65
	$ 822	$ 390

The outstanding accounts payable from related parties are not overdue and not guaranteed.

f. Other transactions with related parties

1) Rental income (classified as other income, see Notes 16 and 26)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Associate		
CGTD	$ 20,501	$ 23,303
TVCM	9,635	9,647
	30,136	32,950
Parent company	1,681	1,690
Fellow subsidiary	263	268
	$ 32,080	$ 34,908

2) Rental expenses (classified as operating costs, selling and marketing expenses and general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Parent company		
USI	$ 5,478	$ 5,478
Fellow subsidiary		
APC	2,142	8,399
Associate	216	88
	$ 7,836	$ 13,965

The Group leased offices in Neihu from USI. The rental was paid on a monthly basis. The Group leased offices and parking spaces in Neihu, land in Linyuan from APC. The rentals were set according to the actual rental area and paid on a monthly basis.

3) Lease arrangements

Related Party Category/Name	December 31, 2019
Lease liabilities - current	
Fellow subsidiary	
APC	$ 4,464
Lease liabilities - non-current	
Fellow subsidiary	
APC	$ 47,451

Related Party Category/Name	For the Year Ended December 31, 2019
Lease expense	
Fellow subsidiary	
APC	$ 5,013
Interest expense	
Fellow subsidiary	
APC	$ 597

The Group leased land in Linyuan from APC. The rental was paid on a monthly basis.

4) Storage tank operating expenses (classified as operating costs)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Associate		
CGTD	$ 17,664	$ 13,258

The Group appointed CGTD to handle the storage tank operating procedures of styrene monomer and butadiene, such as transportation, storage and loading. The storage tank operating expenses were paid on a monthly basis.

5) Management service revenue (classified as other revenue)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Parent company		
USI	$ 1,039	$ 27

6) Management service expenses (classified as general and administrative expenses and other gains and losses)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Fellow subsidiary		
UM	$ 52,063	$ 54,816
Others	120	120
	52,183	54,936
Parent company		
USI	352	1,117
	$ 52,535	$ 56,053

The related contracts stated that the fellow subsidiary and parent company should provide labor support, equipment and other related services to the Group, and the service expenses were based on the actual quarterly expenses.

7) Donation (classified as administrative expenses)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Other related party		
USIF	$ 1,000	$ 1,000

8) Other expenses (classified as operating costs)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Associate	$ 1,925	$ 2,002

9) Acquisitions of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31 2019	2018
Parent company	$ 1,427	$ -
Fellow subsidiary	-	694
	$ 1,427	$ 694

10) Commission expense

Related Party Category/Name	For the Year Ended December 31 2019	2018
Fellow subsidiary	$ 206	$ -

11) Other receivables from related parties

Related Party Category/Name	December 31 2019	2018
Associate	$ 6,723	$ 3,473
Parent company	892	362
Fellow subsidiary	120	83
	$ 7,735	$ 3,918

Other receivables included disbursement fee and management service receivables.

12) Other payables to related parties

Related Party Category/Name	December 31 2019	2018
Associate	$ 6,269	$ 4,850
Fellow subsidiary	707	758
Parent company	647	1,579
	$ 7,623	$ 7,187

Other payables included storage tank operating expense payables, rental expense payable and the allocation of service department costs payables.

g. Compensation of key management personnel

	For the Year Ended December 31 2019	2018
Salaries and others	$ 18,281	$ 20,460
Post-employment benefits	216	216
	$ 18,497	$ 20,676

The remuneration of directors and key executives of the Company was determined by the remuneration committee based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as collateral for line of credit borrowings, the tariffs of imported raw materials and good guarantees and borrowing credit amounts (Notes 9, 14, 15, 16, 18 and 19):

	December 31 2019	December 31 2018
Pledged deposits		
Classified as financial assets at amortized cost - current	$ -	$ 91,636
Pledged time deposits		
Classified as financial assets at amortized cost - current	3,000	3,000
Classified as other assets - non-current	16,352	16,201
Property, plant and equipment, net	492,468	501,140
Investment properties, net	108,178	108,178
Land use rights		
Prepayments for leases	-	23,652
Right-of-use assets	21,932	-
	$ 641,930	$ 743,807

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. As of December 31, 2019 and 2018, unused letters of credit amounted to approximately $95,690 thousand and $463,979 thousand, respectively.

b. Contingencies

China General Terminal & Distribution Corporation ("CGTD"), the associate, was commissioned to operate LCY Chemical Corp.'s propene pipeline that resulted in a gas explosion on July 31, 2014. The first instance judgment of the criminal procedures was reached on May 11, 2018. Three employees of CGTD were each sentenced to four years and six months of imprisonment, and CGTD assisted the employees to appeal to the judge. The second instance judgment will be reached on April 24, 2020.

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

As for the victims, CGTD, LCY Chemical Corp. and Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims' families on July 17, 2015. Each victim's family received $12,000 thousand, and the compensation was $384,000 thousand in total, which was paid by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims' families and the signing of the settlement agreement on behalf of the three parties.

As for the seriously injured victims, CGTD, LCY Chemical Corp. and Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and the signing of the settlement agreement on behalf of the three parties with the 64 seriously injured victim's families.

As of February 27, 2020, the families of the victims and seriously injured victims wrote letters or filed civil (and criminal) procedures against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan for compensation. To minimize the lawsuit costs, CGTD already settled the original claims of $26,890 thousand, and the amount of the settlement was $4,019 thousand. Along with the cases still under litigation and the above-mentioned compensation, the accumulated amount of compensation was $3,876,234 thousand. Some related civil cases with a total amount of compensation of $1,196,808 thousand were granted their first instance judgment as of June 22, 2018, and the proportion of fault liability of Kaohsiung City Government, LCY Chemical Corp. and CGTD was 4:3:3. The total amount of compensation that LCY Chemical Corp., CGTD and the other defendants should pay is about $388,503 thousand, among which $6,194 thousand CGTD was exempted from and among which $191,155 thousand was estimated to be the portion of compensation that CGTD should afford according to the judgment of the first instance. CGTD has appealed in the civil cases which were announced but were not settled and entered into the second instance. With regard to the above-mentioned compensation, CGTD estimated and recognized an amount of $136,375 thousand based on its fault liability in the first instance judgment. The actual payment of CGTD depends on the judgment of the civil procedures of the remaining civil cases.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group' 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 of Foreign and Functional Currencies

	December 31, 2019				
	Foreign Currency	**Exchange Rate**		**Functional Currency**	**NTD**
Foreign currency assets					
Monetary items					
USD	$ 53,883	29.9800	(USD:NTD)	$ 1,615,425	$ 1,615,425
RMB	2,023	4.2975	(RMB:NTD)	8,692	8,692
HKD	854	3.8490	(HKD:NTD)	3,288	3,288
RMB	286	0.1433	(RMB:USD)	41	1,230
					$ 1,628,635
Non-monetary items					
Derivative instruments					
USD	13,000	29.9800	(USD:NTD)	2,923	$ 2,923
Foreign currency liabilities					
Monetary items					
USD	8,087	29.9800	(USD:NTD)	242,433	$ 242,433
USD	9,317	6.9762	(USD:RMB)	64,999	279,335
					$ 521,768

Unit: In Thousands of Foreign and Functional Currencies

	December 31, 2018				
	Foreign Currency	Exchange Rate		Functional Currency	NTD
Foreign currency assets					
Monetary items					
USD	$ 55,418	30.7150	(USD:NTD)	$ 1,702,157	$ 1,702,157
RMB	7,065	4.4753	(RMB:NTD)	31,616	31,616
USD	828	6.8632	(USD:RMB)	5,683	25,432
HKD	558	3.9210	(HKD:NTD)	2,189	2,189
RMB	285	0.1457	(RMB:USD)	42	1,277
					$ 1,762,671
Non-monetary items					
Derivative instruments					
USD	6,000	30.7150	(USD:NTD)	390	$ 390
Foreign currency liabilities					
Monetary items					
USD	10,584	30.7150	(USD:NTD)	325,102	$ 325,102
USD	14,655	6.8632	(USD:RMB)	100,578	450,120
					$ 775,222

The unrealized and realized foreign exchange gains and losses were a loss of $48,001 thousand and a gain of $21,625 thousand for the years ended December 31, 2019 and 2018, respectively. Due to the numerous foreign currency transactions and functional currencies of each individual entity of the Group, foreign exchange gains and losses cannot be disclosed on the respective significant foreign currency.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held (not including investment subsidiary and affiliated companies). (Table 3)

4) Marketable securities acquired and 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)

10) Intercompany relationships and significant intercompany transactions. (Table 9)

11) Information on investees. (Table 7)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 9)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Tables 5, 6 and 9)

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, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Tables 1 and 9)

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (None)

d. Intercompany relationships and significant intercompany transaction (Table 9)

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. According to IFRS 8 “Operating Segments”, the Group should disclose the segment information of styrenic products and glasswool products (including cubic printing products).

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments.

For the Year Ended December 31, 2019

	Styrenic Products	Glasswool Products (Including Cubic Printing Products)	Total
Segment revenue	$ 17,138,595	$ 533,609	$ 17,672,204
Segment income	$ 485,967	$ 28,698	$ 514,665
Other revenue			76,647
Other gains and losses			(15,851)
Share of profit of associates			33,834
Finance costs			(51,091)
Profit before income tax			$ 558,204

For the Year Ended December 31, 2018

	Styrenic Products	Glasswool Products (Including Cubic Printing Products)	Total
Segment revenue	$ 21,135,560	$ 548,142	$ 21,683,702
Segment income	$ 242,515	$ 35,103	$ 277,618
Other revenue			64,920
Other gains and losses			34,813
Share of profit of associates			9,250
Finance costs			(55,349)
Profit before income tax			$ 331,252

The above of revenue reported is generated by trading with external customers. There were no inter-departmental transactions in 2019 and 2018.

Segment profit represents the profit before tax earned by each segment without allocation of central administrative expenses and directors' salaries, the share of profit of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of financial instruments, foreign exchange gain or loss, valuation gain or loss on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Because the segment information reported to the chief operating decision maker didn't include assets and liabilities of individual segments, the operating segment assets and liabilities are not disclosed.

b. Other segment information

	Depreciation and Amortization For the Year Ended December 31	
	2019	**2018**
Styrenic products	$ 183,099	$ 177,101
Glasswool products (including cubic printing products)	26,898	21,914
	$ 209,997	$ 199,015

c. Revenue from major products

The following is an analysis of the Group's revenue from continuing operations from its major products.

	For the Year Ended December 31	
	2019	**2018**
EPS	$ 8,270,713	$ 11,000,761
ABS	5,413,836	6,183,426
GPS	3,431,778	3,917,573
Glasswool products	469,400	459,466
Cubic printing products	64,209	88,676
IPS	22,268	33,800
	$ 17,672,204	$ 21,683,702

d. Geographical information

The amounts of the Group's revenue from continuing operations from external customers and non-current assets by location are detailed below.

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2019	**2018**	**2019**	**2018**
Asia	$ 15,783,846	$ 19,325,187	$ 2,375,116	$ 2,526,716
USA	967,247	1,226,229	-	-
Africa	510,037	672,667	-	-
Europe	69,821	129,345	-	-
Others	341,253	330,274	-	-
	$ 17,672,204	$ 21,683,702	$ 2,375,116	$ 2,526,716

Non-current assets included property, plant and equipment, right of use assets, investment assets, intangible assets, and prepayments for leases.

e. Major customers

No single customer contributed 10% or more to the Group's revenue for both 2019 and 2018.

TABLE 1

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

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 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)
													Item	Value		
1	Taita Chemical (Zhongshan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	$ 859,500 (RMB 200,000 thousand)	$ 236,363 (RMB 55,000 thousand)	$ 64,463 (RMB 15,000 thousand)	5.22	b	$ -	Operating capital	$ -	-	$ -	$ 2,287,806	$ 2,287,806

Note 1: The total amount of lending to the Company for funding for a short-term period shall not exceed 40% of the net worth of the Company. As of December 31, 2019, the Company did not loan funds to anyone and has no financing provided to others.

Note 2: The total amount of financing provided by Taita Chemical (Zhongshan) Co., Ltd. to others collectively and to any individual entity shall not exceed 40% of its net worth. However, the total amount of its financing provided to any subsidiary which is wholly-owned by the Company shall not exceed 100% of the recently audited net worth of the Company as audited by an independent auditor. As December 31, 2019, the audited net worth of Taita Chemical (Zhongshan) Co., Ltd. is RMB532,361 thousand.

Note 3: The alphabetic indications for the nature of financing are described as follows:

a. Business and trade.
b. Shot-term financing.

Note 4: The foreign currency amount is calculated based on the spot exchange rate as of December 31, 2019.

Note 5: The amount was eliminated upon consolidation and based on audited financial statements.

TABLE 2

TAITA CHEMICAL CO., LTD. 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 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
		Name	Relationship										
0	Taita Chemical Co., Ltd.	Taita (BVI) Holding Co., Ltd.	100% voting shares directly owned by the Company	$ 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	Yes	No	No
		Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares indirectly owned by the Company	6,449,645	214,875 (RMB 50,000 thousand)	214,875 (RMB 50,000 thousand)	-	-	5.00	6,449,645	Yes	No	Yes
		Taita Chemical (Tianjin) Co., Ltd.	100% voting shares indirectly owned by the Company	6,449,645	449,700 (US$ 15,000 thousand)	-	-	-	-	6,449,645	Yes	No	Yes

Note 1: The foreign currency amount is calculated based on the spot exchange rate as of December 31, 2019.

Note 2: The maximum total endorsement/guarantee shall not exceed 150% of the equity attributable to owners of the Company. The maximum of endorsement/guarantee was calculated based on the equity of the Company as of December 31, 2019.

The maximum total endorsement/guarantee shall not exceed 200% of the equity attributable to owners of the entities. The maximum of endorsement/guarantee was calculated based on the equity of the Company as of December 31, 2019.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARY 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	The Highest Number of Shares in the Year	
Taita Chemical Co., Ltd.	Ordinary shares								
	USI Corporation	Parent company	Financial assets at FVTOCI - non-current	15,109,901	$ 209,272	1.27	$ 209,272	15,109,901	Note 1
	Harbinger Venture Capital Corp.	-	〃	990	27	0.50	27	990	Notes 3 and 5
	Beneficiary securities								
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at FVTPL - current	4,900,000	86,730	-	86,730	4,900,000	Note 1
	Cathay No. 2 Real Estate Investment Trust Fund	-	〃	2,500,000	42,750	-	42,750	2,500,000	Note 1
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	〃	4,000,000	71,200	-	71,200	4,000,000	Note 1
	Fubon No. 2 Real Estate Investment Trust Fund	-	〃	6,580,000	90,869	-	90,869	6,600,000	Note 1
	Mutual funds								
	Jih Sun Money Market Fund	-	Financial assets at FVTPL - current	806,582	12,000	-	12,000	5,935,961	Note 2
Taita (BVI) Holding Co., Ltd.	Shares								
	Budworth Investment Ltd. - ordinary shares	-	Financial assets at FVTOCI - non-current	20,219	6 (US$ - thousand)	2.22	6 (US$ - thousand)	20,219	Notes 3 and 5
	Teratech Corporation - ordinary shares	-	Financial assets at FVTPL - non-current	112,000	-	0.72	-	112,000	Note 4
	Sohoware Inc. - preference shares	-	〃	100,000	-	-	-	100,000	Note 4

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

Note 2: Fair value was based on the carrying amount as of December 31, 2019.

Note 3: The Group utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value.

Note 4: As of December 31, 2019, the Group evaluates the fair value of the equity instrument as $0.

Note 5: Harbinger and Budworth, the investees, announced a reduction of capital by returning cash in January 2019. The Company received $505 thousand and $3,322 thousand according to its ownership percentage, respectively.

TABLE 4

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount (Note)	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount (Note)
Taita Chemical Co., Ltd.	Mutual funds													
	UPAMC James Bond Money Market Fund	Financial assets at (FVTPL) - current	-	-	-	$ -	21,619,782	$ 362,000	21,619,782	$ 362,046	$ 362,000	$ 46	-	$ -
	Jih Sun Money Market Fund	〃	-	-	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	〃	-	-	-	-	41,838,136	567,000	41,838,136	567,099	567,000	99	-	-

Note: The original investment amount is shown without adjustments for fair values.

TAITA CHEMICAL CO., LTD. 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)

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 Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	Subsidiary	Sales	$ (828,965) (US$ 26,819 thousand)	(6.78)	30 days	Note	Note	Accounts receivable from related parties $ 57,615 (US$ 1,922 thousand)	3.91	-

Note: The amount was eliminated upon consolidation and based on audited financial statements.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	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 Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Subsidiary	Other receivables 279,325 (US$ 9,317 thousand) (Note 1)	-	$ -	-	$ -	$ -

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

Note 2: The amount is not received in the subsequent period means the collection made from January 1, 2020 to March 5, 2020.

Note 3: The amount was eliminated upon consolidation and based on audited financial statements.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note 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 (Note 2)
	China General Plastics Corporation	Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	10,445,510	1.98	163,528	642,678	12,738	Investments accounted for using the equity method
	China General Terminal & Distribution Co.	Taiwan	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 Corp.	Taiwan	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	Taiwan	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) Corp.	Cayman Islands	Reinvestment	50,967 (US$ 1,700 thousand)	50,967 (US$ 1,700 thousand)	2,695,619	5.39	64,517 (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: The amount was eliminated upon consolidation and based on audited financial statements.

Note 3: Investments in mainland China are included in Table 8.

TAITA CHEMICAL CO., LTD. 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	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. (“TTC (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) (Note 6)	$ 2,287,806 (US$ 76,311 thousand) (Note 6)	$ -
Taita Chemical (Tianjin) Co., Ltd. (“TTC (TJ)”)	Production 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) (Note 6)	(121,241) (US$ 4,044 thousand) (Note 6)	-
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
$ 2,109,213 (US$ 70,354 thousand)	$ 2,273,003 (US$ 75,817 thousand) (Note 3)	$ - (Note 4)

Note 1: TTC (ZS) resolved to issue share dividends of US$3,250 thousand in 2007.

Note 2: TTC (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 TTC (ZS), US$1,350 thousand from TTC (TJ) and US$802 thousand from ACME (KS).

Note 4: According to the Letter No. 10820415160 issued by the Ministry of Economic Affairs 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 basis for investment income (loss) recognition is from financial statements audited and attested by the parent company’s ROC-based CPA.

Note 6: The amount was eliminated upon consolidation and based on audited financial statements.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Direction of Transaction by Relationship	Transactions Details			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% of Total Sales or Assets (Note 1)
0	Taita Chemical Co., Ltd.	Taita (BVI) Holding Co., Ltd.	The Company to subsidiary	Other receivables from related parties	$ 288	-	-
		Taita Chemical (Zhongshan) Co., Ltd.	The Company to subsidiary	Operating revenue	828,965	-	4.69
				Accounts receivables from related parties	57,615	-	0.72
		Taita Chemical (Tianjin) Co., Ltd.	The Company to subsidiary	Other receivables from related parties	279,325	-	3.49
						-	
1	Taita (BVI) Holding Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	The Company to subsidiary	Other payables from related parties	4,497	-	0.06
2	Taita Chemical (Zhongshan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Subsidiary to subsidiary	Other receivables to related parties	64,967	-	0.81
				Operating cost	17,213	-	0.10
				Interest income	8,253	-	0.05
				Rental income	110	-	-

Note 1: For assets and liabilities, the amount is shown as a percentage of the consolidated total assets as of December 31, 2019, while revenue, costs and expenses are shown as a percentage of the consolidated revenues for the year ended December 31, 2019.

Note 2: The amount was eliminated upon consolidation and based on audited financial statements.

V. The Most Recent Year's Standalone Financial Statements Audited and Attested by CPAs

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taita Chemical Co., Ltd.

Opinion

We have audited the accompanying financial statements of Taita Chemical Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and 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 identified in the Company's financial statements for the year ended December 31, 2019 are stated as follows:

Allowance for Impairment Loss of Accounts Receivable

As of December 31, 2019, the carrying amount of notes and accounts receivable were NT$1,473,529 thousand (i.e., the gross amount of notes and accounts receivable of NT$1,527,498 thousand with a deduction of allowances for impairment of NT$53,969 thousand) which accounted for 21% of the total assets. The Company's estimation of expected credit loss is based on customers' credit quality, the Company's historical experience, existing market conditions and forward looking estimates. The estimation of expected credit loss involves critical judgment and estimation uncertainty. Thus, we identified the estimation of allowance for impairment loss of notes and accounts receivable as one of the key audit matters.

For the significant accounting policies and critical accounting judgments and key sources of estimation uncertainty related to the estimation of allowance for impairment loss of accounts receivable, refer to Notes 4, 5 and 10 to the consolidated financial statements.

We performed the corresponding audit procedures, for the estimation of allowance for impairment loss of accounts receivable, as follows:

1. We understood and evaluated the Company's internal control procedures on the allowance for impairment loss of accounts receivable.

2. We evaluated the reasonableness of classification and allowance percentage for credit losses, which were assumed by the management's judgment on customers' credit quality, aging schedule of notes and accounts receivable and the amount overdue. We sampled and inspected the aging schedule of notes and accounts receivable to verify the correctness and reasonableness of the computation, and we also compared the distribution of the aging schedule of notes and accounts receivable between the current year and the previous year.

3. We examined the amounts written off during the current year and the previous year and also checked the amounts received in the subsequent period to evaluate the recoverability of accounts receivable.

Estimation of Inventory Write-downs

As of December 31, 2019, the carrying amount of inventory was NT$546,083 thousand (i.e., the gross amount of inventory was NT$550,284 thousands with a deduction of inventory valuation allowance of NT$4,201 thousands) and was accounted for 8% of the total assets.

Inventories of the Company are stated on the lower of cost or net realizable value. The net realizable value is subject to price fluctuations of styrene monomer. With volatile oil prices worldwide, such valuation of inventory requires significant judgment from management. Thus, we identified inventory write-downs as one of the key audit matters.

For accounting policies and critical accounting judgments and key sources of estimation uncertainty related to the estimation of inventory write-downs, refer to Notes 4, 5 and 11 to the financial statements.

The main audit procedures that we performed in respect of the inventory write-downs included the following:

1. We understood and evaluated the reasonableness of the Company's policy and methods of the allowance for loss of inventory.

2. We obtained the evaluation documents of the allowance for loss on inventory from management. We sampled and inspected the latest inventory quotations or sales invoices to verify the basis and appropriateness of the management's evaluation.

3. We observed the year-end inventory and we confirmed the inventory status and evaluated the reasonableness of the allowance for loss of inventory.

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditors' 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 and appropriate audit evidence regarding the financial information of 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 statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsiu-Chun Huang and Cheng-Chun Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 2020

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

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.

TAITA CHEMICAL CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 89,730	1	$ 83,628	1
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	306,472	4	404,219	6
Financial assets at amortized cost - current (Notes 4, 9 and 30)	3,000	-	3,000	-
Notes receivable (Notes 4 and 10)	28,859	-	53,235	1
Accounts receivable (Notes 4, 5 and 10)	1,377,661	20	1,489,787	20
Accounts receivable from related parties (Notes 4, 5, 10 and 29)	67,009	1	155,423	2
Other receivables (Notes 4 and 10)	61,195	1	100,376	1
Other receivables from related parties (Notes 4, 10 and 29)	287,197	4	176,832	2
Current tax assets (Note 25)	2,560	-	2,560	-
Inventories (Notes 4, 5 and 11)	546,083	8	659,525	9
Prepayments	60,396	1	57,943	1
Other current assets	98	-	315	-
Total current assets	2,830,260	40	3,186,843	43
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	209,299	3	180,281	3
Investments accounted for using the equity method (Notes 5 and 12)	1,907,096	27	1,870,001	25
Property, plant and equipment (Notes 13, 17, 29 and 30)	1,836,939	26	1,934,916	26
Right-of-use assets (Notes 3, 4, 14 and 29)	50,813	1	-	-
Investment properties (Notes 15, 17 and 30)	108,178	2	108,178	2
Other intangible assets (Note 16)	7,448	-	9,668	-
Deferred tax assets (Notes 5 and 25)	73,866	1	95,492	1
Other non-current assets (Note 30)	23,738	-	23,580	-
Total non-current assets	4,217,377	60	4,222,116	57
TOTAL	$ 7,047,637	100	$ 7,408,959	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 420,000	6	$ 1,080,000	15
Short-term bills payable (Note 17)	-	-	20,000	-
Accounts payable (Note 18)	606,900	9	632,911	9
Accounts payable from related parties (Notes 18 and 29)	822	-	390	-
Other payables (Note 19)	230,027	3	228,144	3
Other payables from related parties (Note 29)	7,623	-	6,978	-
Current tax liabilities (Note 25)	34,467	1	1,181	-
Lease liabilities - current (Notes 3, 4, 14 and 29)	4,464	-	-	-
Refund liabilities - current (Note 20)	909	-	806	-
Other current liabilities	18,695	-	31,919	-
Total current liabilities	1,323,907	19	2,002,329	27
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13, 15, 17 and 30)	1,000,000	14	1,000,000	13
Deferred tax liabilities (Note 25)	144,973	2	151,418	2
Lease liabilities - non-current (Notes 3, 4, 14 and 29)	47,451	1	-	-
Net defined benefit liabilities - non-current (Note 21)	229,914	3	262,226	4
Other non-current liabilities	1,629	-	1,029	-
Total non-current liabilities	1,423,967	20	1,414,673	19
Total liabilities	2,747,874	39	3,417,002	46
EQUITY (Notes 3 and 22)				
Share capital	3,342,048	48	3,276,518	44
Capital surplus	810	-	779	-
Retained earnings				
Legal reserve	42,017	1	21,220	-
Special reserve	308,061	4	308,061	4
Unappropriated earnings	647,893	9	402,112	6
Total retained earnings	997,971	14	731,393	10
Other equity	(41,066)	(1)	(16,733)	-
Total equity	4,299,763	61	3,991,957	54
TOTAL	$ 7,047,637	100	$ 7,408,959	100

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

TAITA CHEMICAL CO., LTD.

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

	2019		2018	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 4, 20, 23 and 29)	$ 12,219,221	100	$ 14,943,406	100
COST OF GOODS SOLD (Notes 11, 14, 15, 21, 24 and 29)	11,320,955	92	14,252,749	95
GROSS PROFIT	898,266	8	690,657	5
UNREALIZED (GAIN) LOSS ON TRANSACTIONS WITH SUBSIDIARIES	(1,123)	-	1,852	-
OPERATING EXPENSES (Notes 10, 21, 24 and 29)				
Selling and marketing expenses	449,986	4	454,722	3
General and administrative expenses	118,102	1	126,781	1
Research and development expenses	25,048	-	23,077	-
Total operating expenses	593,136	5	604,580	4
PROFIT FROM OPERATIONS	304,007	3	87,929	1
NON-OPERATING INCOME AND EXPENSES (Notes 7, 12, 15, 24 and 29)				
Other income	54,048	-	59,031	-
Other gains and losses	3,067	-	77,890	1
Share of profit of subsidiaries and associates	124,044	1	56,112	-
Finance costs	(24,191)	-	(27,567)	-
Total non-operating income and expenses	156,968	1	165,466	1
PROFIT BEFORE INCOME TAX	460,975	4	253,395	2
INCOME TAX EXPENSE (Note 25)	62,998	1	45,422	-
NET PROFIT FOR THE YEAR	397,977	3	207,973	2

(Continued)

TAITA CHEMICAL CO., LTD.

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**	**%**
OTHER COMPREHENSIVE LOSS (Notes 8, 12, 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 3,785	-	$ 10,196	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	29,523	-	(63,510)	(1)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method - unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6,121	-	(19,748)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method - remeasurement of defined benefit plans	(312)	-	619	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(910)	-	4,287	-
	38,207	-	(68,156)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(73,095)	-	(65,846)	-
Share of the other comprehensive loss of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	(1,349)	-	(486)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	14,619	-	10,215	-
	(59,825)	-	(56,117)	-
Other comprehensive loss for the year, net of income tax	(21,618)	-	(124,273)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 376,359	3	$ 83,700	1
EARNINGS PER SHARE (Note 26)				
Basic	$ 1.19		$ 0.62	
Diluted	$ 1.19		$ 0.62	

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

TAITA CHEMICAL CO., LTD.

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

	Share Capital - Ordinary (Note 22)		Capital Surplus (Note 22)			Retained Earnings (Notes 21 and 22)				Other Equity (Note 22)				
	Shares (In Thousands)	Amount	Long-term Equity Investment	Unpaid Dividends	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
BALANCE AT JANUARY 1, 2018	327,652	$ 3,276,518	$ 469	$ -	$ 469	$ -	$ 308,061	$ 197,920	$ 505,981	$ (78,384)	$ 200,966	$ -	$ 122,582	$ 3,905,550
Effect of retrospective application	-	-	-	-	-	-	-	2,555	2,555	-	(200,966)	200,808	(158)	2,397
BALANCE AT JANUARY 1, 2018 AS RESTATED	327,652	3,276,518	469	-	469	-	308,061	200,475	508,536	(78,384)	-	200,808	122,424	3,907,947
Appropriation of 2017 earnings														
Legal reserve	-	-	-	-	-	21,220	-	(21,220)	-	-	-	-	-	-
Changes in capital surplus	-	-	14	296	310	-	-	-	-	-	-	-	-	310
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	-	207,973	207,973	-	-	-	-	207,973
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	14,884	14,884	(56,117)	-	(83,040)	(139,157)	(124,273)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	222,857	222,857	(56,117)	-	(83,040)	(139,157)	83,700
BALANCE AT DECEMBER 31, 2018	327,652	3,276,518	483	296	779	21,220	308,061	402,112	731,393	(134,501)	-	117,768	(16,733)	3,991,957
Effect of retrospective application	-	-	-	-	-	-	-	(3,054)	(3,054)	-	-	-	-	(3,054)
BALANCE AT JANUARY 1, 2019 AS RESTATED	327,652	3,276,518	483	296	779	21,220	308,061	399,058	728,339	(134,501)	-	117,768	(16,733)	3,988,903
Appropriation of 2018 earnings														
Legal reserve	-	-	-	-	-	20,797	-	(20,797)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(65,530)	(65,530)	-	-	-	-	(65,530)
Share dividends distributed by the Company	6,553	65,530	-	-	-	-	-	(65,530)	(65,530)	-	-	-	-	-
Changes in capital surplus	-	-	31	-	31	-	-	-	-	-	-	-	-	31
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	397,977	397,977	-	-	-	-	397,977
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	2,715	2,715	(59,825)	-	35,492	(24,333)	(21,618)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	400,692	400,692	(59,825)	-	35,492	(24,333)	376,359
BALANCE AT DECEMBER 31, 2019	334,205	$ 3,342,048	$ 514	$ 296	$ 810	$ 42,017	$ 308,061	$ 647,893	$ 997,971	$ (194,326)	$ -	$ 153,260	$ (41,066)	$ 4,299,763

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

TAITA CHEMICAL CO., LTD.

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		
Profit before income tax	$ 460,975	$ 253,395
Adjustments for:		
Depreciation expenses	164,841	148,845
Amortization expenses	2,220	3,167
Expected credit loss	672	547
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(40,844)	(22,937)
Finance costs	24,191	27,567
Interest income	(9,963)	(8,672)
Dividend income	(4,617)	(4,444)
Share of profit of subsidiaries and associates	(124,044)	(56,112)
Loss on disposal of property, plant and equipment	8	368
(Reversal of) write-down of inventories	(21,019)	17,679
Unrealized gain (loss) on the transactions with subsidiaries	1,123	(1,852)
Recognition of refund liabilities	7,535	10,493
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	138,591	(75,796)
Notes receivable	24,376	(15,306)
Accounts receivable	104,022	(29,153)
Accounts receivable from related parties	88,414	(92,551)
Other receivables	39,180	(37,832)
Other receivables from related parties	(110,365)	(11,233)
Inventories	134,461	222,233
Prepayments	(2,453)	23,770
Other current assets	217	581
Accounts payable	(26,011)	(605,680)
Accounts payable from related parties	432	(105)
Other payables	12,091	(20,836)
Other payables from related parties	645	(1,407)
Other current liabilities	(13,224)	20,417
Net defined benefit liabilities	(28,527)	(331,925)
Cash generated from (used in) operations	822,927	(586,779)
Interest received	9,964	8,670
Interest paid	(24,810)	(27,039)
Income tax paid	(822)	(56,284)
Net cash generated from (used in) operating activities	807,259	(661,432)

(Continued)

TAITA CHEMICAL CO., LTD.

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

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	$ 505	$ 1,185
Payments for property, plant and equipment	(71,870)	(135,185)
Increase in refundable deposits	(158)	(403)
Payments for intangible assets	-	(1,767)
Dividends received	19,683	19,071
Net cash used in investing activities	(51,840)	(117,099)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(660,000)	960,000
Decrease in short-term bills payable	(20,000)	(170,000)
Proceeds from long-term borrowings	850,000	3,400,000
Repayments of long-term borrowings	(850,000)	(3,400,000)
Repayment of the principal portion of lease liabilities	(4,416)	-
Increase (decrease) in other non-current liabilities	600	(451)
Cash dividends	(65,501)	-
Net cash (used in) generated from financing activities	(749,317)	789,549
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,102	11,018
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	83,628	72,610
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 89,730	$ 83,628

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

1. GENERAL INFORMATION

Taita Chemical Co., Ltd. (the "Company") was established and began operations in April 1960. The Company designs, develops, and sells chemical products like EPS, ABS and PS plastic resins. Other products include SAN resins, glasswool and cubic printing, all of which are widely used in consumer-oriented and industrial applications. The Company's parent company is USI Corporation, which held indirectly 36.79% of the ordinary shares of the Company as of December 31, 2019 and 2018. USI Corporation has operational control over the Company.

The ordinary shares of the Company has been listed on the Taiwan Stock Exchange since 1986.

The functional currency of the Company is the New Taiwan dollar, and the financial statements are presented in the Company's functional currency.

2. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Company's board of directors on March 5, 2020.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the 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. 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 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 were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights in China were recognized as prepayments for leases. 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 is 1.1%. The difference between the lease liabilities recognized and 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	$ 78,604
Less: Recognition exemption for short-term leases	(18,411)
Less: Recognition exemption for leases of low-value assets	(36)
Undiscounted amounts on January 1, 2019	$ 60,157
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 56,331
Lease liabilities recognized on January 1, 2019	$ 56,331

The Company as lessor

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

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Right-of-use assets	$ -	$ 55,433	$ 55,433
Investments accounted for using the equity method	1,870,001	(2,156)	1,867,845
Total effect on assets	$ 1,870,001	$ 53,277	$ 1,923,278
Lease liabilities - current	$ -	$ 4,416	$ 4,416
Lease liabilities - non-current	-	51,915	51,915
Total effect on liabilities	$ -	$ 56,331	$ 56,331
Retained earnings	$ 402,112	$ (3,054)	$ 399,058
Total effect on equity	$ 402,112	$ (3,054)	$ 399,058

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. 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 with the amounts attributable to the owners of the Company in its 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 associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, 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 Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

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

For the purpose of presenting financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

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 or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

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.

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.

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 a 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.

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

g. Investments in associates

An associate is an entity over which the Company has significant influence and that is not a subsidiary.

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

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company’s share of the equity of associates attributable to Company.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company'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 Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

When a Company entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent that the interests in the associate are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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

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

j. Intangible assets

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

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

k. Impairment of tangible and intangible assets

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 smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

l. 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 the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, pledged financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such a financial asset; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when 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 reverse repurchase agreements collateralized by bonds which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it 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 at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. 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 (ECLs) with the respective risks of a 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 purpose, if any internal or external information shows that the debtor is unlikely to pay its creditors, the Company determines that a financial asset is in default (without taking into account any collateral held by the Company).

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

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. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

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

3) 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.

m. Revenue recognition

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

<u>Revenue from the sale of goods</u>

Revenue from the sale of goods comes from sales of PS, ABS, SAN, glasswool products, plastic raw materials and the related processed products. The sale of goods above is recognized as revenue when goods are delivered to a customer because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

n. Leasing

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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.

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

2) The 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, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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. 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 future lease payments resulting from 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.

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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.

o. 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

According to the Income Tax Law, an additional tax at 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 to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each 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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical 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.

２. Kay Sources of Estimated Uncertainty

a. Estimated impairment of financial trade receivables

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company’s historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

c. Impairment of tangible and intangible assets

The impairment of tangible and intangible assets is based on the impact of plastic industry and the recoverable amounts of those assets, which is the higher of their fair values less costs of disposal and their values in use. Any changes in the market prices or future cash flows will affect the recoverable amounts of those assets and may lead to recognition of additional impairment losses or reversals of impairment losses.

d. Income taxes

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.

e. Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

f. Associate's estimated damage compensation for Kaohsiung gas explosions

The associate, China General Terminal & Distribution Corporation ("CGTD"), should recognize a provision for civil damaged compensation caused by the Kaohsiung gas explosion. Management considers the progress of the relevant civil/criminal proceedings and settlements, and estimates the amount of the provision according to legal advice. However, the actual result probably differ from the current estimation.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	**2018**
Cash on hand and petty cash	$ 659	$ 709
Checking accounts and demand deposits	65,986	57,919
Cash equivalents		
Time deposits	23,085	-
Reverse repurchase agreements collateralized by bonds	-	25,000
	$ 89,730	$ 83,628

The market rate of cash equivalents at the end of the reporting period were as follows:

	December 31	
	2019	2018
Time deposits	1.46%	-
Reverse repurchase agreements collateralized by bonds	-	0.53%

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

	December 31	
	2019	2018
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 2,923	$ 390
Non-derivative financial assets		
Beneficiary securities	291,549	253,829
Mutual funds	12,000	150,000
	303,549	403,829
	$ 306,472	$ 404,219

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

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2019			
Sell	USD/NTD	2020.01.13-2020.03.19	USD13,000/NTD393,051
December 31, 2018			
Sell	USD/NTD	2019.01.15-2019.03.14	USD6,000/NTD184,171

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

The net gain arising from financial assets at FVTPL for the years ended December 31, 2019 and 2018 was $53,674 thousand and $40,536 thousand, respectively. The net loss arising from financial liabilities at FVTPL for the years ended December 31, 2019 and 2018 was $3,686 thousand and $8,442 thousand, respectively.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2019	**2018**
Investments in equity instruments at FVTOCI		
Domestic investments		
Listed shares		
Ordinary shares - USI Corporation	$ 209,272	$ 179,808
Unlisted shares		
Ordinary shares - Harbinger Venture Capital Corp. ("HARBINGER") (a)	27	473
	$ 209,299	$ 180,281

a. HARBINGER, the investee, announced a reduction of capital by returning cash in January 2019 and April 2018. The Company received $505 thousand and $1,185 thousand, respectively, according to its ownership percentage.

b. 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.

9. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31	
	2019	**2018**
Pledged time deposits	$ 3,000	$ 3,000

The interest rate for the pledged time deposits was from 0.62% to 0.94% as at the end of the reporting period.

Refer to Note 30 for information related to the pledged financial assets at amortized cost.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2019	**2018**
Notes receivable (a)		
Notes receivable - operating	$ 28,859	$ 53,235

(Continued)

	December 31	
	2019	2018
Accounts receivable (a)		
Amortized cost		
Gross carrying amount	$ 1,431,630	$ 1,543,084
Less: Allowance for impairment loss	(53,969)	(53,297)
	$ 1,377,661	$ 1,489,787
Accounts receivable from related parties (a) (Note 29)	$ 67,009	$ 155,423
Other receivables (b)		
VAT refund receivables	$ 61,160	$ 100,257
Others	35	119
	$ 61,195	$ 100,376
Other receivables from related parties (Note 29)	$ 287,197	$ 176,832

(Concluded)

a. Notes receivable and accounts receivable

In the average credit period of sales of goods is between 30 and 90 days. No interest is charged on 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. For part of the accounts receivable, the Company entered into a credit insurance contract or obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. 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. Before accepting new customers, the Company takes client evaluation results generated by the internal system into consideration to measure the potential customer's credit quality and define the customer's credit limit. Customer credit limits and ratings are reviewed periodically. In this regard, the management believes the Company is credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the 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 in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's allowance matrix.

December 31, 2019

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ 2,244	$ 195,006	$ 98,233	$ 1,232,015	$ 1,527,498
Loss allowance (Lifetime ECL)	-	-	(455)	(53,514)	(53,969)
Amortized cost	$ 2,244	$ 195,006	$ 97,778	$ 1,178,501	$ 1,473,529

December 31, 2018

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ -	$ 259,391	$ 105,473	$ 1,386,878	$ 1,751,742
Loss allowance (Lifetime ECL)	-	-	(547)	(52,750)	(53,297)
Amortized cost	$ -	$ 259,391	$ 104,926	$ 1,334,128	$ 1,698,445

The movements of the loss allowance of accounts receivable were as follows:

	2019	2018
Balance at January 1	$ 53,297	$ 53,290
Add: Net remeasurement of loss allowance	672	547
Less: Amounts written off	-	(540)
Balance at December 31	$ 53,969	$ 53,297

The aging of receivables (including related parties) was as follows:

	December 31	
	2019	2018
Not past due	$ 1,456,939	$ 1,687,704
Past due within 60 days	16,056	11,270
Past due over 60 days	54,503	52,768
	$ 1,527,498	$ 1,751,742

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

As of December 31, 2019 and 2018, no single customer's receivables exceeded 10% of the total amount of all receivables.

The concentration of credit risk is limited because the Company's customer base is vast and unrelated to each other.

b. Other receivables

As of December 31, 2019 and 2018, the Company assessed the impairment loss of other receivables using expected credit losses.

11. INVENTORIES

	December 31	
	2019	2018
Finished goods	$ 212,065	$ 305,427
Work in progress	39,414	92,470
Raw materials	135,623	242,786
Production supplies	15,990	18,842
Inventory in transit	142,991	-
	$ 546,083	$ 659,525

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018, was $11,320,955 thousand and $14,252,749 thousand, respectively.

The cost of goods sold included reversal of inventory write-down of $21,019 thousand, which resulted from inventory closeout, and write-down of $17,679 thousand for the years ended December 31, 2019 and 2018, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in subsidiaries (a)	$ 1,454,115	$ 1,440,314
Investments in associates (b)	452,981	429,687
	$ 1,907,096	$ 1,870,001

a. Investments in subsidiaries

	December 31	
	2019	2018
Non-listed company		
Taita (BVI) Holding Co., Ltd. ("TTC (BVI)")	$ 1,454,115	$ 1,440,314

			Proportion of Ownership	
			December 31	
Investor	Investee	Nature of Activities	2019	2018
The Company	TTC (BVI)	Reinvestment	100%	100%

The management suspended the production temporarily on April 2019 as a result of the reduction in demand of EPS, which is the main product of Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)") in the local market. TAITA (TJ) determined the recoverable amount of the property, plant and equipment, including right-of-use assets, on the basis of their fair values less costs of disposal. The review led TAITA (TJ) to recognize an impairment loss of $60,265 thousand, which was recognized in the share of profit or loss of subsidiaries for the year ended December 31, 2019.

The investments in subsidiaries accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2019 and 2018 were based on the subsidiaries' financial statements audited by auditors for the same years.

b. Investments in associates

	December 31	
	2019	**2018**
Investments in associates that are not individually material		
Listed company		
China General Plastics Corporation ("CGPC")	$ 163,528	$ 165,982
Acme Electronics Corp. ("ACME")	30,423	34,003
Unlisted shares		
China General Terminal & Distribution Co. ("CGTD")	257,584	228,250
Thintec Materials Corporation ("TMC")	1,446	1,452
	$ 452,981	$ 429,687

Aggregate information of associates that are not individually material as follows:

	For the Year Ended December 31	
	2019	**2018**
The Company's share of:		
Profit from continuing operations	$ 36,759	$ 370
Other comprehensive (loss) income	3,696	(19,014)
Total comprehensive (loss) income for the year	$ 40,455	$ (18,644)

The proportion of the Company's ownership and voting right of the associates were as follows:

	December 31	
Name of Associate	**2019**	**2018**
CGPC	1.98%	1.98%
ACME	2.43%	2.44%
CGTD	33.33%	33.33%
TMC	10.00%	10.00%

Refer to Table 7 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the associates.

The Company with its affiliates jointly held more than 20% of the shareholdings of CGPC, ACME and TMC and had significant influence over each entity. Therefore, the Company adopted the equity method to evaluate the above investments.

TMC had no actual production and sales activities in the recent year. Therefore, on April 12, 2019, the board of directors of TMC had approved the proposal for dissolution and liquidation of the company starting from the dissolution date of May 25, 2019. TMC had not completed the process of liquidation as of December 31, 2019.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

	December 31	
Name of Associate	**2019**	**2018**
CGPC	$ 217,267	$ 220,963
ACME	$ 54,451	$ 59,119

The investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2019 and 2018 were based on the associates' financial statements which have been audited for the same years.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings Improvements	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost							
Balance at January 1, 2018	$ 634,432	$ 859,662	$ 3,652,485	$ 25,764	$ 307,819	$ 133,613	$ 5,613,775
Additions	-	-	-	-	-	136,479	136,479
Disposals	-	(625)	(155,225)	(2,226)	(12,444)	-	(170,520)
Internal transfers	-	2,261	216,132	2,013	5,263	(225,669)	-
Balance at December 31, 2018	$ 634,432	$ 861,298	$ 3,713,392	$ 25,551	$ 300,638	$ 44,423	$ 5,579,734
Accumulated depreciation and impairment							
Balance at January 1, 2018	$ -	$ 569,970	$ 2,789,417	$ 25,055	$ 281,683	$ -	$ 3,666,125
Disposals	-	(625)	(154,857)	(2,226)	(12,444)	-	(170,152)
Depreciation expenses	-	23,474	115,137	950	9,284	-	148,845
Balance at December 31, 2018	$ -	$ 592,819	$ 2,749,697	$ 23,779	$ 278,523	$ -	$ 3,644,818
Carrying amounts at December 31, 2018	$ 634,432	$ 268,479	$ 963,695	$ 1,772	$ 22,115	$ 44,423	$ 1,934,916
Cost							
Balance at January 1, 2019	$ 634,432	$ 861,298	$ 3,713,392	$ 25,551	$ 300,638	$ 44,423	$ 5,579,734
Additions	-	-	-	-	-	62,252	62,252
Disposals	-	(1,138)	(20,316)	(797)	(4,962)	-	(27,213)
Internal transfers	-	4,920	80,373	-	2,901	(88,194)	-
Balance at December 31, 2019	$ 634,432	$ 865,080	$ 3,773,449	$ 24,754	$ 298,577	$ 18,481	$ 5,614,773
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 592,819	$ 2,749,697	$ 23,779	$ 278,523	$ -	$ 3,644,818
Disposals	-	(1,138)	(20,316)	(797)	(4,954)	-	(27,205)
Depreciation expenses	-	23,183	128,680	497	7,861	-	160,221
Balance at December 31, 2019	$ -	$ 614,864	$ 2,858,061	$ 23,479	$ 281,430	$ -	$ 3,777,834
Carrying amounts at December 31, 2019	$ 634,432	$ 250,216	$ 915,388	$ 1,275	$ 17,147	$ 18,481	$ 1,836,939

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

Buildings	
Factories	20, 30, 35, 40 and 55 years
Office and laboratories	26 to 35 years
Storage rooms	20 to 25 years
Storage tank rooms	8 to 20 years
Others	2 to 9 years
Machinery and equipment	
Environmental protection equipment	15 to 20 years
Monitoring equipment	11 to 15 years
Storage tank and pipeline systems	10 to 15 years
Production and packaging equipment	8 to 15 years
Power systems	7 to 15 years
Others	2 to 8 years
Transportation equipment	5 to 15 years
Other equipment	2 to 15 years

Property, plant and equipment pledged as collateral for bank borrowing are set out in Notes 17 and 30.

14. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 50,813

	For the Year Ended December 31, 2019
Depreciation charge for right-of-use assets	
Land	$ 4,620

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 4,464
Non-current	$ 47,451

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	1.1%

The Company leases land in Linyuan to build factory from related party. When rental period ends, the Company has no bargain purchase price option for the land leased. Transactions with related parties are set out in Notes 29.

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment are set out in Notes 15.

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 12,272
Expenses relating to low-value asset leases	$ 6
Total cash outflow for leases	$ 17,291

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

15. INVESTMENT PROPERTIES

	December 31	
	2019	2018
Land	$ 108,178	$ 108,178

Management was unable to reliably measure the fair value of investment properties located in Qianzhen District, Xingbang Section and Linyuan Industrial Park, because the fair value for comparable properties is inactive and alternative reliable measurements of fair value are not available. Therefore, the Company concluded that the fair value of the investment properties is not reliably measurable.

The property located in Qianzhan District has been leased to CGTD. The rental was $1,628 thousand per month, which is based on the actual usable area. Refer to Notes 24 and 29.

Part of above investment properties pledged as collateral for bank borrowing are set out in Notes 17 and 30.

16. INTANGIBLE ASSETS

	December 31	
	2019	2018
Carrying amount by function		
Information systems	$ 647	$ 1,266
Design expenses for factories	6,801	8,402
	$ 7,448	$ 9,668

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

Information systems	3 to 5 years
Design expenses for factories	10 years

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Unsecured borrowings		
Line of credit borrowings	$ 420,000	$ 1,080,000

The interest rate and range of interest rates on line of credit borrowings was 0.86%-0.90% and 0.90%-0.98% per annum as of December 31, 2019 and 2018, respectively.

b. Short-term bills payable

	December 31	
	2019	2018
Commercial paper	$ -	$ 20,000
Less: Unamortized discount on bills payable	-	-
	$ -	$ 20,000

Outstanding short-term bills payables were as follows:

December 31, 2018

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Taiwan Finance Corporation	$ 20,000	$ -	$ 20,000	0.70%

c. Long-term borrowings

	December 31	
	2019	2018
Secured borrowings	$ 600,000	$ 900,000
Unsecured borrowings	400,000	100,000
	$ 1,000,000	$ 1,000,000

The range of weighted average effective interest rates on long-term borrowings were as following:

	December 31	
	2019	2018
Secured borrowings	1.06%	1.10%-1.15%
Unsecured borrowings	1.05%-1.06%	1.15%

The Company entered into a long-term financing contract with Chang Hwa Commercial Bank for 5 years to increase working capital. The contract was extended to June 2022 with a credit limit of $1,000,000 thousand, which is used cyclically during the validity period. The Company provided property located in Qianzhen District pledged as collateral (refer to Notes 13, 15 and 30). As of December 31, 2019, the Company has borrowed $750,000 thousand.

The Company entered into a long-term financing contract with O-Bank for 3 years. The contract was extended to October 2020 with a credit limit of $300,000 thousand, which is used cyclically during the validity period. As of December 31, 2019, the Company has not borrowed.

The Company entered into 3-year a long-term financing contract with KGI Bank. The contract was extended to May 2022 with a credit limit of $300,000 thousand, which is used cyclically during the validity period. As of December 31, 2019, the Company has borrowed $250,000 thousand.

18. ACCOUNTS PAYABLE

	December 31	
	2019	2018
Accounts payable (including related parties)		
Operating (Note 29)	$ 607,722	$ 633,301

The average payment period for the Company's accounts payable is between 30 and 45 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER PAYABLES

	December 31	
	2019	2018
Payables for salaries or bonuses	$ 106,433	$ 98,453
Payables for transportation fees	47,722	47,225
Payables for utilities	29,007	25,677
Payables for professional service expenses	9,440	8,896
Payables for purchases of equipment	8,551	18,169
Payables for insurance	8,064	8,885
Payables for taxes	2,358	1,798
Others	18,452	19,041
	$ 230,027	$ 228,144

20. REFUND PROVISIONS

	December 31	
	2019	2018
Customer returns and rebates	$ 909	$ 806

Refund liability are as follows:

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 806	$ 1,179
Additional refund liabilities recognized	7,535	10,493
Usage	(7,432)	(10,866)
Balance at December 31	$ 909	$ 806

The refund provision is based on management's judgments and other known reasons for which estimated product returns and rebates may occur for the year ended. The provision is recognized as a reduction of operating income in the periods in which the related goods are sold.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries over the 6 months before retirement. Since November 1986, the Company contributed a specific rate (currently 12%) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2019	2018
Present value of defined benefit obligation	$ 632,201	$ 686,667
Fair value of plan assets	(402,287)	(424,441)
Net defined benefit liabilities	$ 229,914	$ 262,226

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2018	$ 722,583	$ (118,236)	$ 604,347
Service cost			
Current service cost	6,369	-	6,369
Net interest expense (income)	7,103	(1,191)	5,912
Recognized in profit or loss	13,472	(1,191)	12,281
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,388)	(4,388)
Actuarial (gain) loss			
Changes in demographic assumptions	282	-	282
Changes in financial assumptions	6,398	-	6,398
Experience adjustments	(12,488)	-	(12,488)
Recognized in other comprehensive income	(5,808)	(4,388)	(10,196)
Contributions from the employer	-	(342,035)	(342,035)
Benefits paid	(43,580)	41,409	(2,171)
Balance at December 31, 2018	$ 686,667	$ (424,441)	$ 262,226
Balance at January 1, 2019	$ 686,667	$ (424,441)	$ 262,226
Service cost			
Current service cost	5,298	-	5,298
Net interest expense (income)	5,875	(3,695)	2,180
Recognized in profit or loss	11,173	(3,695)	7,478
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(12,831)	(12,831)
Actuarial (gain) loss			
Changes in financial assumptions	11,265	-	11,265
Experience adjustments	(2,219)	-	(2,219)
Recognized in other comprehensive income	9,046	(12,831)	(3,785)
Contributions from the employer	-	(36,005)	(36,005)
Benefits paid	(74,685)	74,685	-
Balance at December 31, 2019	$ 632,201	$ 402,287	$ 229,914

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2019	2018
Operating costs	$ 5,938	$ 9,768
Selling and marketing expenses	745	1,293
General and administrative expenses	514	819
Research and development expenses	281	401
	$ 7,478	$ 12,281

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 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%	0.875%
Expected rate of salary increase	2.250%	2.250%

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

	December 31	
	2019	**2018**
Discount rate		
0.25% increase	$ (11,264)	$ (12,702)
0.25% decrease	$ 11,600	$ 13,091
Expected rate of salary increase		
0.25% increase	$ 11,213	$ 12,686
0.25% decrease	$ (10,947)	$ (12,374)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely changes in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Company expects to make contributions of $23,000 thousand and $26,000 thousand to the defined benefit plans in the next year starting from December 31, 2019 and 2018, respectively. The weighted average duration of the defined benefit obligation are 7.3 and 7.6 years, respectively.

22. EQUITY

a. Ordinary shares

	December 31	
	2019	2018
Number of shares authorized (in thousands)	400,000	327,652
Shares authorized	$ 4,000,000	$ 3,276,518
Number of shares issued and fully paid (in thousands)	334,205	327,652
Shares issued and fully paid	$ 3,342,048	$ 3,276,518

The ordinary shares issued have a denomination of $10 per share. Each share carries the rights to vote and receive dividends.

b. Capital surplus

Capital surplus arising from the issuance of ordinary shares (including share premiums) and donated capital 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 transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Capital surplus arising from unpaid dividends due to overdue may be used to offset a deficit only. Capital surplus arising from investments in subsidiaries and associates accounted for using the equity method may not be used for any purpose.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 24-g.

According to the provisions of the Company's Articles, the Company in order to take R&D needs and diversification of operations into consideration, dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable earnings for the current year is less than $0.1 per share, it shall not be distributed.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in 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 appropriation of earnings for 2017 was approved in the shareholders' meeting on June 22, 2018. After evaluating the Company's business conditions and operating needs, the decision to offset accumulated deficits of $289,879 thousand with net profit in the amount of $502,079 thousand was excluded and a legal reserve in the amount of $21,220 thousand was appropriated; in accordance with the laws and regulations, no cash dividends or share dividends were distributed.

The appropriations of earnings for 2018, which were approved in the shareholders' meetings on June 24, 2019, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 20,797	$ -
Cash dividends	65,530	0.2
Share dividends	65,530	0.2

The appropriations of earnings for 2019, which were proposed by the Company's board of directors on March 5, 2020, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 39,764	$ -
Cash dividends	100.261	0.3
Share dividends	100.262	0.3

The appropriation of earnings for 2019 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 18, 2020.

d. Special reserve

The Company reserved a special reserve on the first-time adoption of IFRSs as follows:

	December 31	
	2019	2018
Special reserve	$ 308,061	$ 308,061

The Company's amount of unrealized revaluation gain and cumulative adjustments transferred into retained earnings were $279,270 thousand and $160,233 thousand, respectively. The increase in retained earnings arising from the first-time adoption of IFRSs was not sufficient for the special reserve appropriation; thus, the Company appropriated a special reserve in the amount of $308,061 thousand which was the net increase of retained earnings arising from the first-time adoption of IFRSs. As of December 31, 2019, there was no change in the special reserve.

e. Other equity items

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (134,501)	$ (78,384)
Effect of change in tax rate	-	(2,954)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(73,095)	(65,846)
Share from associates accounted for using the equity method	(1,349)	(486)
Related income tax	14,619	13,169
Balance at December 31	$ (194,326)	$ (134,501)

For the purpose of presenting the financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar. The resulting currency translation differences are recognized in other comprehensive income as exchange differences on translating the financial statements of foreign operations in the respective period.

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 117,768	$ 200,808
Effect of change in tax rate	-	15
Recognized for the year		
Unrealized gain (loss) - equity instruments	29,523	(63,510)
Share from associates accounted for using the equity method	6,121	(19,748)
Related income tax	(152)	203
Balance at December 31	$ 153,260	$ 117,768

23. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Revenue from sale of goods	$ 12,219,221	$ 14,943,406

Refer to Note 4 for description related to contracts with customers.

24. NET PROFIT

Net profit includes the following:

a. Other income

	For the Year Ended December 31	
	2019	2018
Interest income		
Bank deposits	$ 1,274	$ 1,212
Financial assets at FVTPL (Note 7)	7,057	7,241
Others	1,632	219
	9,963	8,672
Dividend income	4,617	4,444
Rental income - operating lease (Notes 15 and 29)	31,821	34,640
Compensation income	165	3,409
Others	7,482	7,866
	$ 54,048	$ 59,031

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Loss on disposal of property, plant and equipment (Note 13)	$ (8)	$ (368)
Net foreign exchange (losses) gain	(30,041)	63,951
Gain on financial assets at FVTPL (Note 7)	46,617	33,295
Net loss on financial liabilities at FVTPL (Note 7)	(3,686)	(8,442)
Expenses from rental assets	(8,391)	(7,360)
Others	(1,424)	(3,186)
	$ 3,067	$ 77,890

c. Net foreign exchange gains and losses

	For the Year Ended December 31	
	2019	2018
Gross foreign exchange gains	$ 56,559	$ 154,813
Gross foreign exchange losses	(86,600)	(90,862)
Net (loss) gain	$ (30,041)	$ 63,951

d. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ 23,594	$ 27,893
Interest on lease liabilities (Note 29)	597	-
Less: Capitalized interest (included in construction in progress)	-	(326)
	$ 24,191	$ 27,567

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2019	2018
Capitalized interest	$ -	$ 326
Capitalization rate	-	1.105%-1.120%

e. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
Property, plant and equipment (Note 13)	$ 160,221	$ 148,845
Right-of-use assets (Note 14)	4,620	-
Intangible assets (Note 16)	2,220	3,167
	$ 167,061	$ 152,012
An analysis of depreciation by function		
Operating costs	$ 158,815	$ 143,598
Operating expenses	841	1,082
Non-operating income and expenses	5,185	4,165
	$ 164,841	$ 148,845
An analysis of amortization by function		
Operating costs	$ 1,601	$ 1,600
General and administrative expenses	619	1,567
	$ 2,220	$ 3,167

f. Employee benefits expense (Schedule 17)

	For the Year Ended December 31	
	2019	2018
Post-employment benefits (Note 21)		
Defined contribution plans	$ 14,382	$ 12,846
Defined benefit plans	7,478	12,281
	21,860	25,127
Insurance expenses	33,717	34,010
Other employee benefits	456,890	468,928
Total employee benefits expense	$ 512,467	$ 528,065
An analysis of employee benefits expense by function		
Operating costs	$ 408,494	$ 417,312
Operating expenses	103,973	110,753
	$ 512,467	$ 528,065

As of December 31, 2019 and 2018, the number of employees of the Company was 418 and 432, respectively, and the number of directors who did not served concurrently as employees were both 7. The calculation basis was the same as that of employee benefits expense.

g. Employees' compensation and remuneration of directors

According to Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at the rates of no less than 1% and no higher than 1%, respectively. However, the Company's accumulated deficits should be offset in advance. The employees' compensation can be distributed in the form of shares or cash. When the employees of the Company's subsidiaries meet specific requirements they are also entitled to receive compensation in shares or cash. These requirements are set by the board of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018, which were approved by the 2019 and 2018 Company's board of directors on March 5, 2020 and March 6, 2019, respectively, were as follows:

	For the Year Ended December 31			
	2019		2018	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	1%	$ 4,656	1%	$ 2,560
Remuneration of directors	-	$ -	-	$ -

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 is no difference between the actual amount of employees' compensation and remuneration of directors paid and the amount recognized in the financial statements for the year 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.

25. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 30,430	$ -
Income tax on unappropriated earnings	3,678	17,670
Adjustments for prior years	-	125
	34,108	17,795
Deferred tax		
In respect of the current year	28,690	42,287
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(14,681)
Adjustments for prior years	200	21
	28,890	27,627
Income tax expense recognized in profit or loss	$ 62,998	$ 45,422

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

	For the Year Ended December 31	
	2019	2018
Profit before tax	$ 460,975	$ 253,395
Income tax expense calculated at the statutory rate	$ 92,195	$ 50,679
Nondeductible expenses in determining taxable income	177	98
Tax-exempt income	(15,962)	(5,526)
Income tax on unappropriated earnings	3,678	17,670
Unrecognized loss carryforwards	(17,457)	(11,583)
Effect of tax rate changes	-	(14,681)
Adjustments for prior years' tax	200	146
Others	167	8,619
Income tax expense recognized in profit or loss	$ 62,998	$ 45,422

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

As the status of the 2020 appropriation of earnings is uncertain, the potential income tax consequences of the 2019 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
Deferred tax		
Effect of change in tax rate	$ -	$ 3,169
In respect of the current year		
Exchange differences on translating the financial statements of foreign operations	14,619	13,169
Unrealized gain (loss) on financial assets at FVTOCI	(152)	203
Remeasurement on defined benefit plans	(758)	(2,039)
	$ 13,709	$ 14,502

c. Current income tax assets and liabilities

	December 31	
	2019	2018
Current income tax assets		
Tax refund receivables	$ 2,560	$ 2,560
Current income tax liabilities		
Accrued income tax expense	$ 34,467	$ 1,181

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 (Loss)	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation	$ 5,044	$ (4,204)	$ -	$ 840
Allowance for impaired receivables	7,156	583	-	7,739
Loss on supplies	883	(10)	-	873
Defined benefit plans	52,098	(5,705)	(758)	45,635
Payables for annual leave	4,316	(23)	-	4,293
Unrealized foreign exchange losses	694	5,175	-	5,869
Exchange differences on translating the financial statements of foreign operations	-	-	8,093	8,093
Others	2,580	(1,904)	(152)	524
	72,771	(6,088)	7,183	73,866
Operating loss carryforwards	22,721	(22,721)	-	-
	$ 95,492	$ 28,809	$ 7,183	$ 73,866
Deferred tax liabilities				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 6,526	$ -	$ (6,526)	$ -
Differences on depreciation periods between finance and tax	705	(201)	-	504
Reserve for Land Revaluation Increment Tax	143,860	-	-	143,860
Others	327	282	-	609
	$ 151,418	$ 81	$ (6,526)	$ 144,973

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation	$ 1,282	$ 3,762	$ -	$ 5,044
Allowance for impaired receivables	6,295	861	-	7,156
Loss on supplies	777	106	-	883
Defined benefit plans	102,444	(54,415)	4,069	52,098
Payables for annual leave	3,287	1,029	-	4,316
Unrealized foreign exchange losses	3,315	(2,621)	-	694
Others	1,201	1,161	218	2,580
	118,601	(50,117)	4,287	72,771
Operating loss carryforwards	-	22,721	-	22,721
	$ 118,601	$ (27,396)	$ 4,287	$ 95,492
Deferred tax liabilities				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 16,741	$ -	$ (10,215)	$ 6,526
Differences on depreciation periods between finance and tax	596	109	-	705
Reserve for Land Revaluation Increment Tax	143,860	-	-	143,860
Others	205	122	-	327
	$ 161,402	$ 231	$ (10,215)	$ 151,418

e. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31 2019	December 31 2018
Deductible temporary differences		
Share of loss of subsidiaries accounted for using the equity method	$ 526,696	$ 613,981

f. Income tax assessments

The income tax returns of the Company through 2016 has been assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2019	**2018**
Basic earnings per share	$ 1.19	$ 0.62
Diluted earnings per share	$ 1.19	$ 0.62

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 2, 2019. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2018 are as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 0.63	$ 0.62
Diluted earnings per share	$ 0.63	$ 0.62

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

	For the Year Ended December 31	
	2019	**2018**
Earnings used in the computation of basic earnings per share and diluted earnings per share	$ 397,977	$ 207,973

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31	
	2019	**2018**
Weighted average number of ordinary shares used in the computation of basic earnings per share	334,205	334,205
Effect of potentially dilutive ordinary shares:		
Employees' compensation issued to employees	454	317
Weighted average number of ordinary shares used in the computation of diluted earnings per share	334,659	334,522

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, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. CAPITAL MANAGEMENT

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

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

The senior management of the Company regularly reviews the Company's capital structure. The review includes the consideration of the cost of various types of capital and related risks. The Company balances its overall capital structure by paying dividends, borrowing new debt or repaying old debt, based on the recommendations of the senior management.

28. FINANCIAL INSTRUMENTS

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

The Company's management believes that the carrying amount of financial assets and financial liabilities that are not measured at fair value approximates their fair value. Otherwise, the fair value cannot be measured appropriately.

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	$ -	$ 2,923	$ -	$ 2,923
Beneficiary securities	291,549	-	-	291,549
Mutual funds	12,000	-	-	12,000
	$ 303,549	$ 2,923	$ -	$ 306,472
Financial assets at FVTOCI				
Equity instrument investment				
List shares and emerging markets shares	$ 209,272	$ -	$ -	$ 209,272
Unlisted shares	-	-	27	27
	$ 209,272	$ -	$ 27	$ 209,299

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 390	$ -	$ 390
Beneficiary securities	253,829	-	-	253,829
Mutual funds	150,000	-	-	150,000
	$ 403,829	$ 390	$ -	$ 404,219
Financial assets at FVTOCI				
Equity instrument investment				
List shares and emerging markets shares	$ 179,808	$ -	$ -	$ 179,808
Unlisted shares	-	-	473	473
	$ 179,808	$ -	$ 473	$ 180,281

There were no transfers between Levels 1 and 2 for the years ended December 31, 2019 and 2018.

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

Financial assets at FVTOCI - equity instruments

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 473	$ 2,032
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	59	(374)
Proceeds from capital reduction (Note 8)	(505)	(1,185)
Balance at December 31	$ 27	$ 473

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

To determine the fair value for Level 3 financial instruments, the Company's investment department conducts independent fair value verification using external resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. For unlisted domestic equity investments, the Company utilizes the asset approach and takes 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. The unobservable input used was a discount for the lack of marketability of 15% on December 31, 2019 and 2018.

c. Categories of financial instruments

	December 31	
	2019	2018
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 306,472	$ 404,219
Financial assets at amortized cost (1)	1,877,227	1,978,225
Financial assets at FVTOCI		
Equity instruments	209,299	180,281
Financial liabilities		
Financial liabilities at FVTPL		
Held for trading	-	-
Financial liabilities measured at amortized cost (2)	2,156,301	2,867,948

1) The balance includes financial assets at amortized cost, which includes cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties and excluding VAT refund receivables) and other non-current assets (pledged deposits).

2) The balance includes financial liabilities at amortized cost, which includes short-term and long-term loans, short-term bills payable, accounts payable (including related parties) and other payables (including related parties and excluding payables for taxes).

d. Financial risk management objectives and policies

The Company's conduct of risk controlling and hedging strategy is influenced by the operational environment. The Company monitors and manages the financial risk by business nature and risk dispersion.

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 operating activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risk.

There had 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 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 is regulated by the policies passed by the Company's board of directors. Internal auditors focus on reviewing the observance of the policies and the quota of risk exposures. The trade of derivative financial instruments that the Company engaged in was not for speculation purposes.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 32 and of the derivatives exposing the Company to foreign currency risk are set out in Note 7.

Sensitivity analysis

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency against U.S. dollars, the net income before tax for the years ended December 31, 2019 and 2018 would have decreased/increased by $41,189 thousand and $41,312 thousand, respectively.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign currency risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Company was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Company was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Company's management regularly monitors the fluctuations on market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Company's interest rates more closely approach market rates in response to the interest rate risk.

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:

	December 31	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ 40,437	$ 42,201
Financial liabilities	1,101,915	1,100,000
Cash flow interest rate risk		
Financial assets	62,805	52,284
Financial liabilities	370,000	1,000,000

Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Company are not included in the analysis as they are all measured at amortized cost. For floating rate assets and liabilities, the analysis was prepared assuming that the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 point fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2019 and 2018 would have decreased/increased by $1,536 thousand and $4,739 thousand, respectively.

c) Other price risk

The Company was exposed to price risk through its investments in domestic listed shares, beneficiary securities and mutual funds. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed a specific team to monitor price risk.

Sensitivity analysis

The Company's sensitivity analysis focuses on securities price risks at the end of the reporting period. If securities prices had been 5% higher/lower, the net profit before tax for the years ended December 31, 2019 and 2018 would have increased/decreased by $15,177 thousand and $20,191 thousand as a result of the changes in fair value of financial assets at FVTPL, respectively, and the other comprehensive income before tax for the years ended December 31, 2019 and 2018 would have increased/decreased by $10,465 thousand and $9,014 thousand, as a result of the changes in fair value of financial assets at FVTOCI, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets.

b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company provided endorsement guarantees for the borrowings of subsidiaries. The guarantee amounts provided by the Company for endorsements were $1,654,315 thousand and $2,298,085 thousand, respectively, as of December 31, 2019 and 2018. However, according to the expectations on the balance sheet date, it is unlikely that the Company will pay the endorsement guarantees when the endorsee breaches the contract.

The counterparties of the Company's accounts receivable included numerous clients distributed over a variety of areas, and were not centered on a single client or location. Furthermore, the Company continuously assesses the financial condition of its clients, and then the Company's credit risk was limited. As at the end of the reporting period, the Company's largest exposure of credit risk approximates to the carrying amount of financial assets.

3) Liquidity risk

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

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

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest repayment dates. The table was 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

	Weighted Average Interest Rate	**On Demand or Less than 1 Year**	**1-5 Years**	**5+ Years**
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 746,866	$ 15,628	$ -
Lease liabilities	1.100	5,013	20,052	30,078
Floating interest rate liabilities	0.987	120,000	250,000	-
Fixed interest rate liabilities	1.014	300,000	750,000	-
		$ 1,171,879	$ 1,035,680	$ 30,078

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
Lease liabilities	$ 5,013	$ 20,052	$ 25,065	$ 5,013

December 31, 2018

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years
Non-derivative financial liabilities			
Non-interest bearing liabilities		$ 778,957	$ 16,035
Floating interest rate liabilities	1.120	-	1,000,000
Fixed interest rate liabilities	0.935	1,100,000	-
		$ 1,878,957	$ 1,016,035

b) Financing facilities

The Company 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:

	December 31	
	2019	2018
Bank loan facilities		
Amount unused	$ 3,469,920	$ 2,662,860

29. TRANSACTIONS WITH RELATED PARTIES

As of December 31, 2019 and 2018, USI Corporation held indirectly 36.79% of the Company's outstanding ordinary shares.

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

a. Related parties' names and categories

Related Parties	Related Party Category
USI Corporation ("USI")	Parent company
Taita (BVI) Holding Co., Ltd. ("TTC (BVI)")	Subsidiary
Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	Subsidiary
Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)")	Subsidiary
China General Plastics Corporation	Associate
CGPC Polymer Corporation	Associate
Taiwan VCM Corporation ("TVCM")	Associate
China General Terminal & Distribution Co. ("CGTD")	Associate
Acme Electronics Corporation	Associate
Asia Polymer Corp. ("APC")	Fellow subsidiary

(Continued)

Related Parties	Related Party Category
USI Trading (Shanghai) Co., Ltd.	Fellow subsidiary
USI International Corporation	Fellow subsidiary
Swanson Plastics Corporation	Fellow subsidiary
USI Management Consulting Corporation (“UM”)	Fellow subsidiary
Taiwan United Venture Management Corporation	Fellow subsidiary
Usig (Shanghai) Co., Ltd.	Fellow subsidiary
INOMA Corporation	Fellow subsidiary
USI Education Foundation (“USIF”)	Other related party

(Concluded)

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31 2019	2018
Subsidiary		
TTC (ZS)	$ 828,965	$ 1,603,160
Other	-	201,301
	828,965	1,804,461
Fellow subsidiary	50,658	104,456
Parent company	16,500	17,276
Associate	-	260
	$ 896,123	$ 1,926,453

The Company’s credit period of sales of goods to related parties was from 30 days to 90 days after delivering the products. The sales of goods between the Company and its related parties had no material differences from those of general sales transactions.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2019	2018
Associate	$ 2,963	$ 2,341
Fellow subsidiary	188	267
	$ 3,151	$ 2,608

The average credit period on purchases of goods from related parties was 30 days after acceptance. The purchases of goods between the Company and its related parties had no material differences from those of general purchase transactions.

d. Receivables from related parties (excluding loans to related parties)

Related Party Category/Name	December 31 2019	2018
Subsidiary	$ 57,615	$ 122,547
Fellow subsidiary	8,668	31,162
Parent company	726	1,714
	$ 67,009	$ 155,423

The outstanding accounts receivable from related parties were unsecured. No impairment loss was recognized.

e. Payables to related parties (excluding loans from related parties)

Related Party Category/Name	December 31 2019	December 31 2018
Associate	$ 822	$ 325
Fellow subsidiary	-	65
	$ 822	$ 390

The outstanding accounts payable from related parties are not overdue and not guaranteed.

f. Endorsements and guarantees

Related Party Category/Name	December 31 2019	December 31 2018
Subsidiary		
TTC (BVI)	$ 1,439,440	$ 1,613,595
TTC (ZS)	214,875	223,765
TTC (TJ)	-	460,725
	$ 1,654,315	$ 2,298,085

g. Other transactions with related parties

1) Rental income (classified as other income, see Notes 15 and 24)

Related Party Category/Name	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Associate		
CGTD	$ 20,501	$ 23,303
TVCM	9,635	9,647
	30,136	32,950
Parent company	1,681	1,690
	$ 31,817	$ 34,640

2) Rental expenses (classified as operating costs, selling and marketing expenses and general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Parent company		
USI	$ 5,478	$ 5,478
Fellow subsidiary		
APC	2,142	8,399
Associate	216	88
	$ 7,836	$ 13,965

The Company leased offices in Neihu from USI. The rental was paid on a monthly basis. The Company leased offices and parking spaces in Neihu, land in Linyuan from APC. The rentals were set according to the actual rental area and paid on a monthly basis.

3) Lease arrangements

Related Party Category/Name	December 31, 2019
Lease liabilities - current	
Fellow subsidiary	
APC	$ 4,464
Lease liabilities - non-current	
Fellow subsidiary	
APC	$ 47,451

Related Party Category/Name	For the Year Ended December 31, 2019
Lease expense	
Fellow subsidiary	
APC	$ 5,013
Interest expense	
Fellow subsidiary	
APC	$ 597

The Company leased land in Linyuan from APC. The rental was paid on a monthly basis.

4) Storage tank operating expenses (classified as operating costs)

	For the Year Ended December 31	
Related Party Category/Name	2019	2018
Associate		
CGTD	$ 17,664	$ 13,258

The Company appointed CGTD to handle the storage tank operating procedures of styrene monomer and butadiene, such as transportation, storage and loading. The storage tank operating expenses were paid on a monthly basis.

5) Management service revenue (classified as other revenue)

	For the Year Ended December 31	
Related Party Category/Name	2019	2018
Parent company		
USI	$ 1,039	$ 27

6) Management service expenses (classified as general and administrative expenses and other gains and losses)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Fellow subsidiary		
UM	$ 52,063	$ 54,816
Others	120	120
	52,183	54,936
Parent company		
USI	352	1,117
	$ 52,535	$ 56,053

The related contracts stated that the fellow subsidiary and parent company should provide labor support, equipment and other related services to the Company, and the service expenses were based on the actual quarterly expenses.

7) Donation (classified as administrative expenses)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Other related Party		
USIF	$ 1,000	$ 1,000

8) Other expenses (classified as operating costs)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Associate	$ 1,925	$ 2,002

9) Acquisitions of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31 2019	2018
Parent company		
USI	$ 1,427	$ -
Fellow subsidiary	-	694
	$ 1,427	$ 694

10) Commission expense

Related Party Category/Name	For the Year Ended December 31 2019	2018
Fellow subsidiary	$ 206	$ -

11) Other receivables from related parties

	December 31	
Related Party Category/Name	**2019**	**2018**
Subsidiary		
TTC (TJ)	$ 279,325	$ 173,988
Others	288	287
	279,613	174,275
Associate	6,639	2,183
Parent company	892	362
Fellow subsidiary	53	12
	$ 287,197	$ 176,832

Other receivables included raw material receivables, disbursement fee and management service receivables.

12) Other payables to related parties

	December 31	
Related Party Category/Name	**2019**	**2018**
Associate	$ 6,269	$ 4,641
Fellow subsidiary	707	758
Parent company	647	1,579
	$ 7,623	$ 6,978

Other payables included storage tank operating expense payables, rental expense payables and the allocation of service department costs payables.

h. Compensation of key management personnel

	For the Year Ended December 31	
	2019	**2018**
Salaries and others	$ 18,281	$ 20,460
Post-employment benefits	216	216
	$ 18,497	$ 20,676

The remuneration of directors and key executives of the Company was determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as collateral for line of credit borrowings, the tariffs of imported raw materials and good guarantees and borrowing credit amounts (Notes 9, 13, 15 and 17):

	December 31	
	2019	2018
Pledged time deposits		
Classified as financial assets at amortized cost - current	$ 3,000	$ 3000
Classified as other assets - non-current	16,352	16,201
Property, plant and equipment, net	470,371	474,605
Investment properties, net	108,178	108,178
	$ 597,901	$ 601,984

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company were as follows:

a. As of December 31, 2019 and 2018, unused letters of credit amounted to approximately $95,690 thousand and $385,040 thousand, respectively.

b. Contingencies

China General Terminal & Distribution Corporation ("CGTD"), the associate, was commissioned to operate LCY Chemical Corp.'s propene pipeline that resulted in a gas explosion on July 31, 2014. The first instance judgment of the criminal procedures was reached on May 11, 2018. Three employees of CGTD were each sentenced to four years and six months of imprisonment, and CGTD assisted the employees to appeal to the judgment. The second instance judgment will be reached on April 24, 2020.

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

As for the victims, CGTD, LCY Chemical Corp. and Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims' families on July 17, 2015. Each victim's family received $12,000 thousand, and the compensation was $384,000 thousand in total, which was paid by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims' families and the signing of the settlement agreement on behalf of the three parties.

As for the seriously injured victims, CGTD, LCY Chemical Corp. and Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and the signing of the settlement agreement on behalf of the three parties with the 64 seriously injured victim's families.

As of February 27, 2020, the families of the victims and seriously injured victims wrote letters or filed civil (and criminal) procedures against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan for compensation. To minimize the lawsuit costs, CGTD already settled the original claims of $26,890 thousand, and the amount of the settlement was $4,019 thousand. Along with the cases still under litigation and the above-mentioned compensation, the accumulated amount of compensation was $3,876,234 thousand. Some related civil cases with a total amount of compensation of $1,196,808 thousand were granted their first instance judgment as of June 22, 2018, and the proportion of fault liability of Kaohsiung City Government, LCY Chemical Corp. and CGTD was 4:3:3. The total amount of compensation that LCY Chemical Corp., CGTD and the other defendants should pay is about $388,503 thousand, among which $6,194 thousand CGTD was exempted from and among which $191,155 thousand was estimated to be the portion of compensation that CGTD should afford according to the judgment of the first instance. CGTD has appealed in the civil cases which were announced but were not settled and entered into the second instance. With regard to the above-mentioned compensation, CGTD estimated and recognized an amount of $136,375 thousand based on its fault liability in the first instance judgment. The actual payment of CGTD depends on the judgment of the civil procedures of the remaining civil cases.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

Unit: Foreign Currency (In Thousands)

	December 31, 2019		
	Foreign Currency	**Exchange Rate (Dollar; Note)**	**Carrying Amount**
Foreign currency assets			
Monetary items			
USD	$ 53,883	29.9800	$ 1,615,425
RMB	2,023	4.2975	8,692
HKD	854	3.8490	3,288
			$ 1.627.405
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	48,499	29.9800	$ 1,454,115
Derivative instruments			
USD	13,000	29.9800	$ 2,923
Foreign currency liabilities			
Monetary items			
USD	8,087	29.980	$ 242,433

	December 31, 2018		
	Foreign Currency	Exchange Rate (Dollar; Note)	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 55,418	30.7150	$ 1,702,157
RMB	7,065	4.4753	31,616
HKD	558	3.9210	2,189
			$ 1,735,962
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	46,852	30.7150	$ 1,440,314
Derivative instruments			
USD	6,000	30.7150	$ 390
Foreign currency liabilities			
Monetary items			
USD	10,584	30.7150	$ 325,102

Note: The exchange rate represents the number of NT dollars for which one foreign currency could be exchanged.

The unrealized and realized foreign exchange gains and losses were a loss of $30,041 thousand and a gain of $63,951 thousand for the years ended December 31, 2019 and 2018, respectively. Due to the numerous foreign currency transactions and functional currencies of each individual entity of the Company, foreign exchange gains and losses cannot be disclosed on the respective significant foreign currency.

33. 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 (not including investment subsidiary and affiliated companies). (Table 3)

4) Marketable securities acquired and 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)

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:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Note 29)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Tables 5 and 6)

c) The amount of property transactions and the amount of the resultant gains or losses. (None)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (Table 2)

e) The highest balance, 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)

TABLE 1

TAITA CHEMICAL CO., LTD.

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)
													Item	Value		
1	Taita Chemical (Zhongshan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	$ 859,500 (RMB 200,000 thousand)	$ 236,363 (RMB 55,000 thousand)	$ 64,463 (RMB 15,000 thousand)	5.22	b	$ -	Operating capital	$ -	-	$ -	$ 2,287,806	$ 2,287,806

Note 1: The total amount of lending to the Company for funding for a short-term period shall not exceed 40% of the net worth of the Company as audited by an independent auditor. As of December 31, 2019, the Company did not loan funds to anyone and has no financing provided to others.

Note 2: The total amount of financing provided by Taita Chemical (Zhongshan) Co., Ltd. to others collectively and to any individual entity shall not exceed 40% of its net worth. However, the total amount of its financing provided to any subsidiary which is wholly-owned by the Company shall not exceed 100% of the recently audited net worth of the Company as audited by an independent auditor. As December 31, 2019, the audited net worth of Taita Chemical (Zhongshan) Co., Ltd. is RMB532,361 thousand.

Note 3: The alphabetic indications for the nature of financing are described as follows:

a. Business and trade.
b. Shot-term financing.

Note 4: The foreign currency amount is calculated based on the spot exchange rate as of December 31, 2019.

TABLE 2

TAITA CHEMICAL CO., LTD.

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
		Name	Relationship										
0	Taita Chemical Co., Ltd.	Taita (BVI) Holding Co., Ltd.	100% voting shares directly owned by the Company	$ 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	Yes	No	No
		Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares indirectly owned by the Company	6,449,645	214,875 (RMB 50,000 thousand)	214,875 (RMB 50,000 thousand)	-	-	5.00	6,449,645	Yes	No	Yes
		Taita Chemical (Tianjin) Co., Ltd.	100% voting shares indirectly owned by the Company	6,449,645	449,700 (US$ 15,000 thousand)	-	-	-	-	6,449,645	Yes	No	Yes

Note 1: The foreign currency amount is calculated based on the spot exchange rate as of December 31, 2019.

Note 2: The maximum total endorsement/guarantee shall not exceed 150% of the equity attributable to owners of the Company. The maximum of endorsement/guarantee was calculated based on the equity of the Company as of December 31, 2019.

The maximum total endorsement/guarantee shall not exceed 200% of the equity attributable to owners of the entities. The maximum of endorsement/guarantee was calculated based on the equity of the Company as of December 31, 2019.

TAITA CHEMICAL CO., LTD.

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARY 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 Co., Ltd.	Ordinary shares							
	USI Corporation	Parent company	Financial assets at FVTOCI - non-current	15,109,901	$ 209,272	1.27	$ 209,272	Note 1
	Harbinger Venture Capital Corp.	-	〃	990	27	0.50	27	Note 3
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at FVTPL - current	4,900,000	86,730		86,730	Note 1
	Cathay No. 2 Real Estate Investment Trust Fund	-	〃	2,500,000	42,750		42,750	Note 1
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	〃	4,000,000	71,200		71,200	Note 1
	Fubon No. 2 Real Estate Investment Trust Fund	-	〃	6,580,000	90,869		90,869	Note 1
	Mutual funds							
	Jih Sun Money Market Fund	-	Financial assets at FVTPL - current	806,582	12,000		12,000	Note 2
Taita (BVI) Holding Co., Ltd.	Shares							
	Budworth Investment Ltd. - ordinary shares	-	Financial assets at FVTOCI - non-current	20,219	6 (US$ - thousand)	2.22	6 (US$ - thousand)	Notes 3 and 5
	Teratech Corporation - ordinary shares	-	Financial assets at FVTPL - non-current	112,000		0.72		Note 4
	Sohoware Inc. - preference stock	-	〃	100,000				Note 4

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

Note 2: Fair value was based on the carrying amount as of December 31, 2019.

Note 3: The Company utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value.

Note 4: As of December 31, 2019, the Company evaluates the fair value of the equity instrument as $0.

Note 5: Harbinger and Budworth, the investees, announced a reduction of capital by returning cash in January 2019. The Company received $505 thousand and $3,322 thousand according to its ownership percentage, respectively.

TABLE 4

TAITA CHEMICAL CO., LTD.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount (Note)	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount (Note)
Taita Chemical Co., Ltd.	Mutual funds													
	UPAMC James Bond Money Market Fund	Financial assets at (FVTPL) - current	-	-	-	$ -	21,679,782	$ 362,000	21,619,782	$ 362,046	$ 362,000	$ 46	-	$ -
	Jih Sun Money Market Fund	〃	-	-	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	〃	-	-	-	-	41,838,136	567,000	41,838,136	567,099	567,000	99	-	-

Note: The original investment amount is shown without adjustments for fair values.

TABLE 5

TAITA CHEMICAL CO., LTD.

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)

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 Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	Subsidiary	Sales	$ (828,965) (US$ 26,819 thousand)	(6.78)	30 days	Note	Note	Accounts receivable from related parties $ 57,615 (US$ 1,922 thousand)	3.91	-

Note: The sales price and payment terms of the intercompany and related party sales and purchases were not significantly different from those with third parties.

TABLE 6

TAITA CHEMICAL CO., LTD.

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

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 3)	Allowance for Impairment Loss
					Amount	Actions Taken		
Taita Chemical Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Subsidiary	Other receivables 279,325 (US$ 9,317 thousand) (Note 1)	-	$ -	-	$ -	$ -

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

Note 2: The amount is not received in the subsequent period means the collection made from January 1, 2020 to March 5, 2020.

TABLE 7

TAITA CHEMICAL CO., LTD.

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note 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	Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	10,445,510	1.98	163,528	642,678	12,738	Investments accounted for using the equity method
	China General Terminal & Distribution Co.	Taiwan	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 Corp.	Taiwan	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	Taiwan	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) Corp.	Cayman Islands	Reinvestment	50,967 (US$ 1,700 thousand)	50,967 (US$ 1,700 thousand)	2,695,619	5.39	64,517 (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.

TABLE 8

TAITA CHEMICAL CO., LTD.

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 (Note 5)
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. (“TTC (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. (“TTC (TJ)”)	Production 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
$ 2,109,213 (US$ 70,354 thousand)	$ 2,273,003 (US$ 75,817 thousand) (Note 3)	$ - (Note 4)

Note 1: TTC (ZS) resolved to issue share dividends of US$3,250 thousand in 2007.

Note 2: TTC (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 TTC (ZS), US$1,350 thousand from TTC (TJ) and US$802 thousand from ACME (KS).

Note 4: According to Letter No. 10820415160 issued by the Ministry of Economic Affairs 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 basis for investment income (loss) recognition is from financial statements audited and attested by the parent company’s ROC-based CPA.

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 Financial Performance, and Risk Issues

I. Financial Position

Comparison Analysis of Financial Position

Unit: NT$ thousands

Item \ Year	End of 2019	End of 2018	Difference	
			Amount	%
Current assets	4,801,480	5,391,600	(590,120)	(11)
Property, plant and equipment	2,174,859	2,373,653	(198,794)	(8)
Intangible assets	7,448	9,668	(2,220)	(23)
Other assets	1,020,954	952,625	68,329	7
Total assets	8,004,741	8,727,546	(722,805)	(8)
Current liabilities	2,278,694	3,316,710	(1,038,016)	(31)
Non-current liabilities	1,426,284	1,418,879	7,405	1
Total Liabilities	3,704,978	4,735,589	(1,030,611)	(22)
Share capital	3,342,048	3,276,518	65,530	2
Capital surplus	810	779	31	4
Retained earnings	997,971	731,393	266,578	36
Other equity	(41,066)	(16,733)	(24,333)	145
Total equity	4,299,763	3,991,957	307,806	8

(I) Main reasons for material changes in assets, liabilities and equity in the most recent two years (by more than 20% and NT$10 million):

1. The decrease in current liabilities and total liabilities was mainly due to the repayment of short-term borrowings.
2. The increase in retained earnings was mainly due to the profit for the current year.
3. The decrease in other equity interest was mainly due to exchange differences on translating the financial statements of foreign operations.

(II) Impact: No material impact.

(III) Future adaptation plan: N/A.

II. Financial Performance

(I) Comparative Analysis of Financial Performance

Unit: NT$ thousands

Item \ Year	2019	2018	Amount of Increase (Decrease)	Percentage of Increase (Decrease) (%)
Net revenue	17,672,204	21,683,702	(4,011,498)	(19)
Cost of goods sold	16,426,138	20,639,959	(4,213,821)	(20)
Gross profit	1,246,066	1,043,743	202,323	19
Total operating expenses	731,401	766,125	(34,724)	(5)
Profit from operations	514,665	277,618	237,047	85
Total non-operating income and expenses	43,539	53,634	(10,095)	(19)
Profit before income tax	558,204	331,252	226,952	69
Income tax expenses	160,227	123,279	36,948	30
Net profit for the year	397,977	207,973	190,004	91

(I) Main reasons for material changes (by more than 20%) in operating revenue, operating income and income before tax in the most recent two years (where gross profit changes by more than 20%, the following analysis of changes in gross profit (loss) shall be disclosed:)

1. The increase in operating net profit, net profit before tax, and net profit of the year was mainly due to the decrease in the price of raw materials and increase in gross profit.
2. The increase in income tax was mainly due to the increase in net profit before tax.

(II) Estimated sales volume and its basis

(III) According to market supply and demand in 2020, it is estimated that the sales volume of petrochemical products, glass wool products, and cubic printing products will be 425,000 tons, 14,000 tons and 77,000 jigs, respectively.

(IV) Potential impact on the Company's future financial operations: No material impact.

(V) Response plan: N/A.

(II) Analysis of Changes in Gross Profit (Loss)

Unit: NT$ thousands

	Amount of increase (decrease)	Reason for Difference			
		Price difference	Cost difference	Sales mix difference	Quantity difference
Gross profit (loss)	202,323	(3,816,884)	4,017,284	123,825	(121,902)
Explanation	1. The sales of ABS products have increased and gross profit increased by NT$13,301 thousand compared to the previous year. The sales of GPS/IPS increased and the price gap increased by US$70/ton. The gross profit increased by US$202,118 thousand compared to the previous year. Although the production and sales volume of EPS products remained high and profit obtained from these products increased in TTC's Zhongshan branch, the overall gross profit obtained from EPS products decreased by NT$19,439 thousand from the previous year due to unsatisfactory demand for these products in the Tianjin market and the impact of fluctuations in styrene price at Qianzhen Plant. 2. The gross profit of glass wool decreased by NT$363 thousand. Due to the reduction of transfer printing, the selling price of cubic printing products dropped and the gross profit obtained from these products decreased by NT$6,451 thousand from the previous year, while the gross profit obtained from the sale of its raw materials increased by NT$13,157 thousand.				

III. Cash Flows

(I) Analysis of Changes in Cash Flows in the Most Recent Year

Unit: NT$ thousands

Year	Beginning cash balance	Net cash inflow (outflow) from operating activities for the year	Other net cash inflow (outflow) for the year	Cash excess (inadequacy)	Cash inadequacy improvement plan
2019	602,671	1,602,732	(893,385)	1,312,018	N/A

1. The net cash inflow from operating activities was mainly due to the decrease in net profit and bills and accounts receivable and inventories for the year.
2. Other net cash outflow was mainly due to the repayment of short-term loans.

(II) Cash Inadequacy Improvement Plan: N/A.

(III) Liquidity Analysis for the Coming Year

Unit: NT$ thousands

Year	Beginning cash balance	Cash inflow for the year	Cash outflow for the year	Cash excess (inadequacy)	Cash inadequacy improvement
2020	1,312,018	393,193	836,877	868,334	N/A

IV. Significant Capital Expenditure and its Impact on the Company's Financial Operations in the Most Recent Fiscal Year

Use of significant capital expenditures and sources of funds: None.

V. Investment Policies, Profit or Loss Analysis and Improvement Plans in the Most Recent Fiscal Year, as well as Investment Plans for the Coming Fiscal Year

(I) Investment Policies in the Most Recent Year

(II) There have been no investments exceeding 5% of the Company's paid-in capital in the most recent year.

(III) Main Reasons for Profit or Loss: N/A.

(IV) Improvement Plan: N/A.

(V) Investment Plan for the Coming Year: None.

VI. Risk Analysis and Assessment

Risk management organization structure

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	Legal Division Accounting Division	
5. Impact of changes in technology and industry on the Company’s financial operations, and response measures	Information Systems Division ABS/PS Operations Division GW/Cubic Business 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	ABS/PS Manufacturing Division GW/Cubic Business Division	
9. Risks caused by concentration of purchases and sales, and response measures	Procurement and Logistics Division ABS/PS Operations Division GW/Cubic Business 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 management control over the Company, and response measures	Board of Directors	
12. For any litigious or non-litigious matters, the Company and its directors, supervisors, general managers, persons with actual responsibility in the Company, and major shareholders holding more than 10% of the Company's shares shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that has been finalized or has remained pending, the facts in dispute, amount in dispute, 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	

Risk Management Policy

(I) Impact of Interest Rates and Exchange Rate Fluctuations and Inflation on the Company's Profit and Loss, and Future Response Measures

Item	2019 (NT$ thousands; %)
Net interest income (expenses)	(25,878)
Net currency exchange gain (loss)	(48,001)
Ratio of net interest income (expenses) to sales revenue	(0.15%)
Ratio of net interest income (expenses) to net income before tax	(4.64%)
Ratio of net currency exchange gain (loss) to sales revenue	(0.27%)
Ratio of net currency exchange gain (loss) to net profit before taxes	(8.60%)

1. Interest rate: In order to enrich working capital and avoid the risk from interest rate rising, the Company signed a three-year medium-term secured loan agreement with O-Bank in 2017 for NT$300,000 thousand, with interest calculated at a floating rate; the Company signed a five-year medium-term comprehensive limit contract with Chang Hwa Bank in 2017 for NT$1,000,000 thousand, with interest calculated at a floating rate; the Company signed a three-year medium-term comprehensive limit contract with KGI Bank for NT$300,000 thousand, with interest calculated at a floating rate. The Bank will enter into an IRS agreement at an appropriate time to avoid the risk from rising interest rates.

   With regard to short-term loans, the Company made flexible adjustments of short-term loans from banks or issued commercial papers to reduce the cost of obtaining overall funding.

   The current strategy of the Company is to apply excess funds to a diverse range of investments below, so that it not only mitigates the risk of interest rate fluctuation, but also contributes to the profitability of the Company:

   1.1 Money market fund beneficiary certificates:

   The amount of investment in this instrument is NT$120,000 thousand, with a return rate of 0.55%.

   1.2 Domestic real estate investment trusts (REITs):

   The average investment amount is approximately NT$86,851 thousand. It generates a fixed yield of approximately 3.97% which is better than the long-term government bond yield.

2. Exchange rates: There are currently multiple factors in the foreign exchange rate fluctuations and the Company adopts a 100% risk avoidance for net positions to respond to exchange rate fluctuations risks

3. Inflation: No material impact on the Company.

   3.1 Some countries (including Taiwan) have not experienced significant inflation. The current inflation level is moderate.

   3.2 The main cost of the Company is the cost of raw materials. Product price move in the same direction as the raw material cost. Therefore, inflation has no material impact on the Company.

(II) 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

1. Engaging in high-risk and high-leverage investments, and provision of loans to others

   The Company's Regulations Governing the Acquisition and Disposal of Assets stipulate that the Company shall not engage in high-risk and high-leverage investments. The Company has also established the Procedures for Loaning of Funds to Others. Only 100%-owned foreign subsidiaries engage in such operations, which are handled according to the relevant operating procedures.

2. Making of guarantees and endorsements: Endorsements or guarantees are handled in accordance with the Company's Regulations Governing Endorsements and Guarantees, and no loss has occurred since the implementation of such regulations.

3. Derivatives trading: The Company engages in derivatives trading for the purpose of avoiding risks. Trading instruments are primarily selected with the aim of avoiding risks arising from the business operations of the Company. The counterparties for hedging transactions are reputable financial institutions in response to the Company's business needs to avoid credit risks.

   3.1 Hedging transactions: Forward foreign exchange contracts are used mainly to hedge the currency fluctuations in existing or future transactions. The Company does not engage in speculative trading.

(III) Future R&D Projects and R&D Expenditures to Be Invested

Category	R&D item	Current progress	R&D expenditure to be invested (NT$ thousands)	Expected year of completion	Factors affecting R&D results in the future
ABS	Development of high-strength heat-resistant acrylonitrile-butadiene-styerne (ABS)	60%	309	2020	Processing hardware Cost of raw materials Control of market demand
	Reduce VOC for acrylonitrile-butadiene-styrene (ABS) polymer	60%	420	2020	Processing hardware Control of market demand
	Attain UL RTI high-performance certification for acrylonitrile-butadiene-styrene (ABS) polymer.	90%	2,000	2020	Control of market demand Certification fee/annual fees
EPS	Development of non-absorbent, anti-static EPS	70%	420	2020	Cost of raw materials Control of market demand
	Packaging materials for high-speed-foaming expanded polystyrene (EPS)	70%	250	2020	Cost of raw materials Control of market demand

Category	R&D item	Current progress	R&D expenditure to be invested (NT$ thousands)	Expected year of completion	Factors affecting R&D results in the future
	Development of low VO expanded polystyrene (EPS) products	60%	420	2020	Integration between formula design and formulas based on customer needs and process stability
GPPS	Development of general polystyrene (GPPS) materials for light guide plates.	40%	400	110	Processing hardware Control of market demand
Glass wool	Patent application and development of port boards	0%	100	2020	Promotion and marketing
	TTC 8mm glass wool repellent products	50%	100	2020	Promotion and marketing

(IV) Impact of Changes in Local and Overseas Policies and Laws on the Company's Financial Operations, and Response Measures

1. Refer to Item (3) - "In response to the European Union's Restriction of Hazardous Substances Directive (RoHS)" under Section 4 - "Information on Environmental Protection Expenditure" In response to the European Union's Restriction of Hazardous Substances Directive (RoHS).
2. The Company continues to pay attention to the effect of the adoption of IFRSs and other laws and regulations on corporate taxation.
3. The Company continues to assess the effects of the Anti-tax avoidance Clauses on taxation.

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 the Company's Financial Operations, and Response Measures

1. The Company Introduced a mobile inspection system in Toufen and Zhongshan Plant in Guangdong and upgraded inspection equipment for employees to update inspection records and implement approvals. These measures have greatly improved the operating environment and the control of the production equipment status.
2. The Company has developed statements for the environmental protection expenditures statistics for the management to quickly view the Company's investments for providing a friendly work environment, pollution prevention, environmental protection, and labor safety in order to assess subsequent response measures.

3. The Company established a requisition platform for plants, and introduced electronic approval processes. The requisition items are unified to help employees operate the platform with ease. It saves significant amounts of time for employees and enhances work efficiency. We optimized the UI interface to increase review efficiency and accelerated the process.
4. The Company has introduced electronic petty cash and reimbursement payment application systems to simplify employees' reimbursement application procedures and remove the need for manual authorization procedures. It also helps supervisors implement signature and approval procedures at any time to streamline payment procedures and increase administrative efficiency. Small expenditures can also be approved quicker to reduce the amount of time the employees are required to pay on behalf of the Company.
5. Promote social engineering exercises to enhance employees' awareness of information security for the purpose of maintaining information security and protecting information from foreign intrusion.

(VI) Impact of Changes in Corporate Image on the Company's Risk Management, and Response Measures

The Company always upholds the principles of professionalism and integrity. The Company pays close attention to corporate governance and fulfill corporate social responsibility. Therefore, there is no foreseeable risk associated with changes in corporate image.

(VII) Expected Benefits and Possible Risks of Mergers and Acquisitions, and Response Measures

There has been no merger and acquisition implemented by the Company in the most recent year up to the date of publication of the Annual Report.

(VIII) Expected Benefits and Possible Risks of Plant Expansion, and Response Measures

The Company had no plant expansion plan in the most recent fiscal year up to the publication date of this annual report.

(IX) Risks Caused by Concentration of Purchases and Sales, and Response Measures

The Company had no customers whose sales of goods accounted for more than 10% of the total sales of goods in 2019.

Furthermore, the sources for purchasing bulk raw materials are scattered, while it is easy to purchase bulk raw materials in the spot market. Therefore, there has been no concentration risk.

(X) 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: None.

(XI) Impact and Risks Arising from Any Changes in Management Control over the Company, and Response Measures

There has been no change in management control over the Company in the most recent year up to the date of publication of the Annual Report.

(XII) 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

Concluded or pending litigious, non-litigious or administrative litigation event in the most recent year and as of the date of report:

(1) The Company: None.

(2) Directors, Supervisors, General Managers, person with actual responsibility in the Company, and major shareholders holding more than 10% of the Company's shares: None.

(3) Investee companies using equity method:

The Company’s investee company CGTD Corporation. (hereinafter referred to as CGTD) adopting equity method was entrusted to operate the propylene pipeline of LCY Chemical Corp. (hereinafter referred to as LCY), experienced a gas explosion on the evening of July 31st, 2014. On April 24th, 2020, the second judgment of the criminal part of this gas explosion case was handed down and all three CGTD employees were found innocent.

CGTD reached an agreement with Kaohsiung City Government on February 12, 2015 and pledged a term deposit NT$227,351 thousand (including interest) 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. Taiwan Power Company applied to the court to execute provisional attachments on the assets of CGTD on August 27, 2015 and November 26, 2015, respectively. On the other hand, Taiwan Water Corporation applied to the court to execute provisional attachments on the assets of CGTD on February 3, 2017 and March 2, 2017, respectively. As of April 30, 2020, the value of the seized property of CGTD is about NT$146,706 thousand.

For the deceased, CGTD, LCY and 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 (“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 the severely injured, CGTD, LCY and Kaohsiung City Government signed a tripartite agreement for severe injuries on October 25, 2017 agreeing to negotiate the compensation first with the 65 severely 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.

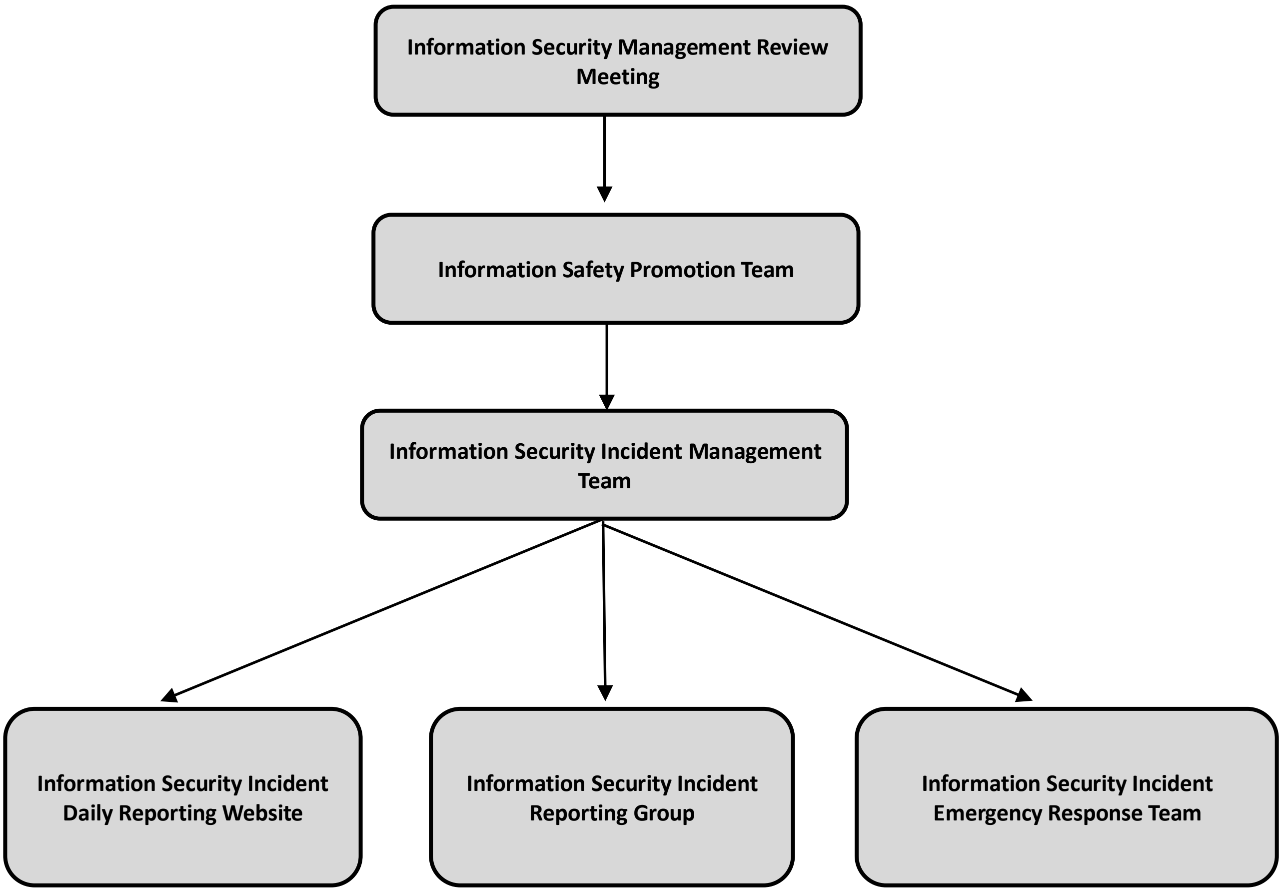
As of April 30, 2020, victims and their families have filed civil (including supplementary civil action) lawsuits against LCY Chemical Corp., CGTD and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim of $26,890 thousand, and the amount of the settlement was $4,019 thousand. Along with the case still under litigation and the above-mentioned compensation, the accumulated amount of compensation is $3,876,234 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately $1,199,809 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is around $390,304 thousand (in particular, CGTD was exempted from paying $6,194 thousand according to the court's judgment). For the civil cases that have been sentenced but not settled, CGTD has filed an appeal and has started the second trial procedure one after another. CGTD has signed a claim settlement agreement with the insurance company in accordance with the proportion of fault liability determined in the first-instance judgment to estimate the amount of settlement for victims and seriously injured and the civil litigation compensation amount (including settled cases). The maximum amount of the insurance compensation was deducted to calculate the amount payable by CGTD and the NT$136,375 thousand has been included in the estimate on the account. However, the actual settlement and compensation amount described above can only be verified after the proportion of fault liability is determined in the civil judgments.

(XIII) Other Material Risks and Response Measures

1. Information Security Management Framework

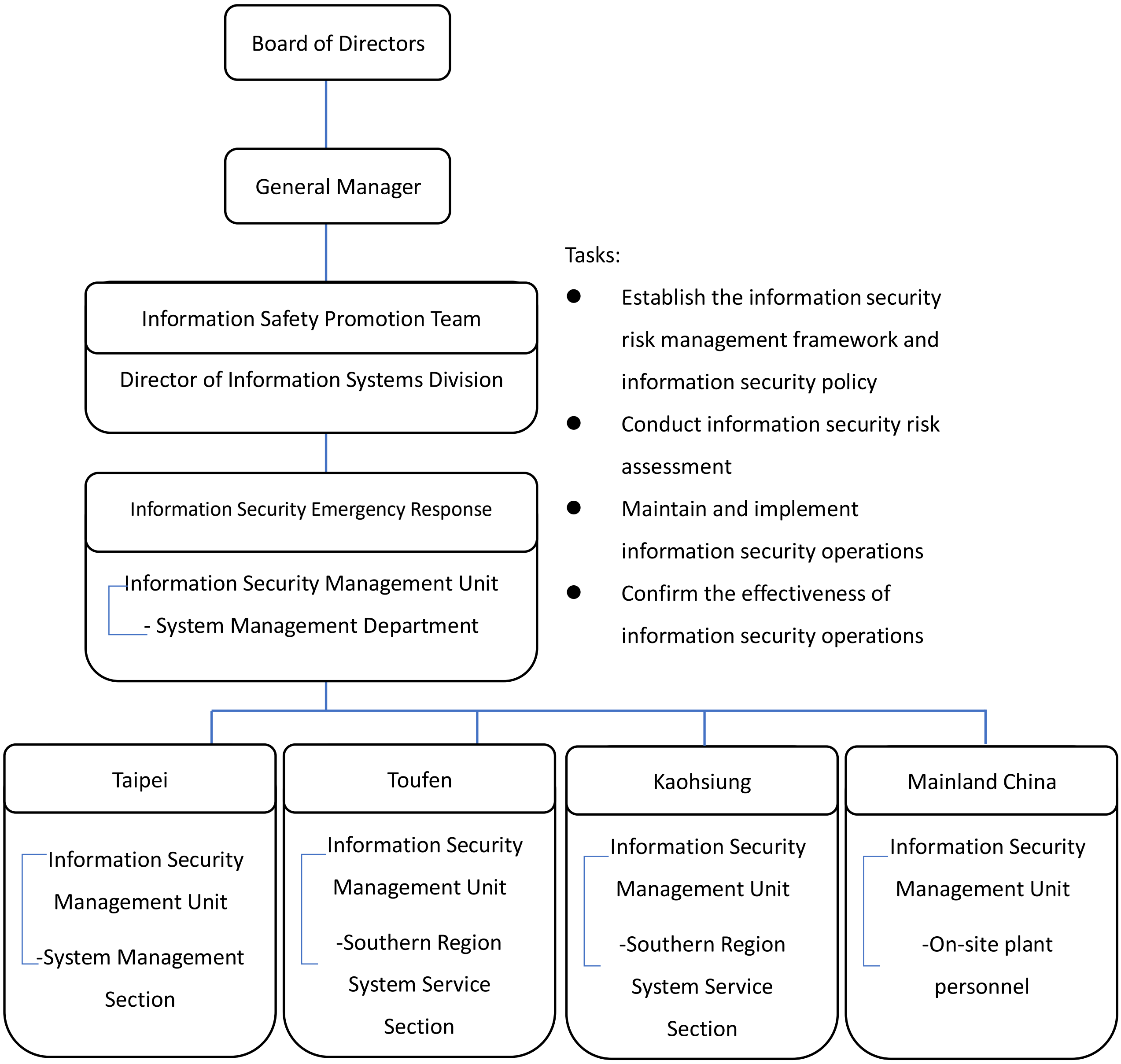
(1) Information security management system

To improve the information security management, the Company has introduced ISO 27001 and obtained the certificate since 2014. According to the standards of ISO 27001, the Company holds the "Information Security Management Review Meeting" every year to improve the information security across the group. The meeting decides on the six input items (implementation of past proposals, changes in internal and external issues relating to the information security management system, information security performance feedback, feedback from parties concerned, risk assessment results and implementation of risk management plans, and continuous improvement) and resolves on the two output items (decisions on continuous improvement and need of changes in the information security management system) to confirm whether the objectives of the information security management system are 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.



Information Security Management Review Meeting
Information Safety Promotion Team
Information Security Incident Management Team
Information Security Incident Daily Reporting Website
Information Security Incident Reporting Group
Information Security Incident Emergency Response Team

(2) Operations of the Information Security Promotion 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. Concrete Plans for Information Security Management

(1) The Audit Office shall conduct audits on a regular basis. The Company has also entrusted British Standards Institution (BSI) Taiwan Branch to authenticate ISO 27001 every year. Since July 2014, the Company has passed the review of ISO 27001 conducted by BSI 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.

(2) To strengthen information security management and prevent the invasion of

hackers or leaks of information, the information personnel organize four hours of information security training every year; external consultants have also been engaged to conduct the information security audit; in addition, regulations relating to information protection have been formulated to protect information in an appropriate manner.

(3) External consultants are engaged to conduct social engineering exercises at least twice every year to enhance employees' awareness of information security for the purpose of maintaining information security and protecting information from foreign intrusion.

(4) External consultants are engaged to conduct vulnerability scanning for operating systems, such as servers, every year to identify potential risks and modify systems or propose compensatory measures.

(5) To protect personal information, the Company has masked and limited access to the related fields of personal information in various information systems since 2017. We have also applied related measures in response to requirements in the General Data Protection Regulation (GDPR) of the European Union.

(6) The Company has introduced secure sockets layer (SSL) to build the safe transaction platform, where customers and suppliers are allowed to access and download related transaction documents to avoid unauthorized alterations in transaction documents by interception of mails to increase transaction security of the Company and protect customers and suppliers with lower level of information security from fraud. 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. Formulation of 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:

Information Security Policy		
Information security governance	• Ensure the continuous and stable operations of the information security management system. • Ensure the confidentiality, completeness and availability of information and information operations. • Control and prevent risks. • Optimizing management systems. • Establish the network architecture that meets the highest information standards and ensures the reliability of network transmission.	• Convene the ISMS Information Security Management Review Meeting to confirm whether the objectives of the information security management system are achieved. • Enhance employees' awareness of information security and information security training to ensure that information is well protected from foreign intrusion and leakage. • Conduct information security risk assessments for internal and external issues. • Review the information security framework design.
Compliance of related regulations	• Review regulations and amendments on a regular basis. • Establish up-to-date and appropriate information operating systems.	Regularly review and establish internal operation procedures and regulations to meet related domestic and foreign information security regulations.
Applications of technologies and tools	• Collect internal and external information of the Group. • Make good use of data analysis. • Forecast potential information security threats.	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.

Regarding information security insurance, the Company is now selecting the appropriate information security insurance by evaluating the insurance coverage and insurance companies (such as quotations, underwriting conditions and approval, and status of claims) in the aspects of crisis management, loss of operating revenue, additional expenses, third-party liability, and fines.

(XIV) Climate change affects the Company's operations, finance, supply chain, policy and investment decisions, etc.

1. Identification of climate change risks and opportunities

The Company carefully evaluates all possible climate change risks and pursues new potential business opportunities. TCC has actively pursued energy conservation and carbon emissions reduction improvement plans and increased productivity and efficiency. We also spared no efforts in phasing out old equipment and replacing them with more effective and energy-efficient equipment. We adopted the TCFD methodology to assess the transformation risks and physical risks in the operation process this year and identified 5 major risks and 5 major emerging opportunities brought forth by climate change. We shall continue to evaluate response measures and establish a resilient climate change culture. TCC's climate change opportunities and risks based on the statistics of the matrix analysis results are shown in the table below. In addition to continuous implementation of energy conservation and carbon emissions reduction measures, we also launched the ISO 50001 system to implement energy management. We use energy management to reduce waste of energy use, achieve low-carbon consumption and reduce emissions, and reduce our impact on the environment.

Potential financial impact of risks and opportunities

Risks

Type	Climate-Related Risks	Potential Financial Impact
Transformation	Increased pricing of Greenhouse gas emissions	Increased operational costs
	Strengthened emissions reporting obligations	Increased operational costs
Physical	Extreme changes in rain patterns and climate models	Reduced revenue
	Increased severity of typhoons, floods, and other extreme weather events	Reduced revenue
	Rising average temperatures	Increased operational costs

Opportunities

Type	Climate-Related Opportunities	Potential Financial Impact
Resource efficiency	Recycling and reuse	Reduced operating costs
	Reduced water utilization and consumption	Reduced operating costs
	Usage of more efficient production and distribution processes	Increased asset value
Energy sources	Use of low-carbon energy sources	Reduced operating costs
Resilience	Participation in renewable energy programs and adoption energy conservation measures	Reduced operating costs

2. Response measures

(1) Promote water conservation and energy conservation measures to recycle and reuse water.

(2) Work with the public sector by participating in incentives and partnership programs.

(3) Enhance inspections and clear the drainage system during heavy rains to ensure the normal functions of the drainage system.

(4) Strengthen response measures for typhoons to ensure stable production when natural disasters occur.

(5) Promote energy conservation and carbon emissions reduction measures and implement voluntary greenhouse gas inventory operations.

(6) Implement resource consumption reduction, recycling, and reuse measures.

(7) Implement the ISO-50001 system.

(8) Cooperate with the Company's policies for full production and full sales. Gradually phase out old equipment and reduce energy consumption to improve production efficiency.

(9) Purchase green energy.

(XV) Responding to Risks in Environmental, Social, and Corporate Governance Issues

Material Issue	Assessment Item	Risk Management Policy or Strategy
Environment	Management of the environment	Establish environmental protection impact and grievance channels
	Environmental protection	Respond to clean production and green environment initiatives
	Climate change	Establish an energy conservation and carbon emissions reduction team to establish and promote various energy conservation and carbon emissions reduction programs
Society	Employee welfare	Provide employees with welfare measures and a safe and healthy work environment
	Social responsibility	Sponsor and participate community welfare activities
	Product responsibility	Establish MSDS for products as guidance for customers' use Require suppliers to jointly abide by environmental protection and occupational safety and health policies
Corporate governance	Shareholder equity	The Company assigns dedicated personnel to handle its shares-related affairs to ensure quality and efficiency.
	Stakeholders	Set up stakeholder areas and respond to issues of concern to stakeholders
	Information disclosure	Appoint a spokesperson system to disclose financial and non-financial information on the Company's website

VII. Other Important Issues

The Company's Key Performance Indicators

(I) Disaster-free Working Hours

Cumulative disaster-free working hours at each plant as of December 31, 2019:
Qianzhen Plant: 1,770,788 hours; Linyuan Plant: 392,847 hours; Toufen Plant: 468,560 hours; Zhongshan Plant: 1,087,825 hours.

(II) Equipment Operating Rate

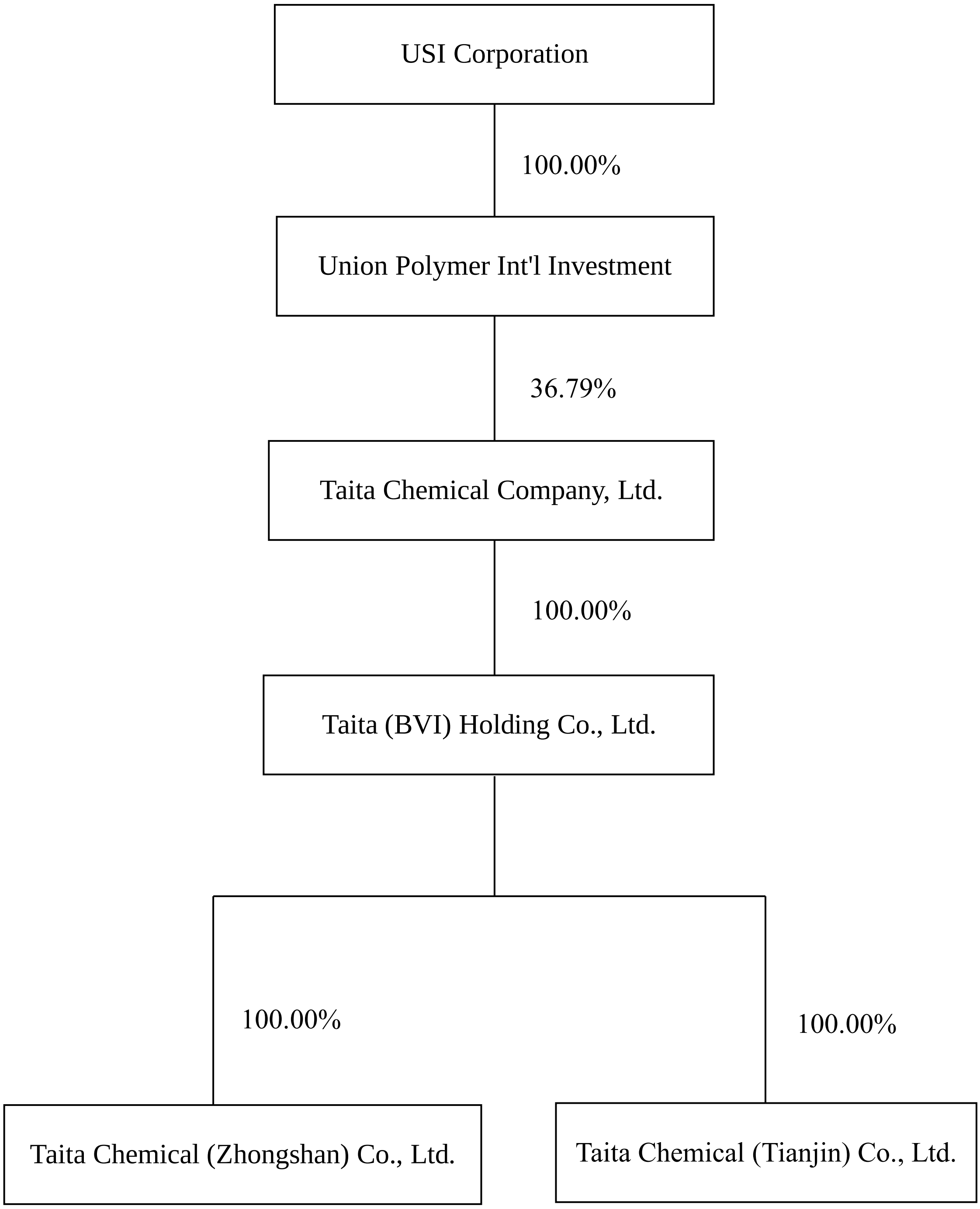
Equipment operating rate for products in 2019:
ABS 77%, SAN 94%, GPS 95.7%, EPS 76.6%, glass wool 95.6%, CUBIC 18%, Zhongshan Plant 85.6%.

Chapter 8 Special Notes

I. Information on Affiliated Companies

(I) Consolidated Business Report of Affiliated Companies

1. Organizational Structure of Affiliated Companies



2. Basic Information of Affiliated Companies

Unit: NT$ thousands

Name of Company	Date of Incorporation	Address	Paid-in Capital	Major Business or Production Items
1. Taita (BVI) Holding Co., Ltd.	1997.4.10	CITCO Building, Wickhams CAY.P.O Box 662 Road Town, Tortola, British Virgin Island	1,850,905 (US$61,738,000)	Investment holding Company
2. 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 sale of expanded polystyrene (EPS) polymer derivatives
3. Taita Chemical (Tianjin) Co., Ltd.	2003.11.27	No. 8, Hengshan Road, Tianjin Economic-Technological Development Area, Tianjin, China	8 19,953 (US$27,350,000)	Production and sale of expanded polystyrene (EPS) polymer derivatives

3. Information on Shareholders with Controlling Power or Subordination Relationship while Working in the Company: N/A.

4. Businesses Engaged by Affiliated Companies and Their Relationships

Industry	Name of Affiliated Company	Business Relationship with Other Affiliated Companies
Holding company	Taita (BVI) Holding Co., Ltd.	None
Petrochemical industry	Taita Chemical (Zhongshan) Co., Ltd.	None
Petrochemical industry	Taita Chemical (Tianjin) Co., Ltd.	None

5. Information on Directors, Supervisors, and General Managers of Affiliated Companies

Unit: Share; %

Name of Company	Title	Name or Representative	Number of shares held by the person / Shareholding percentage	Number of shares held by juristic persons represented
Taita (BVI) Holding Co., Ltd.	Director	Wu, Yi-Gui	0/0	-
	Director	Ko, I-Shao	0/0	-
	Director	Wu, Pei-Chi	0/0	-
	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 USD46,250,000/100
	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	
Taita Chemical (Tianjin) Co., Ltd.	Chairman	Wu, Pei-Chi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	Capital Contribution USD 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	

6. Operating Status of Affiliated Companies

Unit: NT$ thousands

Name of Company	Capital Contribution	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Income	Income for the Year (after Tax)	Earnings per Share NT$ (after Tax)
Taita (BVI) Holding Co., Ltd.	1,850,905	2,237,238	783,123	1,454,115	---	(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	287,687	-
Taita Chemical (Tianjin) Co., Ltd.	819,953	226,053	347,294	(121,241)	350,454	(155,036)	(168,683)	-

(II) Consolidated Financial Statements of Affiliated Companies

Statement of Consolidated Financial Statements of Affiliated Companies

It is hereby declared that for the year 2019 (from January 1st, 2019 to December 31st, 2019), the affiliated companies of the Company to be included in accordance with the Criteria Governing Preparation of Affiliation Reports, the Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are similar to those included in the consolidated financial statements of the parent company and its subsidiaries in accordance with the International Financial Reporting Standards No. 10 (IFRS 10). All the information to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Hence, the consolidated financial statements of affiliated companies are not reported separately.

Company Name: Taita Chemical Co., Ltd.

Chairman of the Board: Wu, Yi-Gui

March 5, 2020

(III) Affiliation Report

1. Statement of Affiliation Report

Statement of Affiliation Report

It is hereby declared that the Company's 2019 Affiliation Report (from January 1st, 2018 to December 31st, 2018) has been prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises. No material inconsistency has been found between the information disclosed and the relevant information disclosed in the notes to the financial statements for the aforementioned period.

Company Name: Taita Chemical Co., Ltd.

Chairman: Wu, Yi-Gui

March 5, 2020

2. CPA Opinion on Affiliation Report

Chin Shen 10904178 dated April 30th, 2020

Attn: Taita Chemical Company, Ltd.

Subject: CPA opinion on the 2019 Statement of Affiliation Report prepared by Taita Chemical Co., Ltd., in which no material inconsistency has been found.

Explanation:

I. Taita Chemical Co., Ltd. has issued the Statement of the 2019 Affiliation Report (from January 1st, 2019 to December 31st, 2019) prepared by Taita Chemical Co., Ltd. on March 5, 2020 in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises. No material inconsistency has been found between the information disclosed and the relevant information disclosed in the notes to the financial statements for the aforementioned period. The statement is attached to this letter.

II. We have compared the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises" and the Notes to Financial Statements in the Company's 2019 Financial Statements against the Company's Affiliation Report, and have not found any material inconsistencies in the aforementioned statement.

Deloitte, Taiwan

CPA Hsiu-Chun Huang

CPA Cheng-Chun Chiu

3. Overview of Relationships between Affiliated Companies and Controlling Companies

Unit: Share; %

Name of Controlling Company	Reason for Control	Shares Held and Pledged by Controlling Company			Appointment of personnel by the holding Company as Directors, Supervisors or managerial officers	
		Number of Shares Held	Percentage of Shares Held	Number of Shares Pledged	Title	Name
Shing Lee Enterprise (Hong Kong) Limited	The major shareholder and representative of USI was elected as chairman	0	0%	0	-	None
USI Corporation	The major shareholder has the same parent company and chairman as the Company	0	0%	0	-	None
Union Polymer Int'l Investment Corp.	Substantial shareholder	122,946,465	36.79%	0	Chairman Director Director Director Director	Wu, Yi-Gui Wu, Pei-Chi Ying, Pao-Luo Liu, Han-Tai Liu, Chen-Tu

4. Purchases and Sales

Units: NT$ thousands; %

Name of Controlling Company	Transaction with Controlling Company				Transaction Terms with Controlling Company		Normal Transaction Terms		Reason for Difference	Accounts and Notes Receivable (Payable)		Overdue Accounts Receivable			Notes
	Purchases (Sales)	Amount	Percentage of Total Purchases (Sales)	Sales Margin	Unit Price (NT$)	Payment Terms	Unit Price (NT$)	Payment Terms		Balance	Percentage of Total Accounts and Notes Receivable (Payable)	Amount	Action Taken	Allowance for Doubtful Accounts	
USI Corporation	Sales	16,500	0.09%	2,409	30- 56	30 days after closing day	38 - 27	30 days after closing day	None	726	0.03%	-	-	-	-

5. Property transactions:

The Company has appointed USI to carry out roof insulation construction projects in all plants in 2019 to strengthen environmental protection, reduce indoor temperature, save energy, and improve the work environment.

6. Financing: None.

7. Asset Leasing:

Unit: NT$ thousands

Name of Controlling Company	Type of Transaction (Lessor or Lessee)	Subject		Lease Term	Nature of Lease	Basis for Determining Rent	Collection (Payment) Method	Comparison with General Rent Levels	Total Rent for the Year	Payment for the Year	Other Agreements
		Name	Location								
USI Corporation	Lessor	Office and equipment	No. 5, Gongye 1st Road, Linyuan District, Kaohsiung City	108.9-109.9	Operating lease	Market price	Payment every six months	Comparable	1,681	Normal	None
USI Corporation	Lessee	Office and parking spaces	6th to 12th Floor, No. 37 and No.39, Jihu Road, Taipei City	108.5~109.4	Operating lease	Market price	Monthly payment	Comparable	5,478	Normal	None

8. Endorsements and Guarantees: None.

II. Private Placement of Securities of the Most Recent Year up to the Publication Date of the Annual Report: None.

III. Subsidiary Companies Holding or Disposal of the Company's Stock List in the Most Recent Year up to the Publication Date of this Annual Report: None.

IV. Other Necessary Supplementary Items to be Included: None.

V. Any Event which has a Material Impact on Shareholders' Rights and Interests or the Company’s Securities Price as Prescribed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, that Have Occurred in the Most Recent Fiscal Year up to the Publication Date of this Annual Report: None.

Taita Chemical Company, Ltd.

Chairman: Wu, Yi-Gui