Stock Code: 1309

Taita Chemical Company, Ltd.

2020 Annual Report

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

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

Date of Publication: April 06, 2021

I. Spokesperson and Acting Spokesperson

Spokesperson
Name: Yen, Tai-Ming
Title: Executive Deputy General Manager
Telephone Number: (02)8751-6888 ext. 3278
Private Line: (02)2650-3278
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@usig.com

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/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,

For the fiscal year 2020, the Company registered a profit before income tax of 2,482 million NT dollars (NT dollars hereinafter), and a net profit of $1,920 million, with an earnings per share of $5.58. Below is the 2020 business report and the 2021 business plan

I. 2020 Business Results:

(I) Results of Business Plan Implementation

The Company has recorded a net revenue of $15,498 million, which is $2,174 million less than 2019 and a 94% budget achievement rate. The consolidated profit from operations is $2,421 million, which is $1,907 million higher than 2019, and a budget achievement rate of 794%.

1. Production and Sales of Petrochemical Products:

   Consolidated revenues for ABS/PS are $15,006 million, achieving 85% of budget. The production and sales volume of Linyuan and Qianzhen plants combined achieved 274 thousand tons, which is 3% over budget. Zhong-shan plant in China produced 166 thousand tons and sold 167 thousand tons, 4% over budget. The net operating profit for all petrochemical products combined is $2,390 million.

2. Production and Sales of Glasswool and Cubic Printing Products:

   Total production and sale of glasswool is 8,700 tons. Glasswool and rockwool combined generated a total revenue of $438 million, an 88% budget achievement rate, and a net profit of $38 million for the fiscal year. In terms of cubic printing products, total production and sale volume amounts to 63 thousand JIG, with an 82% budget achievement rate. $54 million is recorded for total operating revenues and $7 million for operating loss.

Total non-operating incomes amount to $61 million, including other incomes accounted for using the equity method, rental, valuation gains from financial assets, interest income, foreign exchange losses, and other net gains or losses.

(II) Research and Development:

1. Common grade ABS received UL RTI certification
2. ABS VOC improvement, effectively reducing residual monomer
3. The improvement in the quality of fast-growing expanded polystyrene (EPS) has effectively improved the hardness and waterproof quality of finished products for the packaging materials market.
4. Development of anti-static grade EPS
5. Development of eco-friendly low VOC EPS for auto materials and furniture fillings.

II. 2021 Business Plan

(I) Operational Objectives and Production & Sales Strategies

Looking forward to 2021, the Company expects sales volume of petrochemical products to achieve 457 thousand tons, or a 4% growth compared to the prior year. Glasswool sales is expected to achieve 13 thousand tons, and 73 thousand JIG for cubic printing products. Key operational objectives this year include:

Apart from implementing the strategy of full production/sales capacity, the Company continues to enhance and optimize its customer portfolio and product mix, including increasing direct customer ratio for ABS, and increasing product mix for high margin injection-grade PS and common-grade EPS. The Company continues to improve raw materials and finished goods inventory control to maximize production and sales capacity, and thus maximise profitability.

(II) Research and Development

1. Research and development of ABS with low volatility
2. Research and development of ABS with high heat stability
3. Research and development of low-resistance anti-static grade EPS for electronics packaging materials

4. Research and development of flame-retardant polystyrene for eco-friendly and energy-efficient automotive/home appliances

By enhancing the performance of each product line, the Company expects to achieve its annual operating objectives to reward our shareholders' support.

I would like to wish good health and all the best for all of our shareholders.

Wu, Yi-Gui, Chairman

Wu, Pei-Chi, General Manager

Chapter 2. Company Profile

I. Date of Incorporation

April 6, 1960

II. Company Overview

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 raised its capital by $6 million through cash injection.

In December 1964, the US company Mobil invested in the company and introduced new production technologies and management practices.

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

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

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

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

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

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

In May 1973, the Company raised the capital to $87 million.

In June 1974, the Company raised the capital to $107.01 million.

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

In September 1977, Mobil Corporation exited its investment in the Company owing to a policy change and transferred its shares to Heng-Yu Co., Ltd., a Hong Kong based company. The Company's capital was raised to $133,013,430.

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

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

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

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

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

In December 1983, the Company ceased its production of formaldehyde and phenol formaldehyde glue. A new plant was constructed to produce and develop T-Fine foodware product line.

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

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

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

On June 27, 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 of the same year.

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

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

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

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

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

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

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

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

On December 13, 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 TTC shares to the Bermuda 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 raised its capital to $2,025,058,790 through its earnings.

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

In 1999, the Company raised its capital by $202,505,870 through earnings capitalization and $250,000,000 through cash injection. The paid-in capital reached $2,477,564,660.

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

In 2000, the Company raised its capital by $148,653,880 through earnings capitalization, with the total paid-in capital reaching $2,626,218,540.

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

In May 2001, Qianzhen plant completed the trial run for the new 100-thousand-annual-capacity GPS/IPS NOVA production process, which was subsequently put into production.

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 China and increased the production capacity to 150,000 tons.

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

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

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

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

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

In November 2007, both Taita Chemicals (Zhongshan) Co., Ltd. and Taita Chemicals (Tianjin) Co., Ltd. raised the capital by US$8 million. Taita Chemicals (Zhongshan) Co., Ltd. capitalized its earnings by US$3.25 million.

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

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

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

In 2008, the Company completed earnings capitalization for $81,150,150, with the paid-in capital reaching $2,786,155,240.

In 2011, the Company completed earnings capitalization for $334,338,620, with its paid-in capital reaching $3,120,493,860.

In 2012, the Company completed earnings capitalization for $156,024,690, with its paid-in capital reaching $3,276,518,550.

In May 2012, Taita Chemicals (Tianjin) Co., Ltd. completed earnings capitalization for US$1.35 million.

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

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

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

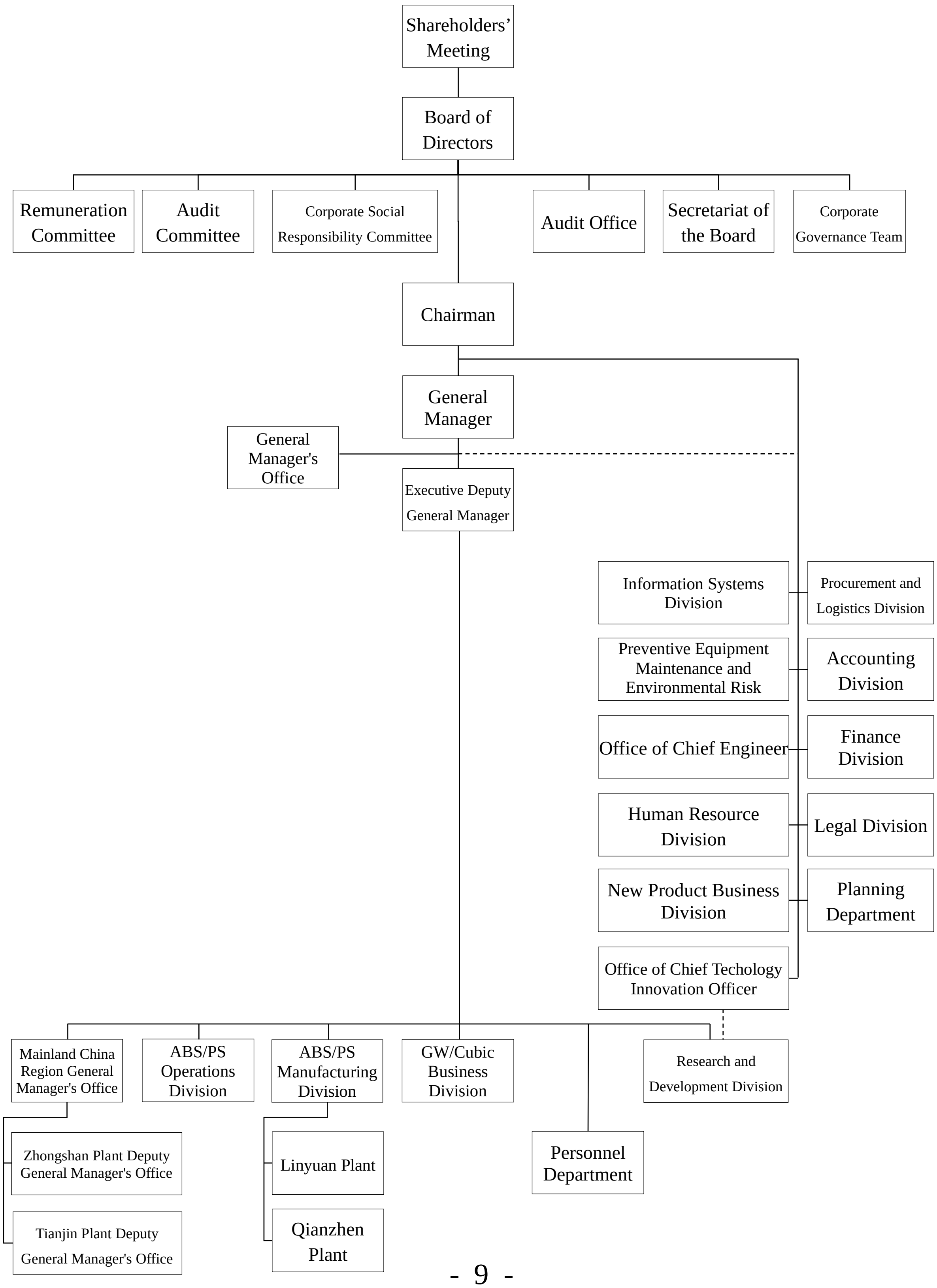
In 2018, the Company completed earnings capitalization of $65,530,370, with paid-in capital reaching $3,342,048,920.

In 2019, the Company completed earnings capitalization of $100,261,460, with paid-in capital reaching $3,442,310,380.

Chapter 3. Corporate Governance Report

I. Organization

(I) Organizational Structure: Organizational Chart as of April 6, 2021



(II) Department Functions

Departments	Functions
President	Overall management of the Company
ABS/PS Operations	1. Manage matters related to the sale of ABS/PS 2. Manage operational matters related to domestic sale and export of ABS/PS 3. Manage administrative affairs of the business unit
ABS/PS Production	Linyuan Plant (ABS)/Qianzhen Plant (PS): Manufacturing, research and development, storage, quality control, shipping coordination, and maintenance of facilities and equipment, and occupational safety and environmental protection.
GW/Cubic Business	1. Managing overall manufacturing, R&D, and sales of glasswool/cubic printing products 2. Managing overall sales of glasswool/cubic printing products 3. Managing overall production of glasswool/cubic printing products
General Manager's Office - China	In charge of all matters related to the manufacturing, R&D, storage, quality assurance, shipping coordination, maintenance of facility and equipment, occupational safety and environmental protection at the Zhongshan and Tianjin plants in Guangdong China.
Corporate Governance	1. Taking charge of all matters related to the Board meetings and shareholders' meetings in accordance with the law. 2. Taking charge of producing minutes for the Board meetings and shareholders' meetings. 3. Assisting directors taking office and facilitating continuous education and training. 4. Providing 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	Taking charge of all personnel affairs of the Company.
Audit	1. Taking charge of internal audits and work flows improvement 2. Evaluating the soundness and reasonableness of the Company's internal control systems, as well as the effectiveness of their implementations in all departments and divisions
Procurement and Logistics	1. Planning, reviewing and executing major procurement capital expenditures such as bulk raw materials, machinery and equipment. 2. Planning, supervising, and managing import/export, transportation, warehousing and customs-related affairs.
Accounting	1. Preparing financial statements and budgets, performing financial analysis to support senior management decision-making and formulation of strategies. 2. Establishing, evaluating and implementing accounting systems. 3. Tax planning and filing of tax returns

Departments	Functions
	4. Managing periodic disclosure and reporting of financial positions
Finance	1. Managing funding and financing activities 2. Managing short-term financing and long-term investments 3. Property insurance 4. Credit control 5. Collecting past due payments 6. Managing securities services
Information Technology	Planing, building, developing, and managing various information systems and facilities
Human Resources	1. Planning human resources strategies and policies. 2. Planning training and organizational development strategies 3. Planning and administering compensation and benefits. 4. Providing employee services and general administration 5. Assisting offshore offices in organizational planning, personnel dispatch and training.
Legal	Providing legal consultation, managing legal cases and other related legal affairs.
Office of Chief Engineer	1. Assisting, participating or taking charge of the construction of new plants. 2. Assisting, participating or taking charge of the improvement of equipment in operation or partial processes 3. Integrating engineering personnel and system specifications.
Planning	1. Planning, developing and evaluating future product portfolio 2. Conducting industry analysis and analysis on macroeconomic environment 3. Conducting investigation and analysis of upstream industries and potential competitors. 4. Project coordination and follow-up
Office of Chief Technology Officer	Researching and developing main products of the Company, including new product development, and providing technical consultation services to clients
Research and Development	Taking charge of the research and development of ABS/PS products.
Secretariat of the Board	1. Planing and managing matters related to Board of Directors' meetings. 2. Handling matters related to Shareholders' meetings such as convening Shareholders' meetings, dealing with various announcements and reporting associated with Shareholders' meetings, preparing agenda handbooks and keeping information regarding shareholders present at Shareholders' meetings in accordance with the law. 3. Assisting in the promotion and compliance of regulatory affairs
New Product Business	1. Assisting in the formulation of marketing strategies for new businesses; establishing appropriate operating models. 2. Developing new products or acquiring new customers to

Departments	Functions
	increase revenue. 3. Integrating company resources and generating synergy to ensure the successful development of new businesses.
Facilities Preventive Maintenance and Environmental Risk Management	1. Assisting the Group in establishing preventive maintenance systems at all plants. 2. Improving and enhancing existing equipment. 3. Managing and preventing facility malfunction 4. Routine/non-routine audit, advisory and training. 5. Planning and management of environment risk and technical supervision. 6. Planning and promoting compliance with laws related to energy conservation and carbon reduction; establishing related systems and framework for its compliance

II. Information Regarding Directors, Supervisors, President, Vice Presidents, Senior Managers, Heads of Departments and Branches

(I) Members of the Board of Directors

1. Information regarding members of the Board of Directors

April 2, 2021

Title (Note 1)	Nationality or Place of Registration	Name	Gender	Date of election (appointment)	Term	Date First Elected (Note 2)	Shares Held when Elected: Number of Shares	Shares Held when Elected: Shareholding %	Shares Currently Held: Number of Shares	Shares Currently Held: Shareholding %	Shares Held by Spouse and Minor Children: Number of Shares	Shares Held by Spouse and Minor Children: Shareholding %	Shares Held in the Name of Other Persons: Number of Shares	Shares Held in the Name of Other Persons: Shareholding %	Major Work Experience and Academic Qualifications (Note 3)	Titles held in the Company and other companies.	Managerial Officers, Directors or Supervisors Who Are Spouses or Relatives within Second-Degree Kinship: Title	Managerial Officers, Directors or Supervisors Who Are Spouses or Relatives within Second-Degree Kinship: Name	Managerial Officers, Directors or Supervisors Who Are Spouses or Relatives within Second-Degree Kinship: Relationship	Remarks
Chairman and Chief Executive Officer	Taiwan (R.O.C.)	Union Polymer International Investment Corporation	-	2018.6.22	3 years	2003.6.3	120,535,750	36.79%	126,634,858	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 President	Taiwan (R.O.C.)	Union Polymer International Investment Corporation	-	2018.6.22	3 years	2003.6.3	120,535,750	36.79%	126,634,858	36.79%	-	-	0	0%	Note 6	Note 7	None			
	Taiwan (R.O.C.)	Representative: Wu, Pei-Chi	Male			2018.6.22	-	-	0	0%	0	0%	0	0%						
Directors	Taiwan (R.O.C.)	Union Polymer International Investment Corporation	-	2018.6.22	3 years	2003.6.3	120,535,750	36.79%	126,634,858	36.79%	-	-	0	0%	Master of Business Administration, University of Chicago (U.S.A.)	None	None			
	Taiwan (R.O.C.)	Representative: Ying, Bao-Luo	Male			2009.11.1	-	-	27,785	0.01%	0	0%	0	0%						
Directors	Taiwan (R.O.C.)	Union Polymer International Investment Corporation	-	2018.6.22	3 years	2003.6.3	120,535,750	36.79%	126,634,858	36.79%	-	-	0	0%	PhD in Chemical Engineering, Pennsylvania State University (U.S.A.)	Note 8	None			
	Taiwan (R.O.C.)	Representative: Liu, Han-Tai	Male			2013.3.6	-	-	0	0%	-	-	0	0%						
Directors	Taiwan (R.O.C.)	Union Polymer International Investment Corporation	-	2018.6.22	3 years	2003.6.3	120,535,750	36.79%	126,634,858	36.79%	-	-	0	0%	PhD in Business Administration, Nova Southeastern University (U.S.A.)	Note 9	None			
	Taiwan (R.O.C.)	Representative: Liu, Zhen-Tu	Male			2003.6.3	-	-	0	0%	0	0%	0	0%						
Directors	Taiwan (R.O.C.)	Taiwan Union International Investment Corporation	-	2018.6.22	3 years	2018.6.22	29,951,137	9.14%	15,166,663	4.41%	-	-	0	0%	Department of Chemical Engineering, Chung Yuan Christian University; United Nylon Co., Ltd.; China Phosphate Co., Ltd.; and TSRC Corporation	Note 10	None			
	Taiwan (R.O.C.)	Representative: Ko, I-Shao	Male			1997.3.1	-	-	0	0%	0	0%	0	0%						
Independent Directors	Taiwan (R.O.C.)	Ma, Yi-Kung	Female	2018.6.22	3 years	2015.6.9	0	0%	0	0%	-	-	0	0%	Note 11	Director of USI Education Foundation	None			
Independent Directors	Taiwan (R.O.C.)	Chen, Tien-Wen	Male	2018.6.22	3 years	2015.6.9	0	0%	0	0%	0	0%	0	0%	Note 12	Note 13	None			
Independent Directors	Taiwan (R.O.C.)	Yuan, Chi-Yin	Male	2018.6.22	3 years	2017.6.16	0	0%	0	0%	-	-	0	0%	Note 14	Note 15	None			

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

Note 2: Any disruption of duty as a director or supervisor after the date 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, TTC, Acme Electronics Corporation, Union Polymer, USI Optronics Corporation, Swanson Plastic Corporation, Swanson Technologies Corporation, Chong Loong Trading, USI Investment, CGPC Polymer Corporation, APC Investment, TUVC, USI Management Consulting, TUVM, Acme (Cayman), USI Educational Foundation, Fujian Gulei Petrochemical Company

Director USI, USI (HK), Swanlake, USI International, Acme Components (Malaysia), Forever Young, Curtana, Swanson (Singapore), Swanson (Malaysia), Swanson International, Swanson (India), SPC (Qunshan), Golden Amber Enterprises, AEC (Qunshan), AEC (Guangzhou), Taita (BVI), APC (BVI), CGPC (BVI), CGPC America, A.S. Holdings (UK), Shun-an Tubu Technology, Acme Ferrite, SPC (Tienjin), Cypress Epoch, Ever Conquest Global, Ever Victory Global, Dynamic Ever Investments, Formosa (Shanghai), PT.Swanson Plastics Indonesia, Yu-Tao Investment, Da-Sheng Venture Capital, Da-Sheng One Yi VC, CTCI

President: Union Polymer, USI Management Consulting, Dynamic Ever Investments, Ever Victory Global

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

Executive Director: Chinese National Federation of Industries

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

Note 7: Chairman: TTC (Zhong-Shan), TTC (Tienjin), (Shanghai)

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, Cypress Epoch, APC, CGTD, APC Investment, Chong Loong Trading, Swanson Plastic Corporation, Swanson Technologies Corporation, INOMA Corporation, USI Educational Foundation, TUVC, TUVM, Formosa (Shanghai)

Supervisor: USI Optronics Corporation,

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

Note 8: Director: Ever Victory Global Ltd., Dynamic Ever Investments Ltd., CGPC, APC, CGPC (Zhong-Shan), USI, SPC, INOMA Corporation, USI Educational Foundation

Supervisor: China General Terminal and Distribution Corporation

Deputy General Manager: USI Corporation

Note 9: Directors: CGPC, China General Terminal and Distribution Corporation, Wafer Works Corporation (Note)

Note: Served as Director of Wafer Works Corporation whose main business operations include the research and development, design, manufacture, import/export, agency, and distribution of semiconductors and materials

Note 10: Chairman:Zhenjiang Union Chemical Industry Co., Ltd., Zhongshan Unicizers Industrial Co., Ltd., Zhuhai Unicizers Industrial Co., Ltd., Taizhou Union Chemical Industry Co., Ltd., Taizhou Union Logistics Co., Ltd., Taizhou Union Plastics Industry Co., Ltd., Taiwan Union International Investment, 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., Sichuan Logistics Co., Ltd., Wei-Chen Investment

Executive Director: Zhenjiang Lianju

Director: APC, CGTD, UPC Group, Lien-Cheng VC, Lien-Hwa United LPG, UPC CHEMICALS (MALAYSIA) SDN.BHD, UPCM TRADING (THAILAND) COMPANY LIMITED, UPCM TRADING (VIETNAM) COMPANY LIMITED, APC (BVI) Holding Co., Ltd., Taita (BVI) Holding Co., Ltd.

President: 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 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: 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 14: JD, Rutgers University Law School, Tsar & Tsai Law Firm, Baker McKenzie, VP, Chief Legal Officer, and senior advisor at MiTac International Corp.

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

2. Major shareholders of institutional shareholders

April 2, 2021

Name of Institutional Shareholders (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)	Shareholding ratio
Union Polymer International Investment Corporation	USI Corporation	100.00%
Taiwan Union International Investment Corporation	UPC Technology Corporation	100.00%

Note 1: If the director or supervisor is a legal person, the name of the institutional shareholder shall be disclosed.
Note 2: Fill in the names of the major shareholders of these institutional shareholders (include top 10 major shareholders by shareholding percentage) and their shareholding percentages. If the major shareholder is an institution, the information shall be furnished in Table 2 below.
Note 3: Where an institutional shareholder is not organized as a company, the shareholder name and shareholding ratio required above shall be the name of the funder or donor and the funding or donation ratio.

3. Major Shareholders for Institutional Shareholders

April 2, 2021

Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)	Shareholding ratio
USI Corporation	Shing Li Enterprises (Hong Kong) Limited	14.62%
	Wholegainer Company Limited' investment account is under custody of Fubon Securities Co., Ltd.	9.25%
	Asia Polymer Corporation	8.53%
	Yueh Hsing Hua Investment Co., Ltd.	1.73%
	Lin-Shu, Shan-Shan	1.67%
	Norges Bank Investment Account is under custody of Citibank (Taiwan) Limited	1.60%
	Tai-Hsing Investment Co.	1.50%
	Yu, Wen-Hsuan	1.41%
	Yu, Wen-Tsung	1.41%
	Yu, Wen-Yu	1.41%
UPC Technology Corporation	Lien Hwa Industrial Holdings Corp.	31.89
	Synnex Technology International Corporation	5.18
	Yi Yuan Investment Co., Ltd.	1.62
	Liberty Stationery Corporation	1.55
	Tung Ta Investment Co., Ltd.	1.46
	Mei An Investment Co., Ltd.	1.35
	Tsu Feng Investment Co., Ltd.	1.23
	MiTac International Corp.	1.21
	Pornchai Engineering & Trading Company Limited	1.12
	Goldman Sachs Investment Account is under custody of HSBC Bank (Taiwan) Limited	1.10

Note 1: If the major shareholder in Table 1 above is a legal person, the name of the legal person shall be provided.
Note 2: Fill in the names of the major shareholders of these institutional shareholders (include top 10 major shareholders by shareholding percentage) and their shareholding percentages.
Note 3: Where an institutional shareholder is not organized as a company, the shareholder name and shareholding ratio required above shall be the name of the funder or donor and the funding or donation ratio.

4. Information regarding members of the Board of Directors

April 2, 2021

terms / Name (Note 1)	Has more than five years of work experience and the following professional qualifications			Status of Independence (Note 2)												Number of companies in which the Directors also serves concurrently as an Independent Director
	Serve in lecturer roles or above in public or private college institutions in one of the following departments: business administration, law, finance, accounting, or another discipline relevant to the company's operations	Serve as a judge, prosecutor, lawyer, certified public accountant or other professional or technical specialists who have passed the relevant national examinations and successfully obtained certificates in professions necessary for the business of the Company	Work experience in commerce, legal affairs, finance, accounting, or business operation of a company	1	2	3	4	5	6	7	8	9	10	11	12	
Wu, Yi-Gui			✓			✓							✓	✓		0
Wu, Pei-Chi			✓			✓		✓					✓	✓		0
Ying, Bao-Luo			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Liu, Han-Tai			✓			✓		✓				✓	✓	✓		0
Liu, Zhen-Tu			✓	✓		✓	✓	✓				✓	✓	✓		0
Ko, I-Shao			✓	✓		✓	✓					✓	✓	✓		0
Ma, Yi-Kung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chen, Tien-Wen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Yuan, Chi-Yin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

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

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

(1) Not an employee of the company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the company, its parent company or any subsidiary of the same parent company, as mutually appointed in accordance with the Act or with the laws of the registered countries.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

(4) Not an executive in the preceding subparagraph (1), or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the preceding subparagraphs (2) and (3)

(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve

as a director or supervisor of the company under Paragraph 1 or 2 of Article 27 of the Company Act. Not applicable in cases where the person is an independent director of the company, its parent company or any subsidiary of the same parent company, as mutually appointed in accordance with the Act or with the laws of the registered countries.

(6) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of the company's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).

(7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of the company (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a director, supervisor, executive, 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 (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of the company and concurrently serving as an independent director, as mutually appointed at the company, its parent and subsidiary, or a subsidiary of the same parent in accordance with the Act or the laws and regulations of the registered country.

(9) Not a 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 Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(5) Not a spouse or relative of second degree or closer to any other directors.

(11) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.

(12) Not elected in the capacity of the government, a legal person, or a representative thereof as provided in Article 27 of the Company Act.

(II) President, Vice Presidents, Senior Managers, Heads of Departments and Branches

April 2, 2021
Unit: Shares

Title (Note 1)	Nationality	Name	Gender	Date of Election	Shares held		Shares held by Spouse and Minors		Shares Held in the Name of Other Persons		Major Work Experience and Academic Qualifications (Note 2)	Concurrent positions in other companies	Managerial Officers who are Spouses or Within Second Degrees of Kinship			Remarks (Note 3)
					Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			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	
President	Taiwan (R.O.C.)	Wu, Pei-Chi	Male	2017.12.22	0	0.00%	0	0.00%	0	0.00%	Note 5	Note 6	None	None	None	
Executive Vice President	Taiwan (R.O.C.)	Yen, Tai-Ming	Male	2015.7.6	0	0.00%	0	0.00%	0	0.00%	EMBA, National Sun Yat-sen University (Taiwan)	Director and President TTC (Zhongshan) Taita Chemical (Tianjin) Co., Ltd.	None	None	None	
Corporate Governance Officer.	Taiwan (R.O.C.)	Chen, Yung-Chih	Male	2019.5.9	0	0.00%	0	0.00%	0	0.00%	Dr.iur, University of Munich, Germany Experience (Note 7)	Note 8	None	None	None	
Head of Accounting	Taiwan (R.O.C.)	Lin, Chin-Tsai	Male	2001.4.17	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	Taiwan (R.O.C.)	Chuang, Kai-Hui	Female	2015.4.24	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, managerial officers 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, TTC,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

President: Union Polymer, USI Management Consulting, Dynamic Ever Investments, Ever Victory Global

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

Executive Director: Chinese National Federation of Industries

Note 5: 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 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, Cypress Epoch, APC, CGTD, APC Investment, Chong Loong Trading, Swanson Plastic Corporation, Swanson Technologies Corporation, INOMA Corporation, USI Educational Foundation, TUVC, TUVM, Formosa (Shanghai)

Supervisor: USI Optronics Corporation

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

Note 7: Director, Legal Department, Lite-On Technology Corporation; Attorney, Winkler Partners; Independent Director, Chipsip Technology Co., Ltd.; Arbitrator, Chinese Arbitration Association, Taipei

Note 8: Independent Director: Man Zai Industrial Co., Ltd.

Independent Director: CGPC (Zhongshan) and RD&D Cold Logistics Co., Ltd.

Supervisor: CGPC (Zhongshan), Formosa (Shanghai), USI Investment, APC Investment, Chong Loong Trading, Swanson Plastic Corporation, TUVC, TUVM, INOMA Corporation, Union Polimer International Investment, Cerebra Technologies, FiduciaEdge Technology

Corporate governance officer: USI, APC, CGPC, Acme Electronics Corporation

(III) Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the seats for independent directors, or 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 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 of Directors, Supervisors, President, and Vice Presidents

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):

1. Where it was a loss after tax in the parent company only or individual financial statements in the last three years, the name and remuneration of individual "Directors and Supervisors" shall be disclosed; provided that it is net income after tax in the parent company only or individual financial statements in the most recent year, and the said net income is sufficient to make up for the accumulated losses [Note 1].
2. 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]

3. 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]
4. If the total amount of remuneration received by all the directors and supervisors of a company from all the companies listed in its financial statements exceeds two (2) percent of its net income after taxes, and the amount of remuneration received by any individual director or supervisor exceeds NT$15 million, the company shall disclose the amount of remuneration paid to individual directors or supervisors. (Description: The remuneration of Directors and Supervisors is calculated based on "Remuneration of Directors" plus "Remuneration of Supervisors" as in the Appendix excluding any remuneration received as concurrent employees.)
5. Any result of evaluation made on corporate governance in the most recent year is in the last level, or any trading method changes, any trading or marketing stops, or any evaluation is rejected by the Corporate Governance Evaluation Committee in the most recent year as of the publication date of this Annual Report as a listed company.
6. The average annual salary of a full-time employee of a listed company who does not hold a managerial position in the most recent year has not reached NT$500,000.

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 (Including Independent Directors), Supervisors, General Managers, and Deputy General Mangers

1. Remuneration Paid to Directors and Independent Directors:

Unit: NT$ thousand

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Remuneration of Directors</th><th colspan="2" rowspan="2">Sum of A, B, C and D in proportion to Earnings After Tax (Note 11)</th><th colspan="8">Remuneration Received by Directors serving as concurrent employees</th><th colspan="2" rowspan="2">Sum of items A, B, C, D, E and F in proportion to Earnings After Tax (Note 11)</th><th rowspan="4">Remuneration received from non-subsidiary reinvestment businesses or from the parent company (Note 11)</th></tr>
<tr><th colspan="2">Remuneration (A) (Note 2)</th><th colspan="2">Severance Pay and Pension (B)</th><th colspan="2">Directors' Remuneration (C) (Note 3)</th><th colspan="2">Business expense (D) (Note 4)</th><th colspan="2">Salary, Bonus and Special Fees, etc. (E) (Note 5)</th><th colspan="2">Severance Pay and Pension (F)</th><th colspan="4">Employee remuneration (G) (Note 6)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All the Companies Listed in the Consolidated Financial Statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All the Companies Listed in the Consolidated Financial Statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All the Companies Listed in the Consolidated Financial Statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All the Companies Listed in the Consolidated Financial Statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All the Companies Listed in the Consolidated Financial Statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All the Companies Listed in the Consolidated Financial Statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All the Companies Listed in the Consolidated Financial Statements (Note 7)</th><th colspan="2">The Company</th><th colspan="2">All the Companies Listed in the Consolidated Financial Statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All the Companies Listed in the Consolidated Financial Statements (Note 7)</th></tr>
<tr><th>Cash Amount</th><th>Share Value</th><th>Cash Amount</th><th>Share</th></tr>
<tr><td>Chairman and Chief Executive Officer</td><td>Wu, Yi-Gui</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">988</td><td rowspan="6">988</td><td rowspan="6">0.05%</td><td rowspan="6">0.05%</td><td rowspan="6">12,086</td><td rowspan="6">12,086</td><td rowspan="6">216</td><td rowspan="6">216</td><td rowspan="6">114</td><td rowspan="6">0</td><td rowspan="6">114</td><td rowspan="6">0</td><td rowspan="6">0.70%</td><td rowspan="6">0.70%</td><td rowspan="6">29,266</td></tr>
<tr><td>Director and President</td><td>Wu, Pei-Chi</td></tr>
<tr><td>Directors</td><td>Ying, Bao-Luo</td></tr>
<tr><td>Directors</td><td>Liu, Han-Tai</td></tr>
<tr><td>Directors</td><td>Liu, Zhen-Tu</td></tr>
<tr><td>Directors</td><td>Ko, I-Shao</td></tr>
<tr><td>Independent Directors</td><td>Ma, Yi-Kung</td><td rowspan="3">3,600</td><td rowspan="3">3,600</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">570</td><td rowspan="3">570</td><td rowspan="3">0.22%</td><td rowspan="3">0.22%</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0.22%</td><td rowspan="3">0.22%</td><td rowspan="3">None</td></tr>
<tr><td>Independent Directors</td><td>Chen, Tien-Wen</td></tr>
<tr><td>Independent Directors</td><td>Yuan, Chi-Yin</td></tr>
</table>

1. Please describe the independent directors' remuneration policies, systems, standards and structure, and the relationship between the remuneration and the responsibilities, risks, and time spent:
   Independent Directors are remunerated according to the remuneration policies and guidelines and the Articles of Incorporation. The level of remuneration is dependent upon the degree of participation and contribution of the independent directors, with reference to the industry median. It shall be distributed after submitted to and approved by the Remuneration Committee and adopted by the Board of Directors. Independent Directors do not receive other compensation except for the fixed remuneration.
2. In addition to the information disclosed in the table above, remuneration paid to any director who has provided his/her services (such as consulting services in a non-employee capacity) to all the companies listed in the company's financial statements in the most recent fiscal year: None.

Range of remuneration

Range of Remuneration Paid to the Directors of the Company	Names of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All the Companies Included in the Financial Statements (Note 9) H	The Company (Note 8)	The parent company and reinvestment businesses (Note 9) I
Under $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, Zhen-Tu / Ko, I-Shao / Ying, Pao-Lo
$1,000,000 (inclusive) to $2,000,000 (exclusive)	Ma, Yi-Kung / Chen, Tien-Wen / Juan, Chi-Ying	Ma, Yi-Kung / Chen, Tien-Wen / Juan, Chi-Ying	Ma, Yi-Kung / Chen, Tien-Wen / Juan, Chi-Ying	Ma, Yi-Kung / Chen, Tien-Wen / Juan, Chi-Ying
$2,000,000 (inclusive) to $3,500,000 (exclusive)	-	-	-	-
$3,500,000 (inclusive) to $5,000,000 (exclusive)	-	-	Wu, Yi-Gui	-
$5,000,000 (inclusive) to $10,000,000 (exclusive)	-	-	Wu, Pei-Chi	Wu, Pei-Chi
$10,000,000 (inclusive) to $15,000,000 (exclusive)	-	-	-	Liu, Han-Tai
$15,000,000 (inclusive) to $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	$5,158 thousand	$5,158 thousand	$17,574 thousand	$46,840 thousand

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

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

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

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

Note 5: Salary, job-related allowances, severance pay, various bonuses, incentives, transportation allowances, special allowance, various allowances, accommodation allowance and vehicle received by Directors who concurrently serve as employees (including General Manager, Deputy General Manager, other managerial officers, and employees) in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. Furthermore, any compensation recognized in the IFRS 2 section of "Share-Based Payment," 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 2020 was $872 thousand, the driver's salary was $558 thousand, and fuel expenses were $182 thousand.

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

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

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

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 reinvestment businesses other than subsidiaries or the parent company, the amount of remuneration received by the director from reinvestment businesses 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 Reinvestment Businesses".

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

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

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$ thousand

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonus and Special Allowance (C) (Note 3)		Employee Rewards (D) (Note 4)				Sum of A, B, C and D in proportion to Earnings After Tax (%) (Note 8)		Remuneration received from non-subsidiary reinvestment businesses or from the parent company (Note 9)
		The Company	All the Companies Included in the Consolidated Financial Statements (Note 5)	The Company	All the Companies Included in the Consolidated Financial Statements (Note 5)	The Company	All the Companies Included in the Consolidated Financial Statements (Note 5)	The Company		All the Companies Included in the Consolidated Financial Statements (Note 5)		The Company	All the Companies Listed in the Consolidated Financial Statements (Note 5)	
								Cash Amount	Share Value	Cash Amount	Share Value			
Chief Executive Officer	Wu, Yi-Gui	7,456	7,456	216	216	9,350	9,350	172	0	172	0	0.90%	0.90%	18,900
President	Wu, Pei-Chi													
Vice President	Yen, Tai-Ming													

* 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 Managers of the Company	Names of General Manager or Deputy General Manager	
	The Company (Note 6)	The parent company and all reinvestment businesses (Note 9) E
Under $1,000,000	-	-
$1,000,000 (inclusive) to $2,000,000 (exclusive)	-	-
$2,000,000 (inclusive) to $3,500,000 (exclusive)	-	
$3,500,000 (inclusive) to $5,000,000 (exclusive)	Wu, Yi-Gui / Yen, Tai-Ming	Yen, Tai-Ming
$5,000,000 (inclusive) to $10,000,000 (exclusive)	Wu, Pei-Chi	Wu, Pei-Chi
$10,000,000 (inclusive) to $15,000,000 (exclusive)	-	-
$15,000,000 (inclusive) to $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	$17,194 thousand	$36,094 thousand

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

Note 2: Fill 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 allowances, special allowance, various allowances, accommodation, and vehicle received by the General Manager and Deputy General Managers in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. Furthermore, any compensation recognized in the IFRS 2 section of "Share-Based Payment," 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 2020 totaling at $518 thousand has been included in the salary, bonus, and special allowance in the table above. The cost of the business vehicle was $2,013 thousand and the book value as of the end of 2020 was $872 thousand. The salary of the driver was $558 thousand and the fuel expenses amounted to $435 thousand.

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

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

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

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

Note 8: Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company-only or individual 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 the General Manager or Deputy General Managers of the Company receive remuneration from reinvestment businesses other than subsidiaries or the parent company, the remuneration received by the General Manager or Deputy General Managers of the Company from reinvestment businesses other than subsidiaries or the parent company shall be included in Column E in the Range of Remuneration Table, and the column shall be renamed "Parent Company and All Reinvestment Businesses."

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 a reinvestment business or parent company of the Company other than subsidiaries.

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

4. Remuneration paid to the five officers with the highest remuneration (disclosure of the names and remuneration method of individual officers): Not applicable.
5. Name of managerial officers who distribute employee bonuses and the situation of distribution

Unit: NT$ thousand

<table>
<tr><th></th><th>Title
(Note 1)</th><th>Name
(Note 1)</th><th>Share Value</th><th>Cash Amount</th><th>Total</th><th>Total remuneration in proportion to Earnings After Tax (%)</th></tr>
<tr><td rowspan="6">Managers</td><td>Chief Executive Officer</td><td>Wu, Yi-Gui</td><td rowspan="6">0</td><td rowspan="6">343</td><td rowspan="6">343</td><td rowspan="6">0.02%</td></tr>
<tr><td>President</td><td>Wu, Pei-Chi</td></tr>
<tr><td>Vice President</td><td>Yen, Tai-Ming</td></tr>
<tr><td>Corporate Governance Officer.</td><td>Chen, Yung-Chih</td></tr>
<tr><td>Head of Accounting</td><td>Lin, Chin-Tsai</td></tr>
<tr><td>Head of Finance</td><td>Chuang, Kai-Hui</td></tr>
</table>

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

Note 2: Refers to compensations paid to the Managers (including stock and cash) approved by the Board of Directors in the most recent year; If such compensations cannot be estimated, an estimation for this year shall be calculated in proportion of the compensations paid last year. Net profit refers to the after-tax net income for the most recent fiscal year; for those that have already adopted the IFRS principles, net profit refers to the after-tax net income in individual or consolidated financial reports for 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 its equivalent
(2) Deputy General Manager and its equivalent
(3) Senior Manager and its equivalent
(4) Head of the Finance Department
(5) Head of the Accounting Department
(6) Other Personnel Authorized to Manage the Company's Affairs and Sign for Approval

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

(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 total remunerations of directors, general managers and deputy general managers in proportion to earnings after tax:

Year / Category	2020		2019	
	The Company	All the Companies Listed in the Consolidated Financial Statements	The Company	All the Companies Listed in the Consolidated Financial Statements
Director	0.05%	0.05%	0.37%	0.37%
Independent Directors	0.22%	0.22%	1.04%	1.04%
Directors (Including Those Who Concurrently Serve as Employees and Receive Employees' Compensation)	0.70%	0.70%	2.76%	2.76%
Directors (Including Those Who Concurrently Serve as Employees and Receive Employees' Compensation)	0.22%	0.22%	1.04%	1.04%
Chief Executive Officer, President, and Vice Presidents	0.90%	0.90%	3.25%	3.25%

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

(1) Directors’ remuneration shall be determined in accordance with Article 20 of the Articles of Incorporation of the Company “The value of their involvement in and contribution to the Company’s operations, irrespective of whether the Company’s business is profit or loss, with reference to the industry standards in the ROC”; According to Article 25 of the Articles of Incorporation of the

Company, the remuneration shall not exceed 1% of the profit for the year. The above remuneration was agreed with reference to the operating performance of the Company and the results of the directors’ performance evaluation. In addition, transportation allowance will be provided according to the resolution of the shareholders’ meeting, but no transportation allowance will be paid to managers who are also directors of the Company. Evaluation of performance for the individual board members includes alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.

(2) The remuneration of the Manager shall be determined in accordance with the relevant personnel requirements of the Company and with regard to the operation performance. Operating performance includes financial (operating revenue, operating profit and net profit before tax), customer, product, talent, safety and project aspects.

(3) The correlation between the Company's business performance and future risk exposure: The Remuneration Committee references the Company's overall business performance, outlook of the industry, business risks, and development trends and evaluates the performance targets of the Company's Directors, Supervisors and managerial officers to establish the content and amount of their remuneration individually. The Committee forms recommendations and submits them to the Board of Directors for adoption. The remuneration system is reviewed from time to time according to the actual operating performance and applicable laws and regulations. There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of this Corporation.

IV. Implementation of Corporate Governance

(I) Operation of Board of Directors

in 2020, seven meetings were held by the board of directors. The attendance of each member is listed blow:

Title	Name	1st meeting on March 5, 2020	2nd meeting on May 13, 2020	3rd meeting on June 30, 2020	4th meeting on August 12, 2020	5th meeting on November 3, 2020	6th meeting on December 3, 2020	7th meeting on December 23, 2020	Number of Attendance in Person B	Number of Attendance by Proxy	Rate of Attendance in Person (%) [B/A] (Note 2)	Remarks
Chairman	Wu, Yi-Gui (representative of Union Polymer International Investment Corporation)	◎	◎	◎	◎	◎	◎	◎	7	0	100	Reelected
Director and General Manager	Wu, Pei-Chih (representative of Union Polymer International Investment Corporation)	◎	◎	◎	◎	◎	◎	◎	7	0	100	Reelected
Directors	Yin, Pao-Luo (representative of Union Polymer International Investment Corporation)	◎	◎	◎	◎	◎	◎	◎	7	0	100	Reelected
Directors	Liu, Han-Tai (representative of Union Polymer International Investment Corporation)	◎	◎	◎	◎	◎	◎	◎	7	0	100	Reelected
Directors	Liu, Zhen-Tu (representative of Union Polymer International Investment Corporation)	◎	◎	◎	◎	◎	◎	◎	7	0	100	Reelected
Directors	Ko, I-Shao (representative of Taiwan Union International Investment Corp.)	◎	◎	◎	☆	◎	◎	◎	6	1	85.71	Reelected
Independent Directors	Ma, Yi-Kung	◎	◎	◎	◎	◎	◎	◎	7	0	100	Reelected
Independent Directors	Chen, Tien-Wen	◎	◎	◎	◎	◎	◎	◎	7	0	100	Reelected
Independent Directors	Yuan, Chi-Yin	◎	◎	◎	◎	◎	◎	◎	7	0	100	Reelected

Note 1: For legal person directors and supervisors, the name of the institutional shareholders and their representatives shall be disclosed.

Note 2: (1) Where directors or supervisors resign before the end of the year, the "remark" column shall be annotated with the date of resignation. Actual presence (attendance) rate (%) shall be calculated using the number of Directors’ Meetings convened and actual presence (attendance) during the term of service.

(2) Where Directors and Supervisors were re-elected before the end of the year, both the incoming and outgoing Directors and Supervisors shall be listed accordingly. The "remark" column shall be annotated to indicate whether the Director or Supervisor was outgoing, incoming, or re-elected as well as the date of re-election. The Director's rate of attendance in person (%) shall be calculated based on the number of Board of Directors' Meetings held and the attendance in person during his/her term of office.

Note 3: 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 should be stated.

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

Session and Date of Board Meeting	Resolution and Subsequent Actions	Items specified in Article 14-3 of the Securities and Exchange Act	Objections or reservations expressed by Independent Directors
1st Meeting in 2020 2020.3.5	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 issurance of new shares for retained earnings capitalization	Yes	None
	4. Approved amendments to the Procedures for Endorsements and Guarantees.	Yes	None
	5. Approved proposed amendments to the Operational Procedures for Loaning Funds to Others	Yes	None
	6. Compensation paid to the CPAs for 2019		
	7. CPA appointed for 2020	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.		
Second meeting in 2020 2020.5.13	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 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.		

3rd meeting in 2020 2020.6.30	Approved 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.		
4th meeting in 2020 2020.8.12	1. Ratified endorsement/guarantee made for Taita (BVI) Holding Co., Ltd.	Yes	None
	2. Approved the amendment of the Rules of Procedures for the Board of Directors Meetings	Yes	None
	3. Approved the amendment of the Rules Governing the Scope of Powers of Independent Directors	Yes	None
	4. Approved the amendment of Remuneration Policies and Procedures for Directors, Supervisors and Managerial Officers	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.		
5th meeting in 2020 2020.11.3	1. Ratified endorsement/guarantee made for Taita (BVI) Holding Co., Ltd.	Yes	None
	2. Approved compensation paid to the CPAs for 2020	Yes	None
	3. Approved investment in China via subsidiaries	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.		

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

<table>
<tr><th>Names of Director</th><th>Resolutions</th><th>Reason for Recusal</th><th>Voting results</th><th>Remarks</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 for conflict of interest because a relative within the third degree of kinship serves as the Director of First Commercial Bank.</td><td rowspan="4">They did not participate in voting.</td><td rowspan="4">1st Meeting in 2020</td></tr>
<tr><td>Wu, Pei-Chi
Chen, Tien-Wen</td><td>Removal of the non-compete clause for Directors.</td><td rowspan="2">The recused Director is the subject in the removal of the non-compete clause.</td></tr>
<tr><td>Wu, Pei-Chi</td><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>Period of Evaluation
(Note 2)</th><th>Scope
(Note 3)</th><th>Method
(Note 4)</th><th>Evaluation Contents
(Note 5)</th></tr>
<tr><td rowspan="4">Once a year</td><td rowspan="4">1/1/2020 - 4/24/2020</td><td>Performance Evaluation of the Board of Directors</td><td>Self-evaluation of the Board of Directors</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. Election of Directors and their continuing professional education.
5. Internal control.</td></tr>
<tr><td>Performance Evaulation of Individual Board Members</td><td>Self-evaluation of Board Members</td><td>II. Board Member Self-evaluation
1. Execution of the Company's goals and tasks
2. Understanding of the director's roles and responsibilities
3. Participation in the Company's operation
4. Management and communication of the internal relations
5. Expertise and continuing education of the directors
6. 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>III. Audit Committee Performance Evaluation
1. Level of participation in corporate operations.
2. Understanding of the Audit Committee's Roles and Responsibilities
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>IV. Remuneration Committee Performance Evaluation
1. Level of participation in corporate operations.
2. Understanding of the Remuneration Committee's Roles and Responsibilities
3. Improvement of the quality of the Remuneration Committee' decision making.
4. Composition of the Remuneration Committee and selection of committee members.</td></tr>
</table>

- The results of the annual performance evaluation of the Board and functional committees were presented to the first Board of Directors (March 5, 2021) in 2021 and disclosed on the Company's website after the meeting.

Note 1: Fill out the frequency of the evaluation of the Board of Directors, e.g. once a 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 1, 2019 to December 31, 2019.

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

Note 4: Methods of evaluations include the self-evaluation of the board, self-evaluation by individual board members, peer review, 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: It shall include the degree of participation in the Company's operations, the understanding of the functional committee's responsibilities, the quality of decision-making of the functional committee, the composition and selection of members of the functional committee, and internal control.

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

1. The operations of the Board of Directors of the Company are carried out 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 on the basis of loyalty and integrity.
2. The Company monitors closely changes of applicable laws and regulations, reviews its "Rules of Procedure for Board of Directors' Meetings," "Rules Governing the Scope of Powers of Independent Directors","Audit Committee Charter," and "Remuneration Committee Charter" in due course, to ensure that internal policies and procedures accomodate changes in laws and regulations, and are implemented accordingly with full transparency of information.
3. The Board appointed a Corporate Governance Officer on May 9, 2019 to ensure the implementation of corporate governance best practices, to safeguard the interests of shareholders, and to strengthen the functions of the Board.
4. The Company has established functional committees such as the Remuneration Committee and the Audit Committee in 2011 and 2015. The Company continues to monitor and enhance their effectiveness.
5. Information concerning the Company’s compliance with related regulations and major resolutions of the Board of Directors are disclosed at the Company’s website and the Market Observation Post System (MOPS) to enhance information transparency of the Company's operations to the shareholders.
6. The Company organizes training sessions for Directors and provides assitance for Directors to attend external corporate governance courses. The directors’ training status in 2020 is presented below:

Title	Name	Date of Training	Organizer	Course Title	Number of Hours
Chairman	Wu, Yi-Gui	July 9, 2020	Securities and Futures Institute, R.O.C.	On Business Strategy and Corporate Governance in Response to the Risks of Unsustainable Development of the World	3
		October 13, 2020	Securities and Futures Institute, R.O.C.	Strategies and Management of Enterprise Upgrade and Transformation: the Choice between M&A and Alliance	3
Director and President	Wu, Pei-Chi	July 9, 2020	Securities and Futures Institute, R.O.C.	On Business Strategy and Corporate Governance in Response to the Risks of Unsustainable Development of the World	3
		October 13, 2020	Securities and Futures Institute, R.O.C.	Strategies and Management of Enterprise Upgrade and Transformation: the Choice between M&A and Alliance	3
Directors	Ying, Bao-Luo	July 9, 2020	Securities and Futures Institute, R.O.C.	On Business Strategy and Corporate Governance in Response to the Risks of Unsustainable Development of the World	3
		October 13, 2020	Securities and Futures Institute, R.O.C.	Strategies and Management of Enterprise Upgrade and Transformation: the Choice between M&A and Alliance	3
Directors	Liu, Han-Tai	July 9, 2020	Securities and Futures Institute, R.O.C.	On Business Strategy and Corporate Governance in Response to the Risks of Unsustainable Development of the World	3
		October 13, 2020	Securities and Futures Institute, R.O.C.	Strategies and Management of Enterprise Upgrade and Transformation: the Choice between M&A and Alliance	3
Directors	Liu, Zhen-Tu	June 23, 2020	Taiwan Corporate Governance Association	Issues that directors and supervisors need to consider in risk management, corporate sustainability and ESG after the impact of the epidemic	1
		July 9, 2020	Securities and Futures Institute, R.O.C.	On Business Strategy and Corporate Governance in Response to the Risks of Unsustainable Development of the World	3
		August 25, 2020	Taiwan Corporate Governance Association	Collapse of corporate governance and its influence based on the Datong case	1
		October 13, 2020	Securities and Futures Institute, R.O.C.	Strategies and Management of Enterprise Upgrade and Transformation: the Choice between M&A and Alliance	3

Title	Name	Date of Training	Organizer	Course Title	Number of Hours
		October 29, 2020	Taiwan Corporate Governance Association	The struggle for the right to operate companies: what did the Supreme Court say?	1
		December 2, 2020	Taiwan Corporate Governance Association	The 16th Corporate Governance Summit Forum - Advancing Corporate Governance	6
		December 31, 2020	Taiwan Corporate Governance Association	Companies' strategies for making good use of capital markets nowadays	1
Directors	Ko, I-Shao	October 22, 2020	Taiwan Corporate Governance Association	Case Study of <unk> vs. <unk>	3
		November 16, 2020	Taiwan Stock Exchange Corporation (TWSE)	2020 Promulgation of Corporate Governance and Ethical Corporate Management for Directors and Supervisors	3
Independent Directors	Ma, Yi-Kung	July 9, 2020	Securities and Futures Institute, R.O.C.	On Business Strategy and Corporate Governance in Response to the Risks of Unsustainable Development of the World	3
		October 13, 2020	Securities and Futures Institute, R.O.C.	Strategies and Management of Enterprise Upgrade and Transformation: the Choice between M&A and Alliance	3
Independent Directors	Chen, Tien-Wen	August 19, 2020	Securities and Futures Institute, R.O.C.	2020 Understanding Hedging with Futures Derivatives, and on the Best Practices of Corporate Sustainable Management for TWSE/TPEx Listed Companies	3
		October 13, 2020	Securities and Futures Institute, R.O.C.	Strategies and Management of Enterprise Upgrade and Transformation: the Choice between M&A and Alliance	3
Independent Directors	Yuan, Chi-Yin	July 9, 2020	Securities and Futures Institute, R.O.C.	On Business Strategy and Corporate Governance in Response to the Risks of Unsustainable Development of the World	3
		October 13, 2020	Securities and Futures Institute, R.O.C.	Strategies and Management of Enterprise Upgrade and Transformation: the Choice between M&A and Alliance	3
Corporate Governance Officer.	Chen, Yung-Chih	July 9, 2020	Securities and Futures Institute, R.O.C.	On Business Strategy and Corporate Governance in Response to the Risks of Unsustainable Development of the World	3
		August 19, 2020	Securities and Futures Institute, R.O.C.	Understanding Hedging with Futures Derivatives, and on the	3

Title	Name	Date of Training	Organizer	Course Title	Number of Hours
				Best Practices of Corporate Sustainable Management	
		September 24, 2020	Taipei Exchange (TPEx), R.O.C.	"Corporate Governance 3.0 - Sustainable Development Roadmap" Summit	3
		September 30, 2020	Securities and Futures Institute, R.O.C.	2020 Briefings on Shares Transfer of Corporate Insiders and the Prevention of Insider Trading	3
		October 13, 2020	Securities and Futures Institute, R.O.C.	Strategies and Management of Enterprise Upgrade and Transformation: the Choice between M&A and Alliance	3
		October 23, 2020	Taipei Exchange (TPEx), R.O.C.	2020 Promulgation of Corporate Governance and Ethical Corporate Management for Directors and Supervisors	3
Head of Accounting	Lin, Chin-Tsai	December 7, 2020 December 8, 2020	Accounting Research and Development Foundation	Continuing Education Class for Chief Accounting Officers of Corporate Issuers, Securities Firms, and Securities Exchanges	12
Head of Audit	Hsu, Liang-Wei	August 31, 2020	The Institute of Internal Auditors, R.O.C.	Analysis of policies regarding enhancing corporate capabilities of independent preparation of financial reports, and discussions on internal audit and internal control practices	6
		November 6, 2020	The Institute of Internal Auditors, R.O.C.	How Internal Auditors Interpret Business Performance and Identify Risks from IFRS Financial Statements	6

The number of hours, scope, structure, arrangements and information disclosure on the aforementioned trainings fully comply with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.

(II) Audit Committee

1. Operations

(1) Functions

- Formulation and amendment of the internal control system pursuant to Article 14-1 of the Act.
- Evaluation of the effectiveness of the internal control system.
- Pursuant to Article 36-1 of the Act, formulation or amendment of policies and procedures concerning major financial or business activities, including Procedures for the Acquisition or Disposal of Assets, Procedures for Engaging in Derivative Transactions, Procedures for Loaning Funds to Others, Procedures for Endoresement or Guarantees to Others.
- Matters involving Directors' self-interest.
- Major assets or derivative transactions
- Major loaning of funds, 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.
- Review of annual financial reports signed and sealed by the Chairman, the managerial officer, and the accounting manager.
- Other important matters required by the Company or the regulatory authorities

(2) Annual Work Summary

The Audit Committee is comprised of three independent directors. In total 7 meetings (A) were held during the fiscal year of 2020. The attendance of the members is listed below:

Title	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	Percentage of attendance in person (%) (B/A) (Note)	Remarks
Independent Directors	Ma, Yi-Kung	7	0	100	
Independent Directors	Chen, Tien-Wen	7	0	100	
Independent Directors	Yuan, Chi-Yin	7	0	100	

Main Items for Review:

1. Endorsements and guarantees.
2. Release of Directors from non-compete clause.
3. Annual financial statements and earnings distribution proposal.
4. Earnings distribution to shareholders through stock dividend
5. Modification of the internal control system.
6. Compensation to the CPAs.
7. CPA appointment and the assessment of CPA independence.
8. Assessment of the effectiveness of the internal control system.
9. Semi-annual financial reports.
10. Discussion on past-due payments from sales
11. Audit plans.
12. Increase in Investment and PRC Investment
13. Establishment of the Risk Management Policies and Procedures

- Reviewed the annual accounts and earnings distribution and issue an audit report.
- Amended the internal control system, including "Procedures for Endorsement and Guarantees", "Procedures for Loaning Funds to Others", "Procedures for Securities Services", and "Procedures for Handling Material Corporate Information"
- Evaluated the effectiveness of the internal control system and issued a statement of declaration accordingly.
- Appointed a CPA and assessed its independence.

(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 Subsequent Actions	Items listed in Article 14-5 of the Securities and Exchange Act	Objections or reservations expressed by Independent Directors
First meeting held on March 5, 2020	1. Ratified guarantees and endorsements.	V	None
	2. Released directors from the non-compete clause	V	None
	3. Preparation of 2019 consolidated and parent company only financial statements	V	None
	4. Amended "Procedures for Endorsement and Guarantees"	V	None
	5. Amended "Procedures for Loaning Funds to Others"	V	None

	6. Compensation paid to the CPAs for 2019	V	None
	7. Appointed CPAs for 2020	V	None
	Opinions of the Audit Committee: None.		
	The Company's Handling of Opinions of the Audit Committee: None.		
	Voting results: 1. Ratification of endorsement and guarantees: The designated Chair, Independent Director Madam Ma, Yi-Kung consulted all the Directors present, except for Independent Director Mr. Tien-Wen Chen who recused himself from voting due to conflict of interest as he has a relative within the third degree of kinship serving as the Managing Director of First Commercial Bank, voted in favor of the resolution, which was subsequently submitted to the Board of Directors for discussion. 2. Release of directors from non-compete clause: The independent director and designated Chair, Madam Ma, Yi-Kung consulted all the directors, except the independent director Chen, Tien-Wen, who recused himself due to conflict of interest. The proposal was approved without any dissenting opinion and was subsequently submitted to the Board for discussion.		
2nd meeting was held on May 13, 2020	1. Ratified guarantees and endorsements.	V	None
	4. Amendment of the Company's internal control system	V	None
	Opinions of the Audit Committee: None.		
	The Company's Handling of Opinions of the Audit Committee: None.		
	Voting results: All the Directors present voted in favor of the resolution, which was subsequently submitted to the Board of Directors for discussion.		
Third meeting was held on June 30, 2020	None		
4th meeting was held on August 12, 2020	1. Ratified guarantees and endorsements.	V	None
	2. Amendment of "Procedures for Handling Material Corporate Information"	V	None
	Opinions of the Audit Committee: None.		
	The Company's Handling of Opinions of the Audit Committee: None.		
	Voting results: All the Directors present voted in favor of the resolution, which was subsequently submitted to the Board of Directors for discussion.		
Fifth meeting was held on November 3, 2020	1. Ratified guarantees and endorsements.	V	None
	2. Compensation paid to the CPAs for 2020	V	None
	Opinions of the Audit Committee: None.		
	The Company's Handling of Opinions of the Audit Committee: None.		
	Voting results: All the Directors present voted in favor of the resolution, which was subsequently submitted to the Board of Directors for discussion.		
Sixth meeting was held on December 3, 2020	Items listed in Article 14-5 of the Securities and Exchange Act: None		
Seventh meeting was held on December 23, 2020	Establishment of the Risk Management Policies and Procedures	V	None
	Opinions of the Audit Committee: None.		
	The Company's Handling of Opinions of the Audit Committee: None.		
	Voting results: All the Directors present voted in favor of the resolution, which was subsequently submitted to the Board of Directors for discussion.		

(II) any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors: None

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

Motion: 9th meeting of the 2nd Audit Committee

Item No. 2: Proposal to ratify guarantees and endorsements made

Recused Director: Chen, Tien-Wen

Voting results: The designated Chair, Independent Director Madam Ma, Yi-Kung consulted all the Directors present, except for Independent Director Mr. Tien-Wen Chen who recused himself from voting due to conflict of interest as he has a relative within the third degree of kinship serving as the Managing Director of First Commercial Bank, voted in favor of the resolution, which was subsequently submitted to the Board of Directors for discussion.

Item No. 3: Proposal to release of directors from non-compete clause

Recused Director: Chen, Tien-Wen

Voting results: The independent director and designated Chair, Madam Ma, Yi-Kong consulted all the directors, except the independent director Chen, Tien-Wen, who recused himself due to conflict of interest. The proposal was approved without any dissenting opinion and was subsequently submitted to the Board for discussion.

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

   (I) Besides submitting the monthly audit reports to independent directors for review, the internal Chief Audit Officer also reports major audit findings to independent directors each quarter at the Audit Committee meeting.

   (II) CPAs review the Company's consolidated financial statements (annual as well as parent only statements) and presented the result as well as any governance issues in person or in writing to the Audit Committee on a quarterly basis, in accordance with the Statement of Auditing Standards No. 39 - “Communication with Those Charged with Governance” and the approved letter with Reference No. Tai Tsai Cheng Liu Tzu 0930105373 issued by SFB on March 11, 2004.

Summary of communication between independent directors and internal Chief Audit Officer in 2020:

Date/Meeting	Key Points of Communications	Suggestions/Execution Results
March 5, 2020 9th Meeting of the 2nd Audit Committee	1. Report of Audit Operations between Decemer 2019 and March 2020 2. Approved and issued 2019 Statement of Internal Control System	No dissenting opinion
May 13, 2020 10th Meeting of the 2nd Audit Committee	1. Report of Audit Operations between March 2020 and May 2020 2. Approved the amendment to the internal control system	No dissenting opinion
June 30, 2020 11th Meeting of the 2nd Audit Committee	Report of Audit Operations between May 2020 and June 2020	No dissenting opinion
August 12, 2020 12th Meeting of the 2nd Audit Committee	Report of Audit Operations between June 2020 and August 2020	No dissenting opinion
November 3, 2020 13th Meeting of the 2nd Audit Committee	1. Report of Audit Operations between August 2020 and November 2020 2. Approved 2021 Audit Plan	No dissenting opinion
December 3, 2020 14th Meeting of the 2nd Audit Committee	Report of Audit Operations between November 2020 and December 2020	No dissenting opinion
December 23, 2020 15th Meeting of the 2nd Audit Committee	Report of Audit Operations for December 2020	No dissenting opinion

Summary of communication between independent directors and CPAs in 2020:

Date/Meeting	Key Points of Communications	Suggestions/Execution Results
March 5, 2020 9th Meeting of the 2nd Audit Committee	Approved the 2019 consolidated and parent company only financial statements, reported the audit implementation status and the audit results.	No dissenting opinion
May 13, 2020 10th Meeting of the 2nd Audit Committee	Audit result on the consolidated financial statements for the first quarter of 2020	No dissenting opinion
August 12, 2020 12th Meeting of the 2nd Audit Committee	Approved the consolidated financial statements for the second quarter of 2020; communicated the audit status and results.	No dissenting opinion
November 3, 2020 13th Meeting of the 2nd Audit Committee	1. Approved the consolidated financial statements for the third quarter of 2020; communicated the audit status and results. 2. Communicated critical items in the Audit Report in accordance with Statements on Auditing Standards No. 58.	No dissenting opinion

* Where an independent director resigns before the end of the fiscal year, the Remark column shall indicate the independent director's resignation date. The attendance ratio shall be calculated based upon the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

* Where an independent director is elected before the end of the fiscal year, both the incoming and the outgoing independent directors shall be listed, and the Remark column shall indicate whether the status of an independent director is "outgoing", "incoming" or “re-elected”, and the date of re-election. The attendance ratios (%) should be 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 the board meeting:

Not applicable for the Company has an Audit Committee, which replaces the functions of supervisors.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status (Note)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
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"?	V		The Company has established its Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE or TPEx Listed Companies. The Company has implemented its corporate governance practices and disclosed such information on its website.	No significant deviation
II. Shareholding Structure and Shareholders' Rights (I) Has the company established internal operating procedures for handling matters related to shareholders' recommendations, doubts, disputes and lawsuits, and implemented them accordingly?	**V**		The Company has appointed specific personnel to take charge of such matters.	No significant deviation
(II) Does the company maintain a list of major shareholders who have actual control over the company and persons who have ultimate control over the major shareholders?	**V**		The Company maintains contact with its major shareholders as well as the ultimate owners of these shareholders.	No significant deviation
(III) Has the company established and implemented risk control and firewall mechanisms among its affiliated companies?	**V**		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?	**V**		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?	V		According to Article 20 of the Company's Corporate Governance Best Practice Principles, diversity shall be considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To fulfill the goals of corporate governance, the Board of Directors shall possess the following competencies: I. Business judgment II. Accounting and financial analysis III. Business management IV. Crisis management V. Knowledge of the industry. VI. International market perspective. VII. Leadership. VIII. Decision-making In addition to the eight competencies listed above, the Company added legal and environmental capabilities to the list in light of growing global attention on corporate governance issues and environmental protection, as well as the pressing need for diversified professional skillsets in the Board. 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, laws and environmental protection. The Company plans to add a new director with legal expertise to further its board diversity goal. Preferrably the role will 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 patent rights. The Company also plans to add another director who specializes in risk	No significant deviation

Evaluation Item	Implementation Status (Note) Yes	No	Summary	Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
			management to increase the Company's sustainability. The goal of board diversification is to include directors with legal, risk management, or other specialties in the board, to further enhance the functional effectiveness of the Board. For details on the diversity of Board members, please refer to the table below. Please take note that Ma, Yi-Kung is a female Director.	

Names of Director	Gender	Diversified Core Competences: Sound business judgments	Accounting and finance	Business management	Crisis management	Knowledge of the industry	Understanding of international markets	Leadership skills	Decision-making ability	Legal expertise	Environmental protection expertise
Wu, Yi-Gui	Male	V	V	V	V	V	V	V	V		
Wu, Pei-Chi	Male	V		V	V	V	V	V	V		
Ying, Bao-Luo	Male	V		V	V	V	V	V	V		V
Liu, Han-Tai	Male	V		V	V	V	V	V	V		
Liu, Zhen-Tu	Male	V	V	V	V			V	V	V	
Ko, I-Shao	Male	V		V	V	V	V	V	V		
Chen, Tien-Wen	Male	V	V	V	V		V	V	V		
Ma, Yi-Kung	Female	V	V		V				V		V
Yuan, Chi-Yin	Male	V		V	V				V	V	

The Company's Directors with employee status accounted for 22% and Independent Directors with employee status 33%.
Two Independent Directors have served for five years. Another one for three years. Two independent directors age above 70; three age between 60 and 69; one ages under 60.

Evaluation Item	Yes	No	Summary	Discrepancies and Reasons
(II) Has the Company voluntarily established functional committees other than the Remuneration Committee and Audit Committee required by the law?	V		The Company has established a remuneration committee and an audit committee, and exercises its authority in accordance with its Remuneration Committee Charter and Audit Committee Charter with favorable performance. The Company has voluntarily established a Corporate Social Responsibility Committee which exercises its authority in accordance with the Corporate Social Responsibility Committee Charter with favorable performance.	No significant deviation
(III) Has the company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for remuneration, nomination and reappointment of individual Directors?	V		I. Results of 2020 Performance Evaluation of the Board of Directors and Individual Members 1. The Company conducts performance evaluation of the Board and its members at the end of each fiscal year in accordance with the Rules Governing the Performance Evaluation of the Board of Directors amended and adopted by the Board in November 2019 2. The performance evaluation of the Board and its Directors is carried out by the Secretariat of the Board via internal self-assessment. The Company uses the results of performance evaluation to review and enhance the future functions of the Board, and to determine remuneration for individual Directors and their nomination for reelection. 3. The Company completed 2020 performance evaluation of the Board of Directors in January 2021. The evaluation period is from January 1 to December 31, 2020. The evaluation results are summarized below: (1) Board Effectiveness	No significant deviation

Aspect	Scores (Note)	Evaluation results and Remarks
Participation in Company operations	4.83	1. The Board scores favorably on all five aspects with an average score over 4.8. 2. According to Risk Management Policies and Procedures adopted by the Board of Directors in December 2020, the President's Office reports at least once a year to the Directors the risk management practice of the Company, to ensure better understanding of the risks the Company faces and to enable the Directors to make concrete suggestions concerning the Company's strategy and operations on a timely basis.
Improvement of the quality of the Board of Directors' decision making	5	
Composition and structure of the Board of Directors	5	
Election and continuous education of the Directors	5	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note)</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>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Internal control</td><td>5</td><td></td></tr>
</table>
Note: The score ranges between 0 and 5, with 5 representing the best outcome.
(2) Performance evaluation of Board members
<table>
<tr><th>Aspect</th><th>Scores (Note)</th><th>Evaluation results</th></tr>
<tr><td>Grasp of the objectives of the Company and its mission</td><td>4.81</td><td rowspan="6">The Directors score favorably on all six aspects with an average score of 4.6.</td></tr>
<tr><td>Understanding of the director's roles and responsibilities</td><td>5</td></tr>
<tr><td>Participation in Company operations</td><td>4.76</td></tr>
<tr><td>Management and communication of the internal relations</td><td>4.72</td></tr>
<tr><td>Expertise and continuing education of the directors</td><td>4.67</td></tr>
<tr><td>Internal control</td><td>4.78</td></tr>
</table>
Note: The score ranges between 0 and 5, with 5 representing the best outcome.
4. The results of the performance evaluation of the Board and its members will be presented to the Board in the first quarter of 2021

II. Performance evaluation of the Audit Committee and the Remuneration Committee
The Company completed the performance evaluation in January 2020. Evaluation period is from January 1 to December 31, 2020. The evaluation results are summarized below:
(1) Performance of the Audit Committee
<table>
<tr><th>Aspect</th><th>Scores (Note)</th><th>Evaluation results</th></tr>
<tr><td>Participation in Company operations</td><td>4.83</td><td rowspan="5">The Audit Committee scores favorably on all five aspects with an average score of 4.7.</td></tr>
<tr><td>Understanding of the duties of the Audit Committee.</td><td>4.87</td></tr>
<tr><td>Improvement of the quality of the Audit Committee' decision making.</td><td>4.71</td></tr>
<tr><td>Composition of the Audit Committee and selection of committee members.</td><td>5</td></tr>
<tr><td>Internal control</td><td>4.89</td></tr>
</table>
Note: The score ranges between 0 and 5, with 5 representing the best outcome.
(2) Performance of the Remuneration Committee
<table>
<tr><th>Aspect</th><th>Scores (Note)</th><th>Evaluation results</th></tr>
<tr><td>Participation in Company operations</td><td>4.83</td><td rowspan="4">The Remuneration Committee scores favorably on all four aspects with an average score of 4.6.</td></tr>
<tr><td>Understanding of the Remuneration Committee's roles and responsibilities</td><td>4.87</td></tr>
<tr><td>Improvement of the quality of the Remuneration Committee' decision making.</td><td>4.62</td></tr>
<tr><td>Composition of the Remuneration Committee and selection of committee members.</td><td>5</td></tr>
</table>
Note: The score ranges between 0 and 5, with 5 representing the best outcome.
</td><td></td></tr>
<tr><td>(IV) Does the company regularly evaluate the independence of CPAs?</td><td>V</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 Article 47 of the Certified Public Accountant Act and the "Assessment Form 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 at 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 been appointed for seven (7) years without interruption.
2. The CPA is not involved in any significant financial interest with the appointer.
3. The CPA avoids any improper relationship with the appointer.
4. The CPA should ensure ethical conduct and independence of his/her staff.
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 CPA practice.
6. The CPA may not permit others to practice under his/her name.
7. The CPA does not own any shares of the Company or its affiliated companies.
8. The CPA does not engage in lending or borrowing of money with the Company and its affiliated companies.
9. The CPA does not engage in joint investments or benefit sharing with the Company or its affiliated companies.
10. The CPA does not concurrently perform regular work for the Company or its affiliated companies and does not receive a fixed salary from them.
11. The CPA is not involved in the strategy-making and management 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.</td><td>No significant deviation</td></tr>
</table>

Evaluation Item	Implementation Status (Note)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			14. The CPA does not receive 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 may compromise his/her independence.	
IV. Has the TWSE/TPEx listed company designated an appropriate number of qualified corporate governance personnel and appointed a corporate governance officer responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information for operation, assisting directors and supervisors in following regulations, handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, preparing minutes for Board meetings and the shareholders' meetings, etc.)?	V		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 all corporate governance affairs. Mr. Chen, Yung-Chih has more than three years of experience as a manager of a public company's legal affairs unit. His main duties include managing all affairs related to board meetings and shareholders' meetings, producing meeting minutes of board meetings and shareholders' meetings, assisting Board Directors in taking office and continuing education, providing data required by Directors to perform their duties, and assisting Directors in legal compliance. Key operations in 2020 are summarized below: 1. Assisting the Directors in performing their duties, including the provision of materials necessary for their work, arrangement of continuing education, and the purchase of liability insurance. (1) Compiling the latest laws and regulations related to the Company's operation and corporate governance; setting agenda for discussions at the Board meetings; briefing the Board Directors on such matters from time to time. (2) Assisting Directors upon request in understanding and complying with the regulations applicable to carrying out their duties. (3) Providing Directors with the necessary information of the Company; assisting the communication of Directors with department managers. (4) Facilitating the arrangement of meetings between Independent Directors and the Chief Internal Audit Officer or CPAs, should such is requested by Independent Directors for better understanding of the Company's finances. (5) Facilitating the arrangement of a minimum of 6 hours of continuing education for the Board Directors. (6) Confirming that the Company has purchased liability insurance for the Board members, and reporting such to the Board. 2. Managing meeting agendas for the Board of Directors and shareholders meetings; ensuring compliance of resolutions with applicable laws and regulations. (1) Producing meeting notices and agenda for the Board of Directors; making prompt reminder to the Directors who may need to recuse himself/herself on account of conflict of interest; producing meeting minutes within the statutory time limit. (2) Managing the registration of the shareholders meeting in accordance with the law; producing and delivering meeting notice, meeting handbook, meeting agenda and other related materials within the statutory timeframe. (3) Ensuring that the convention of the Board of Directors meeetings and shareholders meetings, resolution procedures, and meeting minutes are compliant with applicable laws and regulations, and the Corporate Governance Best Practice Principles. (4) Managing change of business registration 3. Maintaining investor relationship Ensures that the Company's website are kept up to date any any time, to inform investors of the latest information on the Company's financial, business, and corporate governance information for the safeguarding of shareholders' rights and interests. Status of 2020 Continuing Education TWSE-listed companies should facilitate continuing professional education (CPE) for its chief corporate governance officer in accordance with Article 24 of 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. The Corporate Governance Officer shall receive at least 12 hours of continuing education each year. For officers serving the first term, a minimum of 18 hours of continuing education is required within a year from the date the officer takes office. As of the end of 2020, Chen, Yong-Chi, the corporate governance officer of the Company, had completed 18 hours of continuing education. Details of the classes taken are provided below:	No significant deviation

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note)</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>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><th>Date</th><th>Organizer</th><th>Course Title</th><th>Number of Hours</th><th>Total training hours during the year</th></tr>
<tr><td>July 9, 2020</td><td>Securities and Futures Institute, R.O.C.</td><td>On Business Strategy and Corporate Governance in Response to the Risks of Unsustainable Development of the World</td><td>3</td><td rowspan="6">18</td></tr>
<tr><td>August 19, 2020</td><td>Securities and Futures Institute, R.O.C.</td><td>Understanding Hedging with Futures Derivatives, and on the Best Practices of Corporate Sustainable Management</td><td>3</td></tr>
<tr><td>September 24, 2020</td><td>Taiwan Stock Exchange Corporation (TWSE)</td><td>"Corporate Governance 3.0 - Sustainable Development Roadmap" Summit</td><td>3</td></tr>
<tr><td>September 30, 2020</td><td>Securities and Futures Institute, R.O.C.</td><td>2020 Briefings on Shares Transfer of Corporate Insiders and the Prevention of Insider Trading</td><td>3</td></tr>
<tr><td>October 13, 2020</td><td>Securities and Futures Institute, R.O.C.</td><td>Strategies and Management of Enterprise Upgrade and Transformation: the Choice between M&A and Alliance</td><td>3</td></tr>
<tr><td>October 23, 2020</td><td>Taiwan Stock Exchange Corporation (TWSE)</td><td>2020 Promulgation of Corporate Governance and Ethical Corporate Management for Directors and Supervisors</td><td>3</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>V</td><td></td><td>The Company has a stakeholders' section on the Corporate Social Responsibility page of its website, including contact information, communication channels, and other information such as 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. Has the company commissioned a professional shareholder services agency to handle Shareholders' Meetings and other relevant affairs?</td><td></td><td>V</td><td>The company manages its own securities services and shareholders affairs, including all matters related to shareholders' meetings, in accordance with the law.</td><td>The Company manages its own securities services to ensure quality and efficiency.</td></tr>
<tr><td>VII. Information Transparency
(I) Has the company established a website to disclose information on financial operations and corporate governance?
(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose Company information, implementing a spokesperson system, and disclosing the procedure of institutional investors conferences on the Company’s website)?
(III) Evaluate whether the Company may publish its annual financial reports</td><td>V
V</td><td>

V</td><td>The Company has set up a website and regularly discloses company information.
The Company has appointed specific personnel to take charge of the collection and disclosure of company information and has implemented a spokesperson system.
The Company has not published and disclosed its annual financial reports within two months after the end of the fiscal year. However, the Company has published and disclosed its quarterly financial reports, monthly revenues, and information on endorsements and guarantees before the statutory deadlines.</td><td>No significant deviation
No significant deviation
No significant deviation</td></tr>
</table>

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
within two months from the end of the fiscal year, and file and make public announcement on its monthly operating conditions as well as the first, second and third quarter financial reports before the prescribed deadline?				
VIII. Has the company provided other material information to facilitate understanding of its corporate governance operations, 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?	V		(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 resolve work, life and psychological issues. (II) The Company is committed to the principle of equal opportunities, and supports a diverse workforce. The Company adopts an open hiring process on the princple of the right talent for the right position. The Company does not discriminate employment and career development based on race, gender, age, religion, nationality or political affiliation. (III) With regard to the promotion of environmental protection and occupational safety and health, the Company not only complies with the domestic laws and regulations, but strives to meet internationally recognized standards. The Company has successfully obtained ISO 14001 and OHSAS 18001 certifications and will continue to push for further certifications. To enhance self-inspection capabiltty, 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 events organized by Linyuan Safety and Health Promotion Association. (IV) The Company actively participates in activities sponsored by Taiwan Responsible Care Association (TRCA) of the chemical engineering industry, including participates in community events, and cares for product protection in order to create a better living environment. Additionally, the Company also helps contractors by building a safe and health-conscious environmental management system to ensure safety at work. (V) The Company has formulated “Risk Management Policies and Procedures”, which include risk management policies, organization, processes, risk management categories and mechanisms, so as to effectively manage risk arising from the Company's operations, including measurement of risk exposure as well as internal control system, clear policies around authorization of risk tolerance limit, strong internal audit for effective management of risk, and disclosure of risk in the annual report. (VI) The Company has established the intellectual property rights management system in order to strengthen the Company’s competitive edge in the industry by offering high value-added products and services to achieve higher profitabilty. (VII) The Company has established a spokesperson's function to respond to all shareholder questions. The spokesperson serves as the bridge between the Company and shareholders, and maintains close contact with major shareholders. (VIII) The operation of consumer protection or customer policy: The Company has established quality policy in order to enhance quality of products and services and ultimately our customer satisfaction. The Company maintains strong relationships with its suppliers based on the principles of honesty, integrity and mutual benefits. (IX) The Company promotes continuing education of its directors through offering internal training courses from time to time, providing Directors with continuing education information, and inviting Directors to take courses on corporate governance. (X) The Company has purchased liability insurance for its directors and supervisors	No significant deviation
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 blank if the Company was not evaluated): Completed improvements: (I) The Chairman of the Company attended the shareholders’ meeting in person. (II) Does the Company formulate risk management policies and procedures approved by the Board, including the disclosure of the scope, organizational structure, and the operations of risk management, and report to the Board at least once a year? (III) Establish intellectual property management plans and report to the Board at least once a year.				

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

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

1. Data of the Remuneration Committee members

Title (Note 1)	terms / Name	Has more than five years of work experience and the following professional qualifications			Status of Independence (Note 2)										Number of publicly listed companies in which the member concurrently serves as a remuneration committee member	Remarks End of document
		Serve as an instructor or higher positions in a private or public college or university in the field of business, law, finance, accounting, or other departments relevant to the business of the Company.	Serve as a judge, prosecutor, lawyer, certified public accountant or other professional or technical specialists who have passed the relevant national examinations and successfully obtained certificates in professions necessary for the business of the Company	Work experience in business, law, finance, accounting or other areas relevant to the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Directors	Yi-Kung Ma			V	V	V	V	V	V	V	V	V	V	V	0	
Independent Directors	Tien-Wen Chen			V	V	V	V	V	V	V	V	V	V	V	0	
Independent Directors	Chi-Yin Yuan	V		V	V	V	V	V	V	V	V	V	V	V	0	

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

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

(1) Not employed by the Company or any of its affiliated companies.

(2) Not a director or supervisor of the Company or any of its affiliates (however, if an independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).

(3) Not a natural-person shareholder 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 Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Paragraph 1 or 2, Article 27 of the Company Act (however, if an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).

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

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

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

(2) Establish and regularly review the policies, systems, standards and structures for performance evaluation and remuneration of directors and managers of the Company.

(3) Periodically evaluate and set the remuneration of the directors and

managers of the Company.

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	Number of Attendance in Person (B)	Number of Attendance by Proxy	Percentage of attendance in person (%) (B/A) (Note)	Remarks
Convener	Yi-Kung Ma	3	0	100%	
Commissioner	Tien-Wen Chen	3	0	100%	
Commissioner	Chi-Yin Yuan	3	0	100%	
I. If the Board of Directors rejects or amends the suggestions of the Remuneration Committee, it should state the date of the Board Meeting, the term of the fiscal year, the content of the proposal, and resolution of the Board Meeting and the follow-up treatments (e.g., if the resolution of the Board Meeting states that the amount of remuneration is higher than that of the suggestions from the Remuneration Committee, the Board should specify the difference in number and the reason behind the resolution): Not applicable. II. 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) When an election is held for the Compensation Committee before end of the year, members of both the new and old committee shall be listed in separate columns and noted as new, old or reelected members, along with the elected date, in the "Remark(s)" column. The rate of attendance in person (%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

Remuneration Committee	Resolution and Subsequent Actions	Objections or Reservations Expressed by the Remuneration Committee
The 6th session of the 4th Committee 109.3.5	1. The Company's remuneration distribution plan for directors and employees in 2019.	None
	2. The annual special bonus of the Company's managers in 2019.	None
	3. Reviewed the remuneration of the Directors and managers and the performance evaluation system.	None
	Opinions of the Remuneration Committee: None.	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and submitted them to the Board of Directors for discussion.	
	The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	
The 7th session of the 4th Committee 109.8.12	1. Amendments to some articles of the Company’s Directors’ and Managerial Officers' Remuneration Policy and Regulations.”	None
	Opinions of the Remuneration Committee: None.	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and submitted them to the Board of Directors for discussion.	
	The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	
The 8th session of the 4th Committee 109.11.3	1. Amended certain articles of the "Remuneration Committee Charter."	None
	2. Draw up the work project of the Committee in 2021.	None
	Opinions of the Remuneration Committee: None.	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and submitted them to the Board of Directors for discussion.	
	The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	

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

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
I. Has the company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies? (Note 3)	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. Review and approval of sustainability. 5. Report the implementation results of corporate social responsibility to the Board of Directors every year. 6. Any other matters directly 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	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies.

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			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. Two CSR Committees were held in 2020, with 100% attendance	
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 utilizing various resources and using recycled materials with low impacts on the environment? (III) Has the company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to climate-related issues? (IV) Has the company calculated its GHG emissions, water consumption, and total waste weight in the past two years, and	V V V V		(一) 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, and obtained ISO-14001 certification and verification. (二) 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. (三) 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. In addition, the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) has been used to identify risks and opportunities. In 2019, the TCFD method has been used to identify the transformation risks and physical risks in the operation process. Five risk items and emerging opportunities brought by climate change have been identified, and five opportunity items have been identified. In 2020, the occurrence time of risks and opportunities were divided into short-term, mid-term and long-term, the possible financial impact is evaluated, and then the identification result is used to set the response plan. (四) Annual greenhouse gas inventory is conducted to calculate greenhouse gas	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies.

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
formulated policies for energy conservation, reductions of carbon, GHG, and water consumption, or other waste management?			emissions. In 2020 and 2019, carbon dioxide emissions were 92,642 tons and 88,822 tons respectively, and carbon reduction were 348 tons and 2852 tons respectively. Statistics of water consumption and waste volume are made every year. In 2020 and 2019, water consumption is 1,049,232 tons and 1,034,759 tons respectively, and in 2020 and 2019, water consumption and waste volume are 3,415 tons and 3,624 tons respectively. 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 waste generated, formulate policy management plan for relevant improvement measures, and regularly track and review.	
IV. Social issues (I) Has the company formulated the relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?	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.	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies.
(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 connect rewards and punishments with year-end bonus, so as to ensure that its reward and punishment system is effective. Employee benefits include bonuses for three major Chinese holidays, and the year-end bonus is given according to the Company's profitability, employee's personal performance and the achievement rate of organizational goals.	
(III) Does the company provide a safe and healthy work environment to its employees, and regularly offer safety	V		(III) The Company has passed ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System) review and verification to provide employees of the Company with a safe work environment. The Company provides a safe and healthy work environment and established dedicated units and committees responsible for occupational safety and health.	

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
and health education to its employees?			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. Meanwhile, the Company has also set up a digital learning platform as the means for self-learning, and regularly holds employee functional training, management training, seminars, health talks, and various conferences to enhance employees' professional and management skills, thereby balancing employees' physical and mental development. In order to improve employee quality and overall competitiveness, courses are conducted using diverse methods. In addition to lectures, in-class activities are designed according to course attributes, while case study discussions or group discussions are carried out with a view to making learning more lively and productive. Additionally, online e-learning courses allows the employees to effectively participate in learning activities anytime, anywhere, thereby enhancing their career development and overall work performance.	
(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.	

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			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 established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?	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.	
V. Does the company, following internationally recognized guidelines, prepare and publish reports, such as its Corporate Social Responsibility report, to disclose non-financial information of the company? Has the company received assurance or certification of the aforesaid reports from a third-party accreditation institution?	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 om 2019. After the certification, the report obtained the international certifications of 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:				

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	

The Company formulated the Corporate Social Responsibility Best Practice Principles on March 11, 2015 and amended it on August 12, 2020. There is no significant difference in operation.

VII. Other important information to facilitate better understanding of the company's Corporate Social Responsibility practices:

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.

2020 Community Care Activities for Social Participation and Implementation Results

Category	Results / Implementation
Caring for the neighborhood	* Linyuan District neighborhood care get-together or activities and social lectures feedback.
	* Linyuan District community club development association and the association study activities feedback.
	* Linyuan factory cooperated with the Environmental Protection Bureau of Kaohsiung City Government to promote the adoption activities in the air purification zone of Kaohsiung City, and assisted in the maintenance and adoption of the air purification zone of Zhongyun Primary School in Linyuan District (NT$10,000).
	* In February 2020, Linyuan factory participated in the cross-departmental greenhouse gas reduction cooperation plan of Environmental Protection Bureau of Kaohsiung City and pledged to purchase energy-saving equipment (NT$10,000) for Linyuan High School in Linyuan District.
	* On March 13, 2020, in response to the COVID-19, the Company, together with USI Group and other associated factories, donated anti-pandemic materials such as masks and alcohol (total sponsorship amount is NT$20,000) to local schools at all levels in Linyuan District.
Community clubs	* The USI Tennis Tournament was jointly held on November 9, 2020, with 7 employees from Linyuan factory participating.
	* Since 2017, in line with the marine environmental policy of Environmental Protection Bureau of Miaoli County, Longfeng fishing port beach in Zhunan Town has been adopted for 500 meters. On September 19, 2020, the fourth beach cleaning activity since the adoption was presided by the Vice Chairman Lin of China General Plastics Corporation and TCC was invited to participate in the event. 207 colleagues voluntarily

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	

	participated in the beach cleaning.
	* On May 30, 2020, the Company participated in the public welfare competition of slow softball in Dapingding sports park of Siaogang District, and gave back the incentive money (NT$2,000) to Jintan Elementary School of Linyuan District as the training fund of baseball team.
Donations and other sponsorship	* Every year, we invest funds into the USI Education Foundation to help the foundation invest more resources in rural education, environmental sustainability and other public welfare undertakings and activities.
	* Temple celebrations and other sponsorship.
	* On July 12, 2020, the Company sponsored the Randengshan Buddhist Association general meeting and garden tour charity activities of Renwu Tongfa Temple, totaling NT$20,000.

◈ Sponsorship for Linyuan community care

Summary of feedback for local expenditure in the past three years

Unit: NT$ '000

Item	2018	2019	2020
Caring for the neighborhood	334	346	463
Community clubs	343	327	318
Donations and other sponsorship for temples	222	185	303
Total	909	858	1,084

◈ Sponsorship for USI Tennis Tournament

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 18 tournaments by 2020. In addition to promoting sports and fitness, the tournament increases the interactions among Group employees and local residents. The 18th tournament was held on November 9th, 2020 in Linyuan Senior High School. Seven employees from the Linyuan Plant participated.

◈ Participation in community softball games

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Status of Implementation (Note 1)</th><th rowspan="2">Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary (Note 2)</th></tr>
<tr><td colspan="5">On May 30, 2020, Linyuan Plant of TCC participated in the slow softball social welfare competition held by USI Group in Dapingding sports park of Siaogang, Kaohsiung City, and invited USI, TCC, APC and CGPC four factories to participate in the friendly softball competition, in addition to enhancing the friendship of employees, the tournament incentive money was given back to the baseball team of Linyuan local elementary school as the training fund (the training fund sponsored to the baseball team of Linyuan Jintan Elementary School by TCC is NT$2,000 only).
◈ Adoption of the Kaohsiung Clean Air Quality Region
In cooperation with the Environmental Protection Bureau of Kaohsiung City Government, the Linyuan Plant of TCC promoted the adoption of air purification zone in Kaohsiung City. With the goal of improving the overall air quality and environmental maintenance of the city, pursuing sustainable development and showing corporate citizenship responsibility, the Linyuan Plant of TCC adopted the maintenance of air purification zone in Zhongyun Elementary School of Kaohsiung City (NT$10,000), and was awarded the trophy of outstanding contribution for air purification zone in Kaohsiung City.
◈ Self-improvement activities of workers' welfare association and family day
On November 14, 2020 and December 5, 2020, TTC's Qianzhen Plant Welfare Association held the earth oven cooking in two groups at Jingfu Farm, Dapingding, Kaohsiung. Colleagues and their families participated in the event and created a sense of friendship.
◈ Participate in local energy conservation and pandemic prevention activities and fulfill social responsibility
In February 2020, TTC's Linyuan Plant participated in the cross-departmental greenhouse gas reduction cooperation program held by Kaohsiung Environmental Protection Bureau and pledged to donate energy-saving equipment (NT$10,000) to Linyuan Senior High School of Linyuan District to reduce energy consumption and greenhouse gas emissions, and was awarded a certificate of appreciation from Linyuan Senior High School. On March 13, 2020, in response to the COVID-19, TTC participated in the petrochemical manufacturers' meeting in Linyuan Industrial Park, and together with USI Group and other affiliated factories, donated masks, alcohol and other pandemic prevention materials (total sponsorship amount of NT$20,000) to local schools at all levels in Linyuan District.

◈ Sponsor community park tour for public welfare activities
The Linyuan Plant of TTC sponsored the Randengshan Buddhist Association general meeting and garden tour activities of Renwu Tongfa Temple, totaling NT$20,000.
◈ Participate in blood donation events
USI Group participated in the blood donation activities at Tai'an Building in Taipei City for the recent two years. The location is the square on the first floor of the building. On August 25, 2020, a number of employees of TTC donated blood to help others.
◈ 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</td></tr>
</table>

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
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 2020, the total sponsorship expenditure of the USI Education Foundation was NT$8.03 million, including NT$1.5 million distributed as education scholarships, NT$500,000 for social service clubs in colleges, NT$1 million for the Alliance Cultural Foundation, NT$4 million for Taitung Junyi Experimental High School, and NT$1.03 million in sponsorship for other education and charity activities.				

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

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

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. Formulating 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", which were approved by the board of directors, 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 has established the "Ethical Corporate Management Principles," approved by the Board of Directors, and established a risk assessment mechanism for unethical conduct to regularly analyze and evaluate business activities with higher risk of unethical conduct within the business scope, so as to formulate prevention programs, while reviewing the adequacy and effectiveness of prevention programs on a regular basis and strengthening relevant preventive measures. 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 accepting unreasonable gifts, services,	Consistent with the Ethical Corporate Management 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	
			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 or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.	
(III) Has the company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company implement them accordingly, and regularly review and correct such measures?	V		(III) 1. 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. 2. Related regulations have been fully implemented and we continue to organize training courses to promote the ideals.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
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) Has the company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least annually) about the ethical corporate management	V		(II) To strengthen ethical corporate management, the corporate governance team is responsible for establishing the ethical corporate management policy and prevention programs while supervising such implementation, the Corporate Governance Officer reports to the Board of	Consistent with the Ethical Corporate Management 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	
policies, precautionary measures against unethical conducts, as well as the implementation and supervision thereof?			Directors regularly at least once a year.	
(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 "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers" to prevent conflict of interest and provide suitable channels for Directors, managers, 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) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	V		(IV) The Company's accounting systems and internal control systems can run independently and objectively. Internal control personnel regularly report the audit findings to the Audit Committee and the Board of Directors. CPAs appointed by the Company regularly perform internal audits and hold discussions with the management. After conducting risk assessment, the internal audit unit formulates the audit plan for the next year and adds the audit item"management of reports of illegal and unethical or dishonest conduct" to check the compliance with the scheme for preventing 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 2020 for employees with 357 enrollments/687 training hours.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>III. Implementing the Company's whistleblowing system
(I) Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?</td><td>V</td><td></td><td>(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. Whistleblowing channels:
(1) Personal report: Face-to-face explanation.
(2) Telephone report: 02-26503783
(3) Written report: Auditing Office, 7F., No. 37, Jihu Rd., Neihu Dist., 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) Auditing Office: Accept reports from clients, suppliers, and contractors.
(3) Personnel Division: 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</td><td>Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.</td></tr>
</table>

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	
			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.	
(II) Has the company established standard operating procedures for the reported matters, the measures to be taken after investigation is completed, and the relevant confidential mechanism?	V		(II) The measures mentioned in the preceding paragraph specify the standard operating procedures for investigating the case being exposed by the whistleblower and the relevant confidentiality mechanism; where whistleblower is anonymous or did not use his/her true name, or the content stated or the proof of origin provided is deemed necessary for investigation, the case may still be reported to the Chairman/General Manager before the case is handled and recorded as a reference for internal review. 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				

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	
Practice Principles for TWSE or TPEx Listed Companies, state the discrepancies between these principles and its implementation: The Company has established its "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers", the "Ethical 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". The operation is in accordance with the Ethical Corporate Management Best Practice Principles.				
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 head of corporate governance shall report to the Board of Directors at least once a year on matters related to ethical management, and the matters related to ethical management in 2020 was reported to the Board of Directors on November 3, 2020.				

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

(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 the 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) Guidelines for the Adoption of Codes 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) CSR Committee Charter
   (19) Audit Committee Charter
   (20) Corporate Governance Best-Practice Principles
   (21) Management Guidelines for Employee Complaint and Feedback Mailboxes
   (22) Standard Operating Procedures for Requests Filed by Directors
   (23) Human Rights Policy and Management Plan
   (24) Formulation of Intellectual Property Management Plan
   (25) Risk Management Policy and Procedures
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 of the Internal Control System

Date: March 5, 2021

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

I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including profit, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. 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 evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. environmental control; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. For more information on such items, refer to the Regulations.

IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.

V. In accordance with the aforementioned evaluation, the Company has found that the design and implementation of the internal control system (including the assessment and management of subsidiaries), as of December 31, 2020, including the efficacy of understanding operations, the efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant guidelines and laws, are effective and can reasonably provide assurance of the aforesaid goals.

VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was passed by the Board of Directors in the meeting held on March 5, 2021, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the contents of this statement.

Taita Chemical Company, Ltd. -

Chairman: Yi-Gui Wu

President: Pei-Chi Wu

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

(X) 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.

(XI) 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
2020	2020/6/18	The minutes of the shareholders' meeting were posted onto MOPS on July 1, 2020. The resolutions and the implementation status are as follows: 1. Approve the 2019 Account Book Implementation status: The resolution was passed. 2. Approval of 2019 Earning Distribution Plan Implementation status: The resolution was passed. A total of NT$100,261,468 were distributed to the shareholders as cash dividends, and the record day was July 29, 2020. All the cash dividends were completely distributed on August 28, 2020. A total of NT$100,261,460 were distributed to the shareholders as stock dividends in which 10,026,146 new shares were distributed. All the stock dividends were completed distributed on August 28, 2020. 3. Deliberate on capital increase by retained earnings. Implementation status: The resolution was passed. The resolution was declared effective by the Securities and Futures Bureau under the Financial Supervisory Commission on July 3, 2020 and was approved as stated in the approved letter with Reference No. Ching Shou Shang Tzu 10901151610 dated August 24, 2020. The Company issued 10,026,146 new shares, where 30 new shares were distributed for each thousand shares held. The record date of capital increase approved by the Board of Directors was July 29, 2020, and all the new shares were completely distributed on August 28, 2020. 4. 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. 5. Deliberated on the amendment to the Regulations Governing Making of Endorsements / Guarantees. Implementation status: The resolution was passed and has been implemented

		according to the resolution passed by the Shareholders' Meeting. 6. Deliberate on the amendment of the Procedures for Loaning of Funds to Others Implementation status: The resolution was passed and has been implemented according to the resolution passed by the Shareholders' Meeting. 7. Discussed the permission for Directors to engage in business competition. Implementation status: The resolution was passed.

2. Board of Directors Meeting

Session (Year) of Meeting	Date of Meeting	Key Resolutions
1st Meeting in 2020	2020/3/5	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. 8. Approved the amendment to certain articles of 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 directors at the Annual General Meeting. 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 shot-term credit loan contracts and related documents to 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.
2nd Meeting in 2020	2020/5/13	1. Ratified the endorsement / guarantee made for subsidiaries Company Taita (BVI) Holding Co., Ltd. and Taita Chemical (Zhongshan) Co., Ltd. 2. Ratified the three-year medium-term loan limit signed with Taishin International Bank. 3. Authorized the Chairman to change the meeting venue of the 2020 shareholders' meeting in light of the COVID-19. 4. Passed the amendments to the Company's internal control system.

Session (Year) of Meeting	Date of Meeting	Key Resolutions
3rd meeting in 2020	2020/6/30	Approved the issuance of new shares.
4th Meeting in 2020	2020/8/12	1. Ratified the endorsements/guarantees made for Taita (BVI) Holding Co., Ltd. 2. Ratified short-term credit loan contracts and related documents signed with and delivered to financial institutions. 3. Approved the amendment to certain articles in the Rules of Procedure for Board of Directors' Meetings 4. Approved the amendment of certain articles in the Rules Governing the Scope of Powers of Independent Directors 5. Approved the amendment of certain articles in the Corporate Governance Best Practice Principles 6. Approved the amendment of certain articles in the Corporate Social Responsibility Best Practice Principles 7. Approve the amendment of certain articles in the Procedures for Handling Material Inside Information 8. Approved the amendment to certain articles of the Remuneration Policy and Regulations for Directors and Managerial Officers 9. Agreed to extend the delayed payment due from Taita Chemical (Tianjin) Co., Ltd.
5th Meeting in 2020	2020/11/3	1. Ratified three-year medium-term loan limit signed with Hua Nan Commercial Bank, Ltd. 3. Ratified the endorsements/guarantees made for Taita (BVI) Holding Co., Ltd. 3. Ratified short-term credit loan contracts and related documents signed with and delivered to financial institutions. 4. Approved the 2021 Company budget 5. Approved the remuneration of CPAs for year 2020 6. Approved the 2021 Audit Plan. 7. Approved the amendment to certain articles in the Remuneration Committee Charter 8. Agreed to extend the delayed payment due from Taita Chemical (Tianjin) Co., Ltd. 9. Approved the increase of investment in Taita (BVI) Holding Co., Ltd. 10. Approved the indirect investment in China through subsidiaries.
6th Meeting in 2020	2020/12/3	Approved a change in the investment structure of the EPS investment project in Fujian Province, China indirectly.
7th Meeting in 2020	2020/12/23	Approved the Risk Management Policy and Procedures.
1st Meeting in 2021	2021/3/5	1. Ratified the three-year medium-term comprehensive loan limit signed with Yuanta Commercial Bank 2. Approved the 2020 account book 3. Approved the remuneration distribution to directors and employees for 2020. 4. Approved 2020 Earning Distribution Plan 5. Approved capital increase by retained earnings. 6. Approved the amendment of certain articles in the Rules of Procedure for Shareholders' Meetings 7. Approved the re-election of Directors at the general shareholders' meeting in this fiscal year 8. Approved to release the newly elected directors from non-competition restrictions 9. Approved matters related to the convening of the 2021 Annual General Meeting 10. Established the period for acceptance of shareholders' proposals: March 26, 2021 to April 5, 2021. 11. Approved the 2021 evaluation of the independence of appointed CPAs. 12. Approved the appointment of CPAs for 2021.

Session (Year) of Meeting	Date of Meeting	Key Resolutions
		13. Authorized the Chairman to sign and deliver shot-term credit loan contracts and related documents to financial institutions. 14. Approved the issuance of the Statement of Internal Control System for 2020. 15. Approved donations to the USI Education Foundation. 16. Agreed to extend the delayed payment due from Taita Chemical (Tianjin) Co., Ltd.

(XII) 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.

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

Title	Name	Date of assumption of duty	Date of dismissal	Reasons for resignation or dismissal
No such occurrences				

V. Information Regarding CPA 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		Auditing period	Remarks
Deloitte, Taiwan	Hsiu-Chun Huang	Cheng-Chun Chiu	2020/01/01-2020/12/31	None

Note: Where this Company replaces the CPA or accounting firm, the auditing periods of the former and successor CPA or firm shall be annotated separately. The reason for the replacement shall be provided in the Notes section accordingly.

Unit: NT$ thousand

Range of Fees \ Professional Fee		Audit Fees	Non-Audit Fees	Total
1	Under NT$2,000,000	0	1,250	1,250
2	NT$2,000,000 (inclusive) - NT$4,000,000	2,850	0	2,850
3	NT$4,000,000 (inclusive) - NT$6,000,000	0	0	0
4	NT$6,000,000 (inclusive) - NT$8,000,000	0	0	0
5	NT$8,000,000 (inclusive) - 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					CPA's duration of audit	Remarks
				System Design	Business Registration	Human Resources	Others (Note 2)	Subtotal		
Deloitte, Taiwan	Hsiu-Chun Huang	Cheng-Chun Chiu	2,850	0	0	0	1,250	1,250	2020/01/01-2020/12/31	Tax advisory 800 / investment advisory 350 / other 100

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

Note 2: Non-audit fees should be listed by service item. If the "Others" column under non-audit fees reaches 25 percent of the total non-audit fees, the service items associated with this column should be listed in the "Remarks" column.

2. Where the CPA firm was replaced, and the audit fees in the fiscal year when the replacement was made was less than that in the previous fiscal year before replacement, the amount of audit fees paid before replacement and reasons for paying this amount.

   The Company has not changed the CPA firm in 2020, and thus it is not applicable.

3. Where the audit fees were reduced by more than 10 percent compared to the previous fiscal year, the amount and percentage of decrease in audit fees, as well as the reason for it should be disclosed

   The Company's audit fee has not been reduced by more than 10 percent of that paid in the previous year. This is therefore not applicable.

VI. Information on Replacement of CPA

(I) Previous CPAs: Not applicable

Replacement Date			
Replacement reasons and explanations			
Statement on whether the authorizing party or the accountant terminate or reject the authorization	Principal / Status	CPA	The Company
	Termination of appointment	Not applicable	
	No longer accepted (continued) appointment		
Other issues (except for unqualified issues) in the audit reports within the last two years	2020 and 2019 audit report with unqualified opinion		
Is there any disagreement with the issuer?	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or procedures
			Others
	None	V	
	Remarks/specify details: None		
Other Revealed Matters (Matters that should be disclosed in accordance with Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations)	None		

(II) Regarding the successor CPA: not applicable.

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

(III) The former CPA's response to Article 10, Subparagraph 6, Item 1 and Item 2-3 of the accounting standards: 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: None.

VIII. Equity Transfer or Changes in Equity Pledged by the Company's Directors, Managerial Officers or Shareholders with Shareholding

Percentage Exceeding Ten (10) Percent in the Most Recent Fiscal Year up to the Publication Date of this Annual Report

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

Share Equity Change Status for Directors, Supervisors, Managers and Major Shareholders [Position (Note 1)]	Name	2020		For the year ended April 6, 2021	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Change in Shares Held	Change in Shares Pledged
Major Shareholder	Union Polymer International Investment Corporation	3,688,393	0	0	0
Directors	Yi-Gui Wu (Representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Pei-Chi Wu (Representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Bao-Luo Ying (Representative of Union Polymer Int'l Investment Corp.)	809	0	0	0
	Han-Tai Liu (Representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Zhen-Tu Liu (Representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
Shareholders	Taiwan Union International Investment Corporation	916,504 (16,300,000)	(10,000,000)	0	0
Directors	I-Shao Ko (representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
Independent Directors	Yi-Kung Ma	0	0	0	0
	Tien-Wen Chen	0	0	172,794 (172,794)	0
	Chi-Yin Yuan	0	0	0	0
Chief Executive Officer	Yi-Gui Wu	0	0	0	0
President	Pei-Chi Wu	0	0	0	0
Executive Deputy General Manager	Tai-Ming Yen	0	0	0	0
Corporate Governance Officer.	Yung-Chih Chen	0	0	0	0
Supervisor of Finance Department	Kai-Hui Chuang	0	0	0	0
Supervisor of Accounting Department	Chin-Tsai Lin	0	0	0	0

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

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

(II) Information 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	Shares	Transaction Price
Not applicable						

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

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

(III) Information 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 Pledging of Shares (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	Shares	Shares holding %	Percentage of	Pledged (Redeemed) Amount
Not applicable								

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

Note 2: Fill in either “Pledged” or “Redeemed.”

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

April 2, 2021

Name (Note 1)	Shares Held by the Person		Spouse & Minor Shareholding		Shares held in the name of other persons		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		Remarks
	Shares	Shareholding Percentage (Note 2)	Shares	Shareholding Percentage (Note 2)	Shares	Shareholding Percentage (Note 2)	Title (or Name)	Relationship (Note 3)	
Union Polymer International Investment Corporation	126,634,858	36.79%	-	-	0	0%			
Representative: Quentin Wu	0	0%	-	-	0	0%			
Taiwan Union International Investment Corporation	15,166,663	4.41%	-	-	0	0%			
Representative: I-Shao Ko	0	0%	0	0%	0	0%			
Ping-Tse Huang	11,027,000	3.20%							
HSBC as custodian of Morgan Stanley & Co. International Special Account	10,981,592	3.19%	-	-					
Standard Chartered Bank (Taiwan) Limited Dunhua Branch as custodian of Arcadian Emerging Markets Equity Small Cap Fund Co., Ltd. Investment Account	4,896,884	1.42%	-	-					
Standard Chartered Bank (Taiwan) Limited Dunhua Branch as custodian of Credit Suisse International Investment Account	3,877,420	1.13%	-	-					
Citibank Taiwan as custodian of UBS Europe SE Investment Account	3,845,662	1.12%	-	-					
JP Morgan Chase Bank Taipei Branch as custodian of JP Morgan Asset Management (Taiwan) Limited Investment Account	2,700,360	0.78%	-	-					
Standard Chartered Bank (Taiwan) Limited Business Department as custodian of Mizuho Securities Co., Ltd. Investment Account	2,405,000	0.70%	-	-					
China General Terminal & Distribution Corporation	1,972,483	0.57%	-	-					
Representative: Hung-Chiang Chang	0	0%	0	0%	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 others.

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

December 31, 2020 Unit: Shares

Reinvestment Entities	Ownership by the Company		Investments by Directors, Supervisors, managerial officers and directly or indirectly controlled enterprises		Total Ownership	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
TAITA(BVI) Holding Co., Ltd.	89,738,000	100.00%	0	0.00%	89,738,000	100.00%
China General Plastics Corporation -	10,967,785	1.98%	138,170,701	24.97%	149,138,486	26.95%
China General Terminal & Distribution Corporation	19,918,183	33.33%	0	0.00%	19,918,183	33.33%
Acme Electronics Corporation	4,445,019	2.43%	1,256,284	0.69%	5,701,303	3.12%
Thintec Materials Corporation	—	—			—	—

Note: The equity method was employed for this Company's investments.

Chapter 4. Funding Status

I. Capital and Shares

(I) Source of Share Capital

Year and Month	Issued Price	Authorized share capital		Paid-in Capital		Remarks		
		Shares	Shares (NTD)	Shares	Shares (NTD)	Source of Capital (NTD)	Capital Increased by Assets Other than Cash	Others
109.8	10	400,000,000 shares	NT$4,000,000,000	344,231,038 shares	NT$3,442,310,380	Capital increase by retained earnings of NT$100,261,460 (Note)	None	None

(Note) Approved No. Jing Shou Shang Zi 10901151610 dated August 24, 2020.

Note 1: The annual data shall be updated as of the publication date of this annual report.
Note 2: The effective (approval) date together with the doc. No. should be added for any capital increase.
Note 3: Shares traded below par value shall be indicated in a clear manner.
Note 4: Capital increase by currency debts or technology should be stated, and the type and amount of assets involved in such capital increase should be noted.
Note 5: Shares traded via private placement shall be indicated in a clear manner.

Types of shares	Authorized share capital			Remarks
	Outstanding Shares (Note)	Unissued Shares	Total	
Registered common stocks	Issued 344,231,038 shares	55,768,962 shares	400,000,000 shares	-

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

Information on shelf registration: N/A.

(II) Shareholder Structure

April 2, 2021

Shareholder Structure / Quantity	Government institutions	Financial Institutions	Other legal persons	Individuals	Foreign Institutions and Natural Persons	Total
Number of Shareholders	0	0	197	53,913	111	54,221
Number of Shares Held	0	0	150,132,030	151,741,291	42,357,717	344,231,038
Shareholding ratio	0	0	43.61%	44.08%	12.31%	100%

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

(III) Distribution of Equity Ownership

April 2, 2021

Shareholding Range	Number of Shareholders	Number of Shares Held	Shareholding ratio
1 to 999	28,762	3,377,760	0.98%
1,000 to 5,000	20,614	40,725,395	11.82%
5,001 to 10,000	2,659	21,429,087	6.23%
10,001 to 15,000	730	9,165,162	2.66%
15,001 to 20,000	469	8,839,808	2.57%
20,001 to 30,000	358	9,214,466	2.68%
30,001 to 50,000	286	11,600,379	3.37%
50,001 to 100,000	183	13,627,284	3.96%
100,001 to 200,000	85	11,859,915	3.45%
200,001 to 400,000	39	11,019,097	3.20%
400,001 to 600,000	12	6,192,534	1.80%
600,001 to 800,000	8	5,450,497	1.58%
800,001 to 1,000,000	0	0	0.00%
More than 1,000,001	16	191,729,654	55.70%
Total	54,221	344,231,038	100.00%

(IV) List of Major Shareholders

April 2, 2021

Shares / Name of Major Shareholders	Number of Shares Held	Shareholding ratio
Union Polymer International Investment Corporation	126,634,858	36.79%
Taiwan Union International Investment Corporation	15,166,663	4.41%
Ping-Tse Huang	11,027,000	3.20%
HSBC as custodian of Morgan Stanley & Co. International Special Account	10,981,592	3.19%
Standard Chartered Bank (Taiwan) Limited Dunhua Branch as custodian of Arcadian Emerging Markets Equity Small Cap Fund Co., Ltd. Investment Account	4,896,884	1.42%
Standard Chartered Bank (Taiwan) Limited Dunhua Branch as custodian of Credit Suisse International Investment Account	3,877,420	1.13%
Citibank Taiwan as custodian of UBS Europe SE Investment Account	3,845,662	1.12%
JP Morgan Chase Bank Taipei Branch as custodian of JP Morgan Asset Management (Taiwan) Limited Investment Account	2,700,360	0.78%
Standard Chartered Bank (Taiwan) Limited Business Department as custodian of Mizuho Securities Co., Ltd. Investment Account	2,405,000	0.70%
China General Terminal & Distribution Corporation	1,972,483	0.57%

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

Unit: shares / NT$ thousands

Year / Item		2020	2019	For the year ended April 6, 2021
Market price per share (Note 1)	Highest	39.65	12.40	44.80
	Lowest	6.23	9.23	28.85
	Average	26.66	10.98	38.34

Net Value Per Share (Note 2)	Before distribution		18.46	12.87	20.03
	After distribution		*	12.49	*
Earnings Per Share (EPS)	Weighted Average Shares		344,231,038	334,204,892	344,231,038
	Before adjustment		5.58	1.19	1.42
	After adjustment (Note 3)		*	1.16	*
Dividend Per Share (DPS)	Cash dividends		2*	0.3	-
	Stock Dividends	Stock dividends from retained earnings	1*	0.3	-
		Stock dividends from capital reserve	0	0	-
	Accumulated unpaid dividends (Note 4)		0	0	-
Return on Investments	Price/earnings ratio (Note 5)		3.39*	9.18	25.06*
	Price/dividend ratio (Note 6)		9.45*	35.5	-
	Yield on cash dividend (Note 7)		10.58%*	2.82%	-

* The Board of Directors resolved to distribute dividends, which is yet to be approved in the shareholders' meeting.
* If any revenue or capital surplus is transferred to capital increase or common stock, disclose the information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market price of the common shares for each year and refer to the transaction value and transaction volume to calculate the average market price for each year.
Note 2: Please fill in data based on the shares issued by year-end and share allocation resolution of the shareholders meeting for 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 current fiscal year/cash dividend per share
Note 7: Cash dividend yield = Cash dividend per share/average closing price per share for the current fiscal year
Note 8: 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.

(IV) Dividend policy of the company 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 stopped if the distributable profit per share in the current year is less than NT$0.1.

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

Cash dividends/share: NT$2; stock dividends/share: NT$1.

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

Not applicable.

(VII) The impacts of issuing stock grants in this Shareholder's Meeting on the Company's operational performance and dividend per share:

The Company did not formulate a financial forecast for 2021 and is therefore not required to disclose forecast information.

<table>
<tr><td colspan="3">Year
Item</td><td>2021 (forecast)</td></tr>
<tr><td colspan="3">Beginning paid-in capital</td><td>NT$3,442,310,380</td></tr>
<tr><td rowspan="3">Distribution of stock and cash dividends in the current fiscal year</td><td colspan="2">Cash dividends per share</td><td>NT$2</td></tr>
<tr><td colspan="2">Surplus to capital increase stock dividend per share</td><td>0.1 share</td></tr>
<tr><td colspan="2">Number of shares distributed per share held due to capital increase from capital reserve</td><td>0 shares</td></tr>
<tr><td rowspan="7">Changes in Operating Performance</td><td colspan="2">Operating profits</td><td></td></tr>
<tr><td colspan="2">Ratio of increase (decrease) in operating profit over the same period last year</td><td></td></tr>
<tr><td colspan="2">Net income after taxes (NIAT)</td><td></td></tr>
<tr><td colspan="2">Ratio of increase (decrease) in NIAT over the same period last year</td><td></td></tr>
<tr><td colspan="2">Earnings Per Share (EPS)</td><td></td></tr>
<tr><td colspan="2">Ratio of increase (decrease) in EPS over the same period last year</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 reserves 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 reserves is not used for capital increase and capital increase by retained earnings is replaced by cash dividend distribution</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 explain the basic assumptions for estimates and planned information.
2. Proforma earnings per share if capital increase by retained earnings is entirely replaced by cash dividend distribution.
   = [Net profit after taxes - interest expense arising from cash dividends* x (1 - tax rate)]/ [Total number of shares issued at the end of the current year - number of shares allocated from earnings**]
   Interest expenses arising from cash dividends* = Amount of capital increase from surplus earnings x one-year general loan interest rate.
   Number of shares in earnings appropriation**: The number of increased shares from the earnings appropriation in the previous year
3. Annual average price-to-earnings ratio = Annual average market price per share/Earnings Per Share reported in the annual financial statements

(VIII) Compensation for employees, directors, and supervisors

1. Quantity or scope of compensation for employees, directors, and supervisors as prescribed by the articles of association

(1) Percentage or range of employee rewards: Employee rewards shall not be less than one (1) percent of the profit of the current 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 rewards and accounting treatment for discrepancies between the actual and estimated amount of rewards to be distributed for this period:

(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 cumulative loss, it should first use its profit to offset cumulative loss.

(2) Changes in account processing: If changes are made to the estimated amount after the issuance of annual financial statements, the changes be accounted for as changes in accounting estimates and considered in the financial statements of the following year.

3. Status of compensation distribution as approved by the Board of Directors

(1) Where the quantum of the employees' remuneration as well as the directors' and supervisors' remuneration distributed in cash or shares shows discrepancies with the known expenses and annual estimates, the sum, the cause, and how the discrepancy was resolved be disclosed:

a. Compensation distributed to employees and Directors: NT$22,812 thousand

b. Discrepancy between the amounts and the estimates for the year: None.

c. Reason for the difference with estimates: Not applicable.

d. Treatment of discrepancies: Not applicable

(2) The amount of employee compensation distributed in stocks and the amount as a percentage of net income stated in the parent

company's financial reports or individual financial reports for the current period and total employee compensation: Not applicable.

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, as well as share price) and the recognized amount of rewards for employees, Directors and Supervisors in the previous fiscal year, the amount, causes and treatment of such discrepancies shall be stated:
   (1) Employee compensation and director compensation to be distributed: NT$4,656 thousand.
   (2) Discrepancies: None.
   (3) Reason for the differences: Not applicable.
   (4) Treatment of discrepancies: Not applicable

(IX) Stock repurchases: Not applicable.

II. Issuance of Corporate Bonds

(I) Issuance of corporate bonds: None.
(II) Information regarding the Conversion of Corporate Bonds: None.
(III) Information regarding Corporate Bond Swap: None.
(IV) Information regarding Shelf Registration for Corporate Bonds: None.
(V) Information regarding Equity Warrant Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Global Depository Receipts: None.

V. Issuance of Employee Stock Options 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 publication date of this annual report, the Company has no securities issuance that was incomplete or completed over the past three years but not fully yielded the planned benefits.

(II) Implementation status: Not applicable.

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)	44.48%
2. Acrylonitrile, butadiene, styrene copolymerization resin (ABS)	33.40%
3. General purpose polystyrene (GPS)	18.87%
4. Glass wool products	2.83%
5. Cubic printing	0.35%
6. Impact-resistant polystyrene (IPS)	0.08%

2. New products planned for development

(1) Development of a low volatility material for acrylonitrile-butadiene-styrene polymer (ABS).

(2) Development of a thermal stability material for acrylonitrile-butadiene-styrene polymer (ABS).

(3) Development of antistatic expandable polystyrene (EPS) electronic packaging materials with low impedance value.

(4) Development of expandable and flammable polystyrene materials for the interior parts of environmentally friendly and energy saving automobiles/home appliances.

(II) Industry Overview

1. Current state and development of the industry

   In Taiwan's ABS/PS industry, there are each four manufacturers for ABS/GPPS/EPS. Domestic demand only accounts for about 15% of the annual output of each product, and the rest relies on export to maintain the normal operations The trend of globalization and the integration and development of regional economy are the important direction of future development. Due to the cost competitiveness and the trade competition between the United States and China, the downstream processing plants are gradually transferring from the Mainland China to Southeast Asian countries. In addition, the Middle East, Africa, Central and South America and other regions are also emerging markets with relatively more potential for growth in demand.

   The total production capacity of EPS manufacturers in Mainland China is far greater than domestic demand. According to the statistics in 2020, the annual capacity of EPS in Mainland China is 6.38 million tons, and the operating rate is only about 50%. Demand for EPS in Mainland China is generally from four major areas based on application - packaging for electrical appliances, boxes for vegetables and fruits, ceramic packaging and building slabs. Among them, packaging for electrical appliances and building slabs are the main products. 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.

2. Correlations between upstream, midstream and downstream Industries

Among TTC's main products, the primary raw material for GPS 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 2.23 million T, which is sufficient to meet overall domestic demand (approximately 1.85 million MT). On the other hand, SM is relatively easy to obtain because of its large volume of trade and convenient transportation conditions in international trade. The Company not only purchases the SM needed from domestic market in Taiwan, but also partly purchases from foreign SM manufacturers. Currently, SM manufacturers in Mainland China have an annual capacity of approximately 11.85 million MT. Since 2021, there has been continuous expansion of manufacturers and the addition of new factories, resulting in excessive supply. SM manufacturers in Mainland China also begin to seek export. The primary raw material, SM, for EPS in TTC's Zhongshan Plant is mainly obtained from Chinese SM manufacturers, while some are obtained from major foreign SM manufacturers by contracts for stable supply.

AN: AN producers in Taiwan include China Petrochemical Development Corporation and Formosa Chemicals & Fibre Corporation. They have a combined output of approximately 510,000 MTA 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 this product 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/GPPS/EPS manufacturers shall provide technical services and material recommendations to meet the change and product requirements of downstream customers.

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. In the GPPS market, GPPS sales will be supported by a steady increase in downstream demand for food packaging material and disposable tableware, as well as the continued growth in the use of LD-TV diffusion plates. 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. However, in 2020, due to the impact of the epidemic, and the momentum of household appliances/sports equipment and other stay-at-home economy, the demand for ABS increased significantly, and the Company's profit even hit a record high.

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.

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 Chemicals & Fibre Corporation has a lower GPS production cost than other manufacturers', and thus it can easily dominate the market. Other manufacturers in Taiwan (including TTC) purchase SM to manufacture GPS. Therefore, SM prices have a greater impact on their competitiveness. The Company is the only manufacturer in Asia who adopts NOVA manufacturing technology in the production of

GPS. Featuring the character of low free monomer, the quality of the Company's product is competitive in the market and is mainly distributed in Taiwan and Mainland China. The principal market of GPS has stable demand for disposable tableware and diffusion plates. There are no obvious seasonal differences. In recent years, there has been no expansion of companies in the same industry and some of the them withdrew last year, so the operation rate of GPPS has increased with wider spread.

Demand for EPS in packaging for appliances in Taiwan has decreased because large-scale processing plants have successfully shifted out of Taiwan. EPS is rarely used for insulation in Taiwanese construction works due to its subtropical climate. Therefore, more than 90% of sales of the 4 EPS manufacturers in Taiwan are for export, covering all countries around the world. In 2020, due to the shutdown of Dongguan Plant with an annual production of 300,000 tons, and under the epidemic, the demand for packaging materials for home appliances has increased, resulting into the shortage of production and sales.

(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 2020, the total amount of R&D expenses was NT$20,523 thousand, while the total amount of R&D expenses from January to April 2021 was NT$ 6,662 thousands

2. Successfully developed technologies or products

   2.1 Glass wool

   2.1.1 The wooden floor glass wool sound insulation system has passed the test of Green Building Materials Technical Service Center of National Pingtung University of Science and Technology: buckle type marble △ LW =20dB and buckle type wood floor △ LW =22dB.

   2.2 Expanded polystyrene (EPS)

2.2.1 Developed environmental protection and energy saving LOW VOC EPS and promoted it to be applied in automobile materials, furniture fillers and other markets.

2.2.2 Developed antistatic expandable polystyrene (EPS-351SSAA).

2.2.3 Improved the quality of rapid expandable polystyrene (EPS), effectively improved the hardness of molding products and water leakage, and applied it in the packaging material market.

2.3 Acrylonitrile-butadiene-styrene (ABS) polymer

2.3.1 Attained UL RTI certification for general-purpose acrylonitrile-butadiene-styrene polymer (ABS).

2.3.2 Improved acrylonitrile-butadiene-styrene polymer (ABS) VOC effectively reduced the amount of residual monomer.

2.4 Improvement in ABS / GPS / EPS manufacturing processes

Year	2017	2018	2019	2020	Total
Electricity savings (kWh)	684,165	2,351,139	476,554	424,537	3,936,395
Electricity consumption (kWh)	79,558,800	78,424,000	77,713,440	80,993,597	316,689,837
Electricity saving ratio (%)	0.85	2.91	0.61	0.52	(average) 1.23

Note: The central government's policy requires 10% electricity savings from 2015 to 2024 and we have currently achieved approximately 6.49%.

(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.

(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 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 develop high added value Low VOC products 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 rapid materials and ultra-light 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 concentration and screening capacity to meet the market sales needs.

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 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 materials suppliers and acquire 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 the Company in Taiwan are mainly for export, which account for 87% of the total sales revenue. Mainland China and Hong Kong account for the largest portion of sales. The Company has also achieved sales revenue in other regions such as Southeast Asia/South Asia/Central and South America/North America. 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	57%
Northeast Asia/Southeast Asia/South Asia and Central Asia	15%
Domestic market	13%
American market	8%
Other markets	7%

(2) Glass wool products

Domestic market	53 %
America, Australia and New Zealand	41 %
South Africa	2 %
Other regions (including Southeast Asia)	4 %

The market shares of subsidiary companies in Mainland China including Zhongshan Plant in 2020 was as follows:

Sales Region	Province	Market Share
South China	Guangdong	22%
	Yunnan	25%
	Guangxi	4%
	Fujian	3%
	Sichuan	2%
	Others	1%

2. Market supply and demand market growth in the future

(1) ABS/PS products

ABS: Influenced by the epidemic, the stay-at-home economy of ABS was growing in 2020. It showed strong demand in Mainland China and spreads have widened significantly. The demand for ABS has grown substantially throughout the year. The long-term demand for ABS remains growing, and the impact of the epidemic on major economies is gradually easing due to the advent of the vaccine. The Company shall pay close attention to it and take action with prudence. The new production capacity of Zhangzhou Chi Mei increased by 450,000 MT/ year for ABS/AS, which is expected to be launched in July, 2011, and is also a future concern project.

GPS: In recent years, there has been no capacity expansion or new players in the GPS market, and Denka Singapore Plant with annual production capacity of 200,000 tons will officially withdraw from the market this year. There is no obvious seasonal difference in disposable tableware in principal markets. With the population of dining out tending to grow and the epidemic driving the consumption of disposable tableware, GPS demand is expected to continue to increase, and under the reasonable control of raw material inventory and the increase of the sales proportion of injection product with higher profit, the Company still expects to make profit of GPS.

EPS: The international market for EPS is still in a state of oversupply. Although the shipping cost is significantly higher, it can basically be passed on smoothly. However, the increase in the cost of flame-retardant agents has decreased the profitability of fireproof EPS. Therefore, in the future, the Company will increase the production and sales ratio of the general-purpose EPS with better profits, and continue to develop the markets with lower market share and better profits. Overall, the Company's development prospects are still relatively optimistic.

(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 November 2020, Longwang has built a new plant with a production capacity of 300,000 tons in Zhuhai in South China and put it into production. The supply and demand of the whole market have changed, which will further increase the production capacity in the South China market. The Company stabilizes the quality of raw materials and rapid materials and improves the quality of ultra-light 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. The Company is also actively promoting the pre-sales for the establishment of a new plant TTC Gulei with a capacity of 200,000 tons, and the pre-sales volume is expected to double to more than 40,000 tons in 2021.

(3) Glass wool products

Domestic demand for glass wool decreased by 3% in 2020. Glass wool imports accounted for 8% of the overall market and glass wool was imported mainly from South Korea and India, accounting for 26% and 60% of total glass wool imports respectively. The domestic demand for glass wool in 2021 is expected to grow between 4% and 5% from 2020.

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. Currently, the Company has successfully consolidated its position in New Zealand Australia and is continuously developing other markets to actively increase the width and depth of the export market. We estimate that the ratio of domestic sales to exports in 2021 will be 52% to 48%.

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.

◆ 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 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.

h. The market for fire-retardant glass wool for roof and exterior walls has been growing steadily, where sales of such products in 2020 grew by 39% from 2019.

i. Regulations related to floor impact sound has been implemented in January, 2021. The new product Porter panel and glass wool sound insulation system for flooring 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. EPS 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.

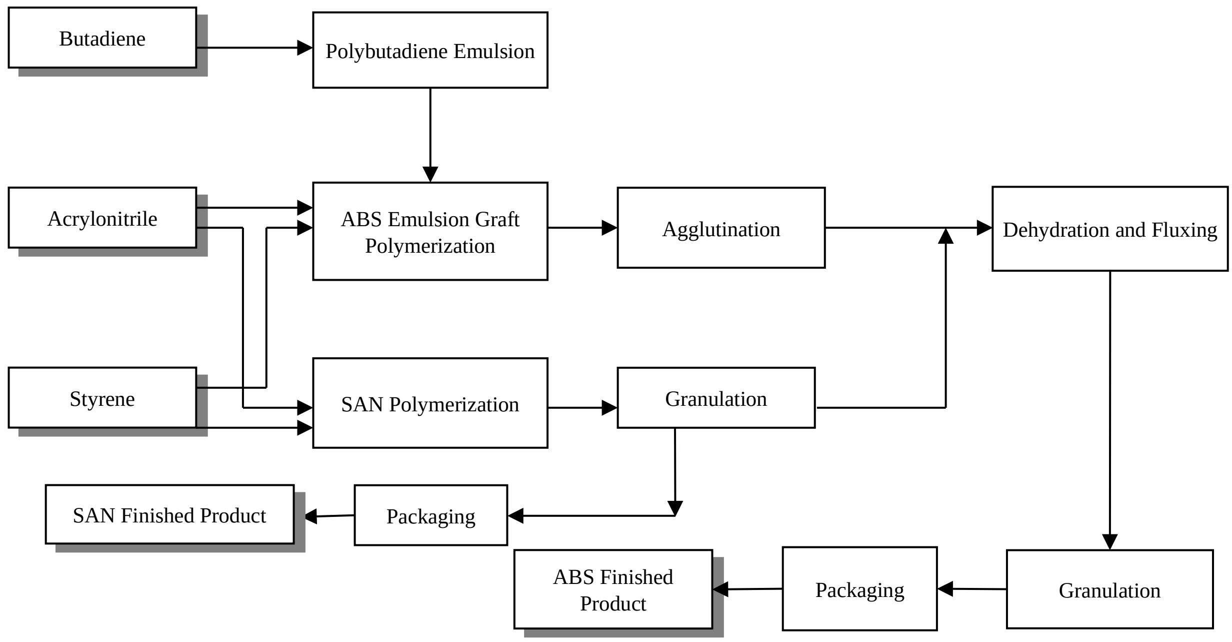
(5) Glass wool:
Cooling materials for air-conditioning ducts, metal roofs, insulation materials for walls, floor insulation materials, dry partitions filled with sound-absorbing insulation materials, ceilings for interior decoration, wall panels, insulation materials for the petrochemical industry, machinery 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.

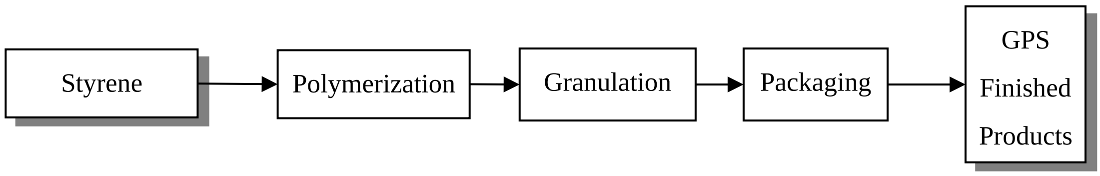
(7) Impact-resistant polystyrene:
IT equipment, home appliances, toys, everyday items, stationery, electronic components, and menstrual cups.

2. Production processes of main products

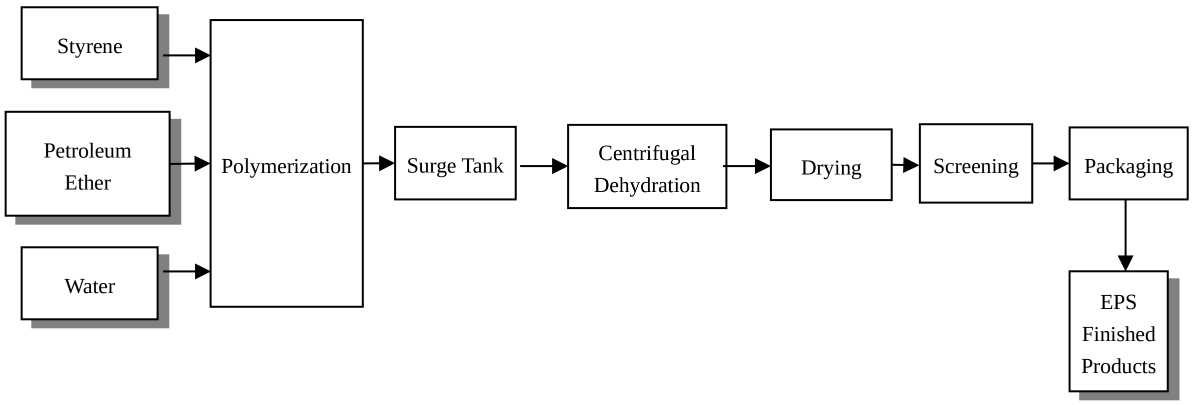
(1) Production processes of ABS and SAN resin



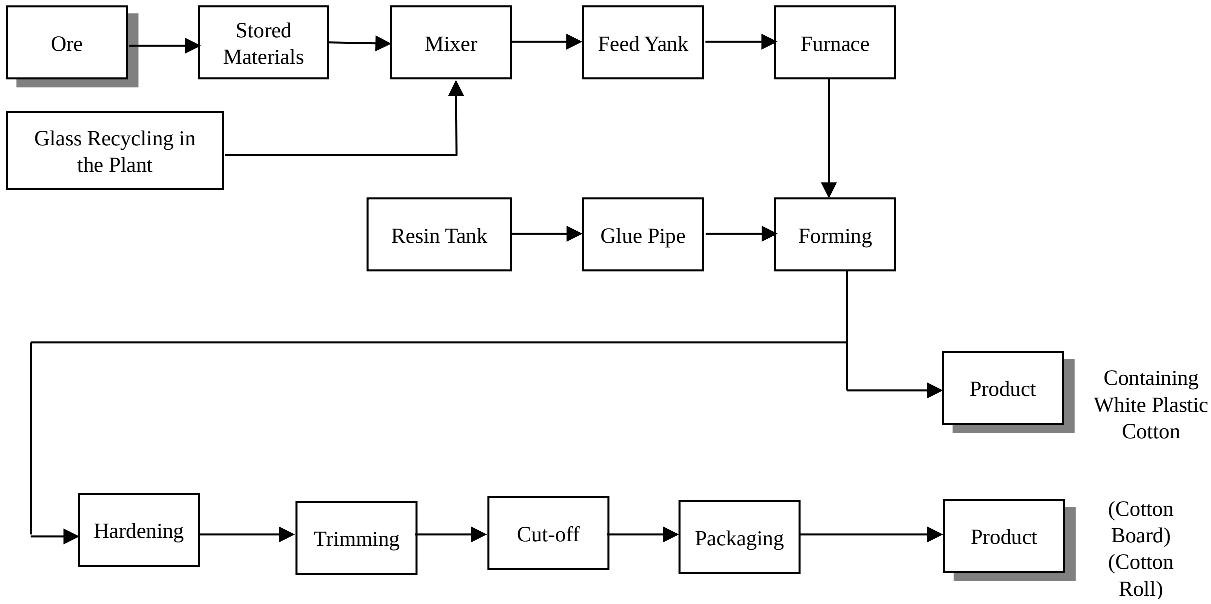
(2) Production process of GPS



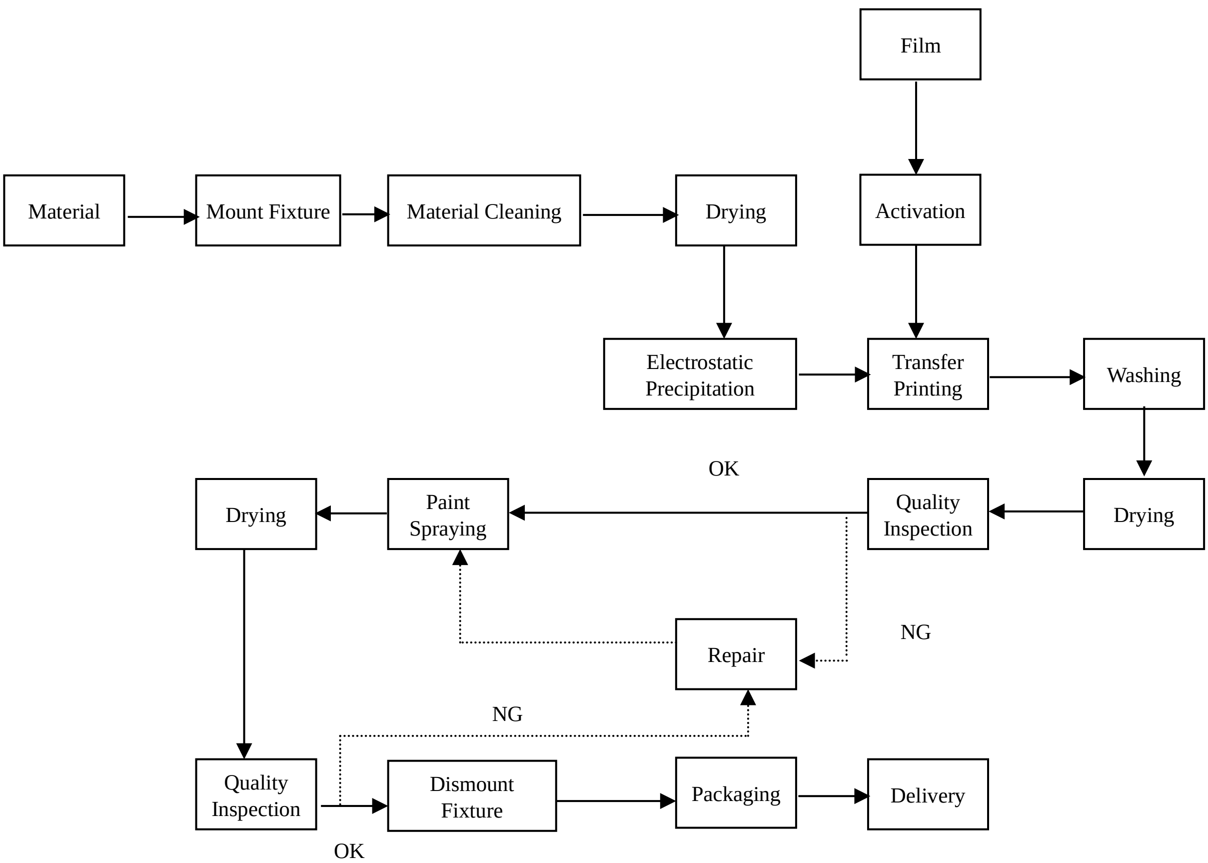
(3) Production process of expanded polystyrene (EPS)



(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. Acrylonitrile (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 CustomersWhoAccount 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$ thousand

	2020				2019				As of the first quarter of 2021			
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	Formosa Chemicals & Fibre Corporation	2,754,649	23.71	None	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd.	2,641,108	18.44	None	Formosa Chemicals & Fibre Corporation	612,901	16.46	None
2	Taiwan Styrene Monomer Corporation	1,512,846	13.02	None	Formosa Chemicals & Fibre Corporation	2,394,986	16.72	None	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd.	587,946	15.79	None
3	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd.	1,487,155	12.80	None	Taiwan Styrene Monomer Corporation	1,954,939	13.65	None	ETON	410,484	11.03	-
4	CNOOC and Shell	858,660	7.39	None	CNOOC and Shell	1,576,530	11.01	None	Taiwan Styrene Monomer Corporation	358,014	9.62	-
5	Others	5,006,542	43.08	Note 3	Others	5,757,022	40.18	Note 3	Others	1,753,178	47.10	Note 3
	Purchases Sales	11,619,852	100.00	-	Purchases Sales	14,324,585	100.00	-	Net purchases of goods	3,722,523	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 purchases of goods from other suppliers did not reach 10% of the total purchases of goods. In 2020, the amount of purchases of goods from related parties was NT$2,573 thousand, accounting for 0.02% of the total purchases of goods. In 2019, the amount of purchases of goods from related parties was NT$3,151 thousand, accounting for 0.02% of the total purchases of goods. In the first quarter of 2021, the amount of purchases of goods from related parties was NT$333 thousand, accounting for 0.01% of the total purchases of goods.

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$ thousand

	2020				2019				As of the first quarter of 2021			
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	15,498,381	100.00	Note 3	Others	17,325,182	100.00	Note 3	Others	4,536,148	100.00	Note 3
	Net sales	15,498,381	100.00	-	Net sales	17,325,182	100.00	-	Net sales	4,536,148	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$20,038 thousand in 2020, accounting for 0.13%, NT$65,158 thousand in 2019, accounting for 0.38%, No sales to affiliates in the first quarter of 110

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

Quantity: MT

Amount: NT$ thousands

Year / Production Value / Main Product	2020			2019		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
ABS	100,000	122,461	3,981,790	100,000	121,642	5,103,038
GPS	100,000	98,776	2,370,409	100,000	91,881	3,024,788
EPS	380,000	218,685	6,745,075	380,000	208,103	8,846,426
Subtotal	580,000	439,922	13,097,274	580,000	421,626	16,974,252
Glass wool products	8,600	8,711	266,478	8,600	8,594	278,334
Cubic printing (Note)	200,000	64,050	50,320	200,000	73,576	55,386
Total	-	-	13,414,072	-	-	17,307,972

Note: Measurement unit of cubic printing: JIG.

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

Quantity: MT

Amount: NT$ thousands

2020						
Product Category	Domestic Sales		Exports		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
ABS	9,310	439,590	113,921	4,736,715	123,231	5,176,305
GPS	15,788	456,784	81,819	2,468,152	97,607	2,924,936
Impact-resistant polystyrene (IPS)	80	3,273	235	9,317	315	12,590
EPS	169,945	5,364,289	49,931	1,528,518	219,876	6,892,807
Subtotal	195,123	6,263,936	245,906	8,742,702	441,029	15,006,638
Glass wool products (Note 1)	8,415	306,148	4,062	132,092	12,477	438,240
Cubic printing (Note 2)	63,127	53,503	0	0	63,127	53,503
Total	-	6,623,587	-	8,874,794	-	15,498,381

Note 1: Glass wool products include imported rock wool and aluminum foil.
Note 2: Measurement unit of cubic printing: JIG.

Quantity: MT

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
Glass wool products (Note 1)	8,718	319,627	4,234	149,773	12,952	469,400
Cubic printing (Note 2)	72,186	64,209	0	0	72,186	64,209
Total	-	7,688,997	-	9,983,207	-	17,672,204

Note 1: Glass wool products include imported rock wool and aluminum foil.
Note 2: Measurement unit of cubic printing: JIG.

III. Information on Employees

Year		2020	2019	Current year as of April 6, 2021
Number of employees	Staff	207	218	203
	Workmen	321	328	318
	Total	528	546	521
Average age		42.7	44.6	42.7
Average year of services		14.8	15.5	14.4
Distribution of academic qualifications	PhD/Master's degree	9%	9.0%	9%
	Bachelor's degree	30%	28.4%	30%
	Junior college	22%	22.5%	22%
	Senior high/vocational school	32%	35.5%	32%
	High school or lower	7%	4.6%	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
November 11th, 109 / 20-109-110016	Article 20 of the Air Pollution Control Act	450	The Environmental Protection Bureau of Kaohsiung City Government conducted an audit on the equipment components in Linyuan Plant on September 23rd, 2020 and the test results exceeded permitted standards.	1. The Company appointed an inspection company to conduct a review test on September 24th, 2020 and the results were satisfactory. The test report was submitted to the Environmental Protection Bureau to close the case. 2. Strengthen the self-testing of components: The Company has purchased two new TVA2020 equipment components testing instruments in October 2020 (there are four in the plant in total), and the manufacturing department will comprehensively test the equipment components every three months since December 1st, 2020 (the Company has established the management method of self-testing of the equipment components for the manufacturing department on December 22nd, 2020 and implemented it accordingly). 3. The Public Safety Office conducted education and training for four times (October 29th, November 4th, November 10th and November 16th in 2020) for the inspectors on equipment component testing methods and calibration operations, and taught the operators to take responsibility and implement component testing in their respective areas. 4. Performance bonus deduction:

Penalty date/number	Regulations violated	Amount of compensation or penalty (thousand)	Cause	Improvement measures
				The Company deducted approximately NT$50,000 from the performance bonus of employees of the Plant as warning. 5. The Company has developed and announced the reward and punishment measures for the environmental inspection results of equipment components on October 21, 2020, so as to strengthen the responsibility of operators.
August 26th, 2020 / 20-109-080022	Paragraph 1, Article 20 of the Air Pollution Control Act	480	We, the Environmental Protection Bureau found on the inspection day (June 18, 2020) that white particulate pollutants were discharged from the discharge outlet (P005) of the M01 process (glass fiber manufacturing process) of your company's Toufen Plant. Therefore, we conducted visual smoke test on the P005 discharge pipe of your company's Toufen Plant. The result of smoke test showed that the light transmittance was 50%, which lasted more than 3 minutes and has exceeded the emission standard of air pollutants of stationary pollution source (20%).	1. In order to meet the emission standards, the Company has drawn up an improvement plan and applied to Miaoli Environmental Protection Bureau for extending the P005 pile improvement project to June 30th, 2021. 2. From June 19th, 2020 to October 15th, 2020, according to the advice of Owens Corning and consultant Ming-Hsien Chou of the Group, the Company carried out the installation of molding drop box and static separator before discharge on the P005 pile, etc. . . The improvement includes strengthening the water curtain, increasing the spray, adding 9 layers of 3M filter and adjusting the pH value of recycled washing water to improve the exhaust concentration. Thus the light transmittance of P005 pile does not decrease significantly. 3. The Company appointed an equipment manufacturer to test the electrostatic dust collector on site on October 22nd, 2020. The Company separately connected a hose to the P005 pile and connected the exhaust to the electrostatic dust collector, which was discharged through the electrostatic dust collector. No white smoke emission was detected by visual inspection, showing a remarkable improvement effect.

Penalty date/number	Regulations violated	Amount of compensation or penalty (thousand)	Cause	Improvement measures
				4. The Company applied for temporary CER to add air pollution control equipment - electrostatic dust collector and implemented related engineering improvement. 5. After re-testing by Miaoli Environmental Protection Bureau and the result was satisfactory by visual test, the Company proceeded the change for operation permit.
January 21st, 2021 / 40-110-010013	Subparagraph 1, Paragraph 1, Article 31 of the Waste Disposal Act	6	We have checked the declared output records of your company's Toufen Plant from November 2019 to November 2020, and found that 2.8871 MT of paint and paint residue were produced in April 2020, which exceeded 10% of the maximum monthly production (2 MT/month) approved in your waste disposal plan.	Revision of waste disposal plan - increase the production of paint and paint residue to 3.2 MT per month.
January 1st, 2020 / Zhong-Ju (Huan) Fa-Gao No. [2020] 002	Article 10 of Law of the People's Republic of China on the Prevention and Control of Water Pollution	RMB 260	On October 18th, 2019, the Environmental Protection Branch of Huoju Development Zone came to the Company to conduct sampling and monitoring on the standardized discharge outlet of waste water (No.WS00641). The results showed that the total phosphorus was 12.4mg/ L, which exceeded 11.4 times of the limit stipulated in the Discharge Standard for Pollutants of Synthetic Resin Industry (GB31572-2015) (standard < 1mg/ L). According to Article 83 (2) of the Law of the People's Republic of China on the Prevention and Control of Water Pollution, and Article 1 (1) of Item 3 of the "Violation of General	The sewage treatment plant is to be technologically modified The Company signed the engineering contract and the EIA contract on January 1st, 2020. In order to carry out the construction as soon as possible, the Company communicated with the District Planning Sub-bureau and the Environmental Protection Sub-bureau for several times, and finally started the construction on March 4th (obtained the EIA approval of the sewage treatment technical renovation project on June 1st, 2020, and obtained the Construction Project Planning Permit on September 16th, 2020). The installation of equipment was completed on July 5th, 2020. From August 2020 till now, the Company is commissioning the sewage treatment plant, and will apply for acceptance of environmental protection to the environmental protection unit after completion of the commissioning.

Penalty date/number	Regulations violated	Amount of compensation or penalty (thousand)	Cause	Improvement measures
			Provisions on Environmental Protection" of the Free Quantification Criteria for Administrative Punishment of Zhongshan Environmental Protection Bureau (revised in 2019), the Bureau gave a penalty to the Company.	

(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$ thousand

Expenditure Item	
Linyuan Plant	
1. Purchase of component inspection instruments (completed)	440
2. 31 Replacement of drum fans (B3112-7) in Area 31 (completed)	168
3. Replacement of lighting equipment in Area 24 with explosion prevention LED (completed)	918
4. Installation of exhaust duct in laboratories (completed)	198
5. Improvement of fire detection system for the #1 and #2 warehouse for finished products	170

Expenditure Item	
(completed)	
6. Incinerator inspections and repairs (completed)	650
7. Replacement of 5 pumps in Area 13/24/25 (completed)	3,510
8. Replacement of carbon steel with stainless steel as the RBD pipe material (completed)	2,470
9. Installation of an additional water-seal tank in Area 27 (completed)	1,680
10. Replacement of gas detector main units across the plant (completed)	1,760
11. Painting of ABS storage tanks (S1111-1 & S1111-2) and related pipelines in Area 11/Area 11B (monomer tank areas) (completed)	404
Total	12,368
Qianzhen Plant	
1. Purchase of magnetic spare parts for NOVA CA302 thermal fluid shaftless pumps (completed)	289
2. Purchase of RTO spare parts (completed)	658
3. Installation of additional gas detectors for the EPS Section (completed)	155
4. Replacement of safety valves for reaction tanks of the EPS Section (completed)	1,010
5. Update of the 2B3T process electricity distribution panel in the pure ware area (completed)	399
6. Purchase of the breathing apparatus and protection suit (completed)	213
7. Removal of rust and painting emission pipes and pipelines of the Plant (completed)	989
8. Update of SBR inlet water pump (completed)	87
Total	3,800
Toufen Plant	
1. Replacement of the baghouse filter bag (construction completed).	124
2. Glass wool pile (P009, P010) height increase construction (construction completed)	378
3. First stage improvement of opacity for glass wool pile (P009) (completed)	324
4. Glass wool pile (P001 to P004) improvements	536
5. Add spill prevention dike to diesel tank (completed)	54
6. Purchase of air pollution emergency response equipment (completed)	420
Total	1,836
Zhongshan Plant	
1. Annual exhaust monitoring expenses (completed)	874
Total	874
Total	18,878

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

Unit: NT$ thousand

Expenditure Item	
Linyuan Plant	
1. Added PVA-Gel biological aerated filter tank on Line A in Area 82 (in progress)	4,750
2. Installation of ABSL concentration physical pressure filter equipment in Area 22 (ABSL process) (in progress)	2,300
3. Fire safety water connection construction with Taiwan Styrene Monomer Corporation (in progress)	1,200
4. Setting up temporary waste storage area on the south side of the incinerator (in progress)	700
5. Added an air pollution control device (waste gas incinerator with regenerative heat) in Area 26 (in progress)	22,150
6. Adding sludge drying equipment to Line B sewage treatment plant in Area 82 (in progress)	9,360
7. Replacement of lighting equipment in the whole plant with explosion prevention LED (in progress)	1,160
8. Adding water and fire protection turret (fire hydrant) on the northwest side of tank area in Area 27 (in process)	500
9. Construction of a new waste storage site (in progress)	1,200
10. Upgrading of incinerator bag filters (in progress)	4,800
11. Update of feed control valve of TAP I/ II /CAN to the non-leakage type (in progress)	610
12. Restoration of the north wall and pillar of Linyuan Plant (in progress)	1,600
13. Maintenance and update of incinerator equipment (upgrade of air pipe & pile) (in progress)	1,520
14. Corrosion improvement of floor, bracket and outdoor stairs in Area 25 (in progress)	180
15. Adding a material unloading pump to the DMF material unloading system in Area 27 (in progress)	425
Total	52,455
Qianzhen Plant	
1. Replacement of NOVA cooling tower fans with FRP energy-efficient blades	738
2. Replacement of the mechanical shaft seal of NOVA R1 mixer	580
3. Replament of the EPS centrifuge	2,500
4. Purchase of spare parts for mechanical shaft seals of EPS reaction tank	270
5. Adding dust collector in Area 26	60
6. Replacement of the heat medium circulating pump with a shaft-less seal pump	1,260
7. Updating of waste gas pipeline in waste water plant	500
8. Update of SLURRY PUMP in EPS Division	600
9. Purchase of spare parts of the feeder in Nova Silo area	520
10. Purchase of spare parts of SBR circulating pumps in waste	270

Expenditure Item	
water farm	
11. Updating of NOVA cooling water tower staircase and guardrail.	335
12. Purchase of spare parts of NOVA R1 blender Gear Box Bearing.	480
13. Purchase of low-frequency vibration analysis and detection instruments	1,400
14. Purchase of spare parts of NOVA vacuum pump CB625B	1,000
Total	10,513
Toufen Plant	
1. Second stage improvement of glass wool pile (P005) opacity (in progress)	15,530
2. Adding waste storage facilities (in progress)	4,000
3. Adding roof for outdoor glass storage area	1,750
Total	21,280
Zhongshan Plant	
1. Operating expenses of environmental protection facilities (in progress)	47,029
2. Hazardous waste disposal fees (in progress)	420
3. Annual waste water monitoring expenses (in progress)	724
4. ISO 14001 system operation expenses (in progress)	313
Total	48,486
Total	132,734

3. Effects after improvements: Improve production efficiency, conserve energy and reduce waste.

(III) 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:

In 2020, the total training hours of employees reached 15,439 hours, and the average training hours per person was 29.2 hours, reaching the original target of 17.5 hours of training hours per person. For employees who have a strong willingness to learn and develop their potential, the Company provides grants for further education in local universities, which is supplemented with career adjustments in their respective positions in order to nurture leading talents required by enterprises.

Statistics on the number of hours of further education and training in each operating station in 2020

Education and training participation		Male	Female	Total
Supervisors	Average (hour/number of people)	53.61	35.74	50.95
Director staff	Average (hour/number of people)	24.45	13.6	24.34
Indirect staff	Average (hour/number of people)	49.43	33.34	44.78
The whole company	Number of Participants	3330	429	3759
	Hours	12168.5	3270.5	15439
	Number of employees	451	77	528
	Average (hour/number of people)	27.0	42.5	29.2

Remarks: Direct staff are workers, and indirect staff are employees who are not supervisors.

The number of hours of further education and training of TTC in 2020 classified by course

Course Type	Hours	Percentage
Management skills	3,552	23.0%
Professional skills	3,267.5	21.2%
Occupational safety and environmental protection	7,708.5	49.9%
Others	911	5.9%

(6) The talent training expenditure in 2020 totaled NT$1,423 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
Auditing Division	Hsu, Liang-Wei	Institute of Internal Auditors, R.O.C. Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1093355 Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1095998
Auditing Division	Ying-Chun Tu	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. Employee Code of Conduct or 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 at the Company, the Human Resources Division has established ethical management policies and prevention plan, and regularly report the implementation of such policies and plan 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) In order to ensure that the conduct of the Company's Directors and managerial officers is in line with the ethical standards, the Company has formulated a Code of Ethical Conduct for

Directors and Managerial Officers with reference to the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE or TPEx Listed Companies, and has made it as part of the compulsory study materials for relevant personnel every year. The targets for these guidelines include the Company's Directors 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.

(6) 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 nearby residents.

(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	January 1st, 2020 to December 31st, 2020 (renewed each year)	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, 2020 to December 31st, 2020 (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, 2020 to December 31st, 2020 (renewed each year)	CPC Corporation has agreed to supply butadiene to the Company every year at a price it sets. Payment for the material must be made on the 15th of the following month after delivery.	None
Purchase of material	Formosa Petrochemical Corporation	January 1st, 2020 to December 31st, 2020 (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 14th of the following month after delivery.	None

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
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, 2020 to December 31st, 2020 (renewed each year)	The Company purchases styrene from CSPC and Shell Petrochemicals every year at a negotiated price. The Company is required to provide domestic letters of credit before loading.	None
Purchase of material	SinoPec Chemical Sales (Huanan) Co., Ltd.	January 1st, 2020 to December 31st, 2020 (renewed each year)	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd. agreed to supply styrene to the Company every year at a price based on the original price agreed to by both parties. Payment for the material must be made before delivery.	None
Purchase of material	SABIC	January 1st, 2020 to December 31st, 2020 (renewed each year)	The Company purchases styrene from SABIC and the price is determined through negotiations.	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 Commercial Bank	July 27th, 2017 to June 30th, 2022	The Company and Chang Hwa Bank signed a five-year medium-term loan and medium-term guarantee loan line contract of NT$1 billion, which is a revolving loan 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	The Company and KGI Bank signed 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%.
Medium-term Lending Limit Contract	Taishin International Bank	May 18th, 2020 to May 18th, 2023	The Company and Taishin International Bank signed a three-year medium-term lending contract with a revolving credit limit of NT$300 million.	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%.
Medium-term Lending Limit Contract	Hua Nan Commercial Bank	July 3rd, 2020 to July 3rd, 2023	The Company and Hua Nan Bank signed a three-year medium-term lending contract with a revolving credit limit of NT$300 million.	None
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Yuanta Commercial Bank	February 18th, 2021 to February 17th, 2024	The Company and Yuanta Commercial Bank signed to secure a 3-year medium-term lending contract with a revolving credit limit of NT$ 300 million, the contract is fully secured by commercial papers.	Based on the consolidated financial statements of TTC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.

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$ thousand

Item \ Year		Financial Information in the Most Recent Five Years					Current year as of March 31st, 2021 (Note 1)
		2020	2019	2018	2017	2016	
Current assets		5,942,120	4,801,480	5,391,600	5,313,224	4,926,613	6,226,326
Property, plant and equipment		2,076,043	2,174,859	2,373,653	2,418,756	2,444,205	2,054,907
Intangible assets		5,406	7,448	9,668	11,068	16,159	4,972
Other assets		1,222,301	1,020,954	952,625	1,068,387	1,089,843	1,293,197
Total assets		9,245,870	8,004,741	8,727,546	8,811,435	8,476,820	9,579,402
Current liabilities	Before distribution	2,170,177	2,278,694	3,316,710	3,132,553	3,260,740	1,965,354
	After distribution	Note 2	2,178,433	3,251,180	3,132,553	3,260,740	Note 2
Non-current liabilities		719,887	1,426,284	1,418,879	1,773,332	1,836,962	719,357
Total liabilities	Before distribution	2,890,064	3,704,978	4,735,589	4,905,885	5,097,702	2,684,711
	After distribution	Note 2	3,604,717	4,670,059	4,905,885	5,097,702	Note 2
Equity attributable to owners of parent company		6,355,806	4,299,763	3,991,957	3,905,550	3,379,118	6,894,691
Capital		3,442,310	3,342,048	3,276,518	3,276,518	3,276,518	3,442,310
Capital surplus		816	810	779	469	469	816
Retained earnings	Before distribution	2,716,694	997,971	731,393	505,981	18,182	3,205,359
	After distribution	Note 2	897,710	665,863	505,981	18,182	Note 2
Other equity		195,986	(41,066)	(16,733)	122,582	83,949	246,206
Treasury stock		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Before distribution	6,355,806	4,299,763	3,991,957	3,905,550	3,379,118	6,894,691
	After distribution	Note 2	4,199,502	3,926,427	3,905,550	3,379,118	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 2021 was reviewed by CPAs.
Note 2: The 2020 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$ thousand

Item \ Year	Financial Information in the Most Recent Five Years					Current year as of March 31st, 2021 (Note)
	2020	2019	2018	2017	2016	
Net revenue	15,498,381	17,672,204	21,683,702	19,821,042	16,419,055	4,536,148
Gross profit	3,123,272	1,246,066	1,043,743	1,433,704	945,256	832,680
Profit from operations	2,421,463	514,665	277,618	675,946	231,431	589,849
Total non-operating income and expenses	60,526	43,539	53,634	1,906	(34,112)	42,594
Profit before income tax	2,481,989	558,204	331,252	677,852	197,319	632,443
Net income (loss) from continuing operations	1,919,818	397,977	207,973	502,079	120,877	488,665
Loss from discontinued operations	0	0	0	0	0	0
Net profit for the year	1,919,818	397,977	207,973	502,079	120,877	488,665
Other comprehensive income(loss) for the year, net of income tax	236,480	(21,618)	(124,273)	24,353	(116,842)	50,220
Total comprehensive income for the year	2,156,298	376,359	83,700	526,432	4,035	538,885
Net income attributable to owners of parent company	1,919,818	397,977	207,973	502,079	120,877	488,665
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of parent company	2,156,298	376,359	83,700	526,432	4,035	538,885
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings (loss) per share	5.58	1.16	0.62	1.53	0.37	1.42

* 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 2021 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 Financial Statement

Unit: NT$ thousand

Item \ Year		Financial Information in the Most Recent Five Years				
		2020	2019	2018	2017	2016
Current assets		3,154,122	2,830,260	3,186,843	3,165,533	2,842,828
Property, plant and equipment		1,777,067	1,836,939	1,934,916	1,947,650	1,937,859
Intangible assets		5,406	7,448	9,668	11,068	16,159
Other assets		4,072,199	2,372,990	2,277,532	2,404,645	2,254,021
Total assets		9,008,794	7,047,637	7,408,959	7,528,896	7,050,867
Current liabilities	Before distribution	1,935,890	1,323,907	2,002,329	1,856,117	1,841,248
	After distribution	Note 1	1,223,646	1,936,799	1,856,117	1,841,248
Non-current liabilities		717,098	1,423,967	1,414,673	1,767,229	1,830,501
Total liabilities	Before distribution	2,652,988	2,747,874	3,417,002	3,623,346	3,671,749
	After distribution	Note 1	2,647,613	3,351,472	3,623,346	3,671,749
Equity attributable to owners of parent company		6,355,806	4,299,763	3,991,957	3,905,550	3,379,118
Capital		3,442,310	3,342,048	3,276,518	3,276,518	3,276,518
Capital surplus		816	810	779	469	469
Retained earnings	Before distribution	2,716,694	997,971	731,393	505,981	18,182
	After distribution	Note 1	897,710	665,863	505,981	18,182
Other equity		195,986	(41,066)	(16,733)	122,582	83,949
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	6,355,806	4,299,763	3,991,957	3,905,550	3,379,118
	After distribution	Note 1	4,199,502	3,926,427	3,905,550	3,379,118

* 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 2021 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$ thousand

Item \ Year	Financial Information in the Most Recent Five Years				
	2020	2019	2018	2017	2016
Net revenue	10,993,555	12,219,221	14,943,406	13,132,796	9,697,443
Gross profit	2,204,114	897,143	692,509	1,077,059	554,588
Profit from operations	1,610,188	304,007	87,929	477,608	10,710
Total non-operating income and expenses	648,225	156,968	165,466	96,941	112,468
Profit before income tax	2,258,413	460,975	253,395	574,549	123,178
Net income (loss) from continuing operations	1,919,818	397,977	207,973	502,079	120,877
Loss from discontinued operations	0	0	0	0	0
Net profit for the year	1,919,818	397,977	207,973	502,079	120,877
Other comprehensive income(loss) for the year, net of income tax	236,480	(21,618)	(124,273)	24,353	-116,842
Total comprehensive income for the year	2,156,298	376,359	83,700	526,432	4,035
Net income (loss) attributable to owners of parent company	1,919,818	397,977	207,973	502,079	120,877
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of parent company	2,156,298	376,359	83,700	526,432	4,035
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings (loss) per share	5.58	1.16	0.62	1.53	0.37

* 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.

(IV) Name and Audit Opinions of CPAs

Year	Name of CPAs	Auditor Opinion
2020	Huang, Hsiu-Chun/Chiu, Cheng-Chun	Unqualified 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

II. Financial Analysis in the Most Recent Five Years

(I) Financial Analysis - Consolidated Financial Statements

Analysis Item	Year	Financial Analysis for the Most Recent Five Years					Current year up to March 31, 2021
		2020	2019	2018	2017	2016	
Financial structure	Debt-to-assets ratio	31.26	46.28	54.26	55.68	60.14	28.03
	Ratio of long-term capital to property, plant and equipment	340.83	263.28	227.95	234.79	213.41	370.53
Solvency	Current ratio ％	273.81	210.71	162.56	169.61	151.09	316.80
	Quick ratio ％	235.39	172.37	125.07	125.74	104.27	269.25
	Interest coverage ratio	119.17	11.93	6.98	14.85	5.20	483.04
Operating ability	Receivables turnover ratio (times)	6.97	6.84	7.41	7.76	6.92	8.40
	Average collection days	52	53	49	47	53	43
	Inventory turnover ratio (times)	16.64	17.24	17.03	13.78	11.78	19.50
	Payables turnover ratio (times)	13.28	20.45	17.44	13.87	14.22	14.39
	Average days for sale	22	21	21	26	31	19
	Property, plant, and equipment turnover ratio (times)	7.29	7.77	9.05	8.15	6.64	8.83
	Total asset turnover ratio (times)	1.80	2.11	2.47	2.29	1.86	1.89
Profitability	Return on assets (%)	22.45	5.25	2.88	6.28	1.81	20.81
	Return on equity (%)	36.03	9.60	5.27	13.78	3.58	29.50
	Ratio of net income before tax to paid-in capital (%) (Note 7)	73.17	16.87	10.11	20.69	6.02	36.75
	Net profit margin (%)	12.39	2.25	0.96	2.53	0.74	10.77
	Earnings per share (NT$)	5.58	1.19	0.63	1.53	0.37	1.42
Cash flow	Cash flow ratio (%)	140.37	70.34	(15.18)	13.42	30.15	3.56
	Cash flow adequacy ratio (%)	552.16	382.58	187.87	79.86	76.59	-
	Cash reinvestment ratio (%)	24.78	14.33	(4.92)	4.00	9.93	0.56
Leverage	Operating leverage	1.51	3.89	6.32	3.38	5.76	1.27
	Financial leverage	1.01	1.11	1.25	1.08	1.25	1.00

Reasons for changes in financial ratios for the most recent two years: (Analysis is not be required if such changes are within 20%.)
The decrease in the debt ratio in 2020 was mainly due to the increase in total assets.
The increase in the ratio of long-term capital to property, plant and equipment in 2020 was mainly due to the increase in total equity.
The increase in current ratio and quick ratio in 2020 was mainly due to the increase in cash and cash equivalents.
The increase in interest coverage ratio and profitability plus related ratio in 2020 was mainly due to the increase in net profit for the year.
The decrease in payables turnover ratio in 2020 was mainly due to the increase in accounts payable at the end of the period.
The increase in cash flow ratio and cash reinvestment ratio in 2020 was mainly due to the increase in net cash inflow from operating activities.
The increase in cash flow adequacy ratio in 2020 was mainly due to the increase in net cash inflow from average operating activities.
The decrease in operating leverage in 2020 was mainly due to the increase in sales margin.

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		2020	2019	2018	2017	2016
Year		Financial Analysis for the Most Recent Five Years				
Financial structure	Debt-to-assets ratio	29.45	38.99	46.12	48.13	52.08
	Ratio of long-term capital to property, plant and equipment	398.01	311.59	279.42	291.26	268.83
Solvency	Current ratio ％	162.93	213.78	159.16	170.55	154.40
	Quick ratio ％	130.03	167.97	123.33	117.69	96.14
	Interest coverage ratio	210.07	20.06	10.19	23.84	6.34
Operating ability	Receivables turnover ratio (times)	7.47	7.70	9.14	10.12	8.66
	Average collection days	49	47	40	36	42
	Inventory turnover ratio (times)	15.72	18.78	18.28	12.59	9.87
	Payables turnover ratio (times)	10.28	18.24	15.22	10.80	10.63
	Average days for sale	23	19	20	29	37
	Property, plant, and equipment turnover ratio (times)	6.08	6.48	7.70	6.76	4.97
	Total asset turnover ratio (times)	1.37	1.69	2.00	1.80	1.39
Profitability	Return on assets (%)	24.02	5.77	3.08	7.17	2.00
	Return on equity (%)	36.03	9.60	5.27	13.78	3.58
	Ratio of net income before tax to paid-in capital (%) (Note 7)	66.58	13.93	7.73	17.54	3.76
	Net profit margin (%)	17.46	3.26	1.39	3.82	1.25
	Earnings per share (NT$)	5.58	1.19	0.63	1.53	0.37
Cash flow	Cash flow ratio (%)	115.44	60.98	(33.03)	18.40	15.35
	Cash flow adequacy ratio (%)	216.16	213.53	30.51	35.64	54.09
	Cash reinvestment ratio (%)	19.41	7.81	(7.31)	3.66	3.23
Leverage	Operating leverage	2.07	7.15	34.06	4.91	127.75
	Financial leverage	1.01	1.09	1.46	1.06	(0.87)

Reasons for changes in financial ratios for the most recent two years: (Analysis is not be required if uch changes are within 20%.)
The decrease in the debt ratio in 2020 was mainly due to the increase in total assets.
The increase in the ratio of long-term capital to property, plant and equipment in 2020 was mainly due to the increase in total equity.
The decrease in current ratio,quick ratio and accounts payable turnover rate and the increase in average sales days were mainly due to the increase in accounts payable at the end of the period.
The increase in interest coverage ratio and profitability plus related ratio in 2020 was mainly due to the increase in net profit for the year.
The decrease in payables turnover ratio and the increase in average days for sale in 2020 was mainly due to the decrease in the cost of goods sold.
The increase in cash flow ratio and cash reinvestment ratio in 2020 was mainly due to the increase in net cash inflow from operating activities.
The decrease in operating leverage in 2020 was mainly due to the increase in sales margin.

* 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. Supervisor's Review Report or Audit Committee's Audit Report in the Most Recent Fiscal Year

(I) Supervisor's Review Report: Not applicable.

(II) Audit Committee's Review Report

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 23rd, 2021

IV. Financial Statement for the Most Recent Fiscal Year: Please refer to Page 171.

V. Parent Company Only Financial Statements for the Most Recent Year Audited and Attested by CPAs: Please refer to Page 285.

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$ thousand

Item \ Year	2020	2019	Differences	
			Amount	%
Current assets	5,942,120	4,801,480	1,140,640	24
Property, plant and equipment	2,076,043	2,174,859	(98,816)	(5)
Intangible assets	5,406	7,448	(2,042)	(27)
Other assets	1,222,301	1,020,954	201,347	20
Total assets	9,245,870	8,004,741	1,241,129	16
Current liabilities	2,170,177	2,278,694	(108,517)	(5)
Non-current liabilities	719,887	1,426,284	(706,397)	(50)
Total liabilities	2,890,064	3,704,978	(814,914)	(22)
Share capital	3,442,310	3,342,048	100,262	3
Capital surplus	816	810	6	1
Retained earnings	2,716,694	997,971	1,718,723	172
Other equity	195,986	(41,066)	237,052	577
Total equity	6,355,806	4,299,763	2,056,043	48

(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 increase in current assets was mainly due to the increase in cash and cash equivalents.
2. The decrease in intangible assets was due to amortization by period.
3. The increase in other assets was mainly due to the increase in long-term investments.
4. The decrease in non-current liabilities and total liabilities was mainly due to the repayment of long-term borrowings.
5. The increase in retained earnings was mainly due to the growth in profits during the year.
6. The increase in other equity is mainly due to the increase in unrealized valuation interest in equity investment.

(II) Impact: No material impact.

(III) Future adaptation plan: N/A.

II. Financial Performance

(I) Comparative Analysis of Financial Performance

Unit: NT$ thousand

Item \ Year	2020	2019	Amount of increase (decrease)	Percentage of increase (decrease) (%)
Net revenue	15,498,381	17,672,204	(2,173,823)	(12)
Cost of goods sold	12,375,109	16,426,138	(4,051,029)	(25)
Gross profit	3,123,272	1,246,066	1,877,206	151
Total operating expenses	701,809	731,401	(29,592)	(4)
Profit from operations	2,421,463	514,665	1,906,798	370
Total non-operating income and expenses	60,526	43,539	16,987	39
Profit before income tax	2,481,989	558,204	1,923,785	345
Income tax expenses	562,171	160,227	401,944	251
Net profit for the year	1,919,818	397,977	1,521,841	382

(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 decrease in the cost of goods sold and the increase in profit from operations, profit before income tax and net profit for the year were mainly due to the drop in prices of raw materials.
2. The increase in income tax expenses was due to the increase in profit before income tax.

(II) Estimated sales volume and its basis

According to market supply and demand in 2021, it is estimated that the sales volume of petrochemical products, glass wool products, and cubic printing products will be 456,891 tons, 13,146 tons and 73,350 jigs, respectively.

(III) Potential impact on the Company's future financial operations: No material impact.

(IV) Response plan: N/A.

(II) Analysis of Changes in Gross Profit (Loss)

Unit: NT$ thousand

	Amount of increase (decrease)	Reason for difference			
		Price difference	Cost difference	Sales mix difference	Quantity difference
Gross profit (loss)	1,877,206	(2,563,237)	4,280,908	1,744,406	(1,584,871)
Explanation	1. The sales of ABS products have increased and gross profit increased by NT$990,283 thousand compared to the previous year. The sales of GPS/IPS increased and the price gap increased by S$70/ton. The gross profit increased by US$239,877 thousand compared to the previous year. The production and sales volume of EPS products remained high, while the production and sales volume of Qianzhen Plant and the price difference increased, and the loss of Tianjin Plant was reduced due to shutdown. The overall gross profit of EPS products increased by NT$645,866 thousand from the previous year. The gross profit of glass wool was at the same level as previous year, with an increase of NT$20 thousand only. 2. 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$1,551 thousand from the previous year, while the gross profit obtainedfrom the sale of its raw materials increased by NT$2,711 thousand.				

III. Cash Flows

(I) Analysis of Changes in Cash Flows in the Most Recent Year

Unit: NT$ thousand

Year	Beginning cash balance	Net cash inflow (outflow) from operating activities for the year	Other net cash inflow (outflow) for the year (outflow) for the year	Cash excess (inadequacy)	Cash inadequacy improvement plan
2020	1,312,018	3,046,274	(1,899,786)	2,458,506	N/A

1. The net cash inflow from operating activities was mainly attributable to the increase in net profit for the year.
2. Other net cash outflows were mainly due to the repayment of long-term and short-term loans.

(II) Cash Inadequacy Improvement Plan: N/A.

(III) Liquidity Analysis for the Coming Year

Unit: NT$ thousand

Year	Beginning cash balance	Cash inflow for the year	Cash outflow for the year	Cash excess (inadequacy)	Cash inadequacy improvement plan
2021	2,458,506	889,844	1,952,274	1,396,076	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

There have been no investments exceeding 5% of the Company's paid-in capital in the most recent year.

(II) Main Reasons for Profit or Loss: N/A.

(III) Improvement Plan: N/A.

(IV) Investment Plan for the Coming Year: Plan to invest RMB 314,000,000 in mainland China to establish a new company to produce and sell expandable polystyrene (EPS).

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	Legal Division	

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		

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	2020 (NT$ thousands; %)
Net interest income (expenses)	12,049
Net currency exchange gain (loss)	(55,673)
Ratio of net interest income (expenses) to sales revenue	0.08%
Ratio of net interest income (expenses) to net income before tax	0.49%
Ratio of net currency exchange gain (loss) to sales revenue	(0.36%)
Ratio of net currency exchange gain (loss) to net profit before taxes	(2.24%)

1. Interest rate:

   Diversify idle funds into bank deposits, money-market fund beneficiary certificates, bond (note) transactions under repurchase agreement, and REITs (domestic real estate investment trusts) to reduce the risk of interest rate fluctuations.

   Provide sufficient short-term funds for operating needs; For medium - and long-term funding needs, in the case of rising interest rates, issue ordinary corporate bonds when appropriate or obtain medium-term and long-term credit lines from financial institutions to lock in the cost of capital at a fixed interest rate, so as to avoid the risk of future interest rate increases and to maintain the longer-term financial stability.

2. Exchange rates:

   The Company hedges its net position of foreign currency generated by operation. In addition to closely following the trend of international foreign exchange market, it also seek to avoid the risks through spot selling in the market and undertaking forward foreign exchange contracts.

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

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(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. However, the Company has not engaged in such operations yet.

2. Making of guarantees and endorsements:

   Endorsements or guarantees are handled in accordance with the Company's Regulations Governing Endorsements and Guarantees, and evaluation before operation and follow-up are performed.

3. Derivatives trading:

   The Company engages in derivatives trading for the purpose of avoiding the risks arising from the Company's business operations. The Company mainly engages in trading commodities of undertaking forward foreign exchange, does not engage in speculative trading, and mainly focuses on trading with financial institutions with better conditions in order to avoid credit risks.

(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	Reduce VOCs content of acrylonitrile-butadiene-styrene polymer (ABS) and pass the customer validation	70%	400	2021	Processing hardware Cost of raw materials Control of market demand
	Improve the basic properties of acrylonitrile-butadiene-styrene polymer (ABS) and reduce the Cake addition amount >= 1.0%	60%	767	2022	Processing hardware Control of market demand
	Reduce the moisture content of Cake of acrylonitrile-butadiene-styrene polymer (ABS) to 15-20%	20%	1,000	2022	Evaluation and design of processing hardware
	Improvement of resistance to yellowing for storage of acrylonitrile-butadiene-styrene polymer (ABS) products (△ Yi ≦ 2).	40%	795	2022	Compound design Processing hardware Control of market demand
EPS	Development of antistatic polystyrene (EPS) for reducing antistatic resistance (Ω< 109)	50%	670	2021	Cost of raw materials Compound design Control of market demand
	Development of environmental protection and energy saving LOW VOC EPS, promotion to apply to automotive materials/furniture/home appliances and other markets	70%	710	2021	Processing hardware Polymerization compound design Control of market demand
	Development and promotion of expanded polystyrene (EPS) fish box market in Southeast Asia	70%	590	2021	Compound design Integration with client demand side and process stability
Glass wool	Quality improvement of the glue formula of glass wool products (find out the main cause of the glue deviation rate and improve it)	80%	100	2021	Compound design (improve the deviation rate of glue to improve the stability of product quality)

(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、various tax incentives 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 new mobile inspection system developed by the Group in the Linyuan Plant, and optimized and improved the functional deficiencies of the old system, so as to improve the operation speed and reduce the cost of equipment procurement significantly. With the system being developed by the Group, it is more flexible for the interface with the internal system and the customization according to the needs of users.

2. The Company introduced the process improvement application operation management platform in the plant, and adopted electronic countersign and approval, which not only saves the time spent on paper countersign transmission, but also can track the countersign progress in real time. The historical data being stored in a unified electronic way is available for the user for quick query, which can improve the efficiency of the operation.

3. The Company set up a equipment maintenance and spare parts

management platform in the plant to fully e-manage the basic information, spare parts and maintenance records of the equipment, so as to assist the relevant management of equipment information in the plant and improve work efficiency. The Company also integrate and master equipment spare parts and maintenance record information in real time through the optimized UI interface, to maintain the normal operation of equipment in the plant.

4. The Company introduced the new electronic document platform in TTC Taipei, Linyuan Plant, Qianzhen Plant, Toufen Plant and Zhongshan Plant to simplify the operation setting of the relevant sign-off supervisor, and increase the flexibility of the sign-off supervisor in the sign-off process, so as to make the electronic document signing and approval process more smooth and improve its efficiency.

5. The Company promoted 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

In order to expand the product development of the Company, after careful evaluation, the subsidiary TAITA (BVI) Holding Co., Ltd will invest and set up a new company in Gulei Port Economic Development Zone, Zhangzhou, Fujian Province to engage in EPS business.

(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 2020.

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. At present, the case is appealed by the Kaohsiung Procuratorate Branch of the Taiwan High Procuratorate Office and is being tried by the Supreme Court.

CGTD reached an agreement with Kaohsiung City Government on February 12th, 2015 and pledged a term deposit NT$227,458 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 CGTD, LCY and CPC Corporation. Taiwan Power Company applied to the court to execute provisional attachments on the assets of CGTD on August 27th, 2015 and November 26th, 2015, respectively. CGTD has deposited with the Court a cash deposit of NT$99,207 thousand to avoid provisional attachments. On the other hand, Taiwan Water Corporation applied to the court to execute provisional attachments on the assets of CGTD on February 3rd, 2017 and March 2nd, 2017, respectively. As of February 18th, 2021, the value of the seized property of CGTD is aboutNT$9,491 thousand.

For the deceased, CGTD, LCY and Kaohsiung City Government signed a tripartite agreement on July 17th, 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 25th, 2017 agreeing to negotiate the compensation first with the 65 severely injured victims. The compensation was first paid by CGTD 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.

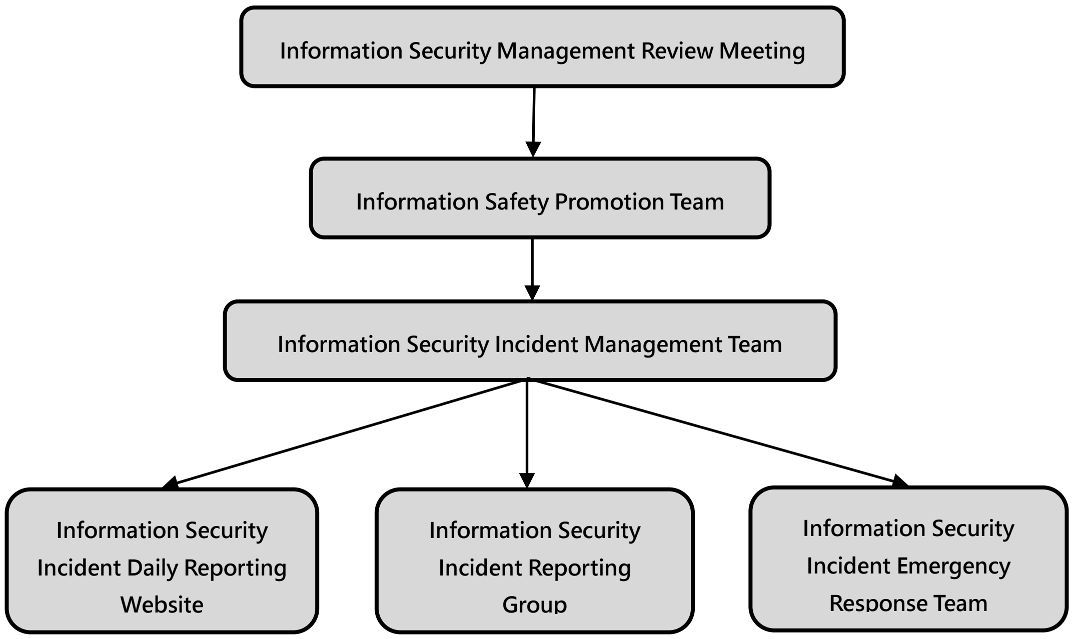
As of February 18th, 2021, victims and their families have filed civil (including supplementary civil action) lawsuits against t CGTD, LCY Chemical Corp. and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim of NT$46,677 thousand, and the amount of the settlement was NT$4,519 thousand. Along with the case still under litigation and the above-mentioned compensation, the accumulated amount of compensation is NT$3,856,447 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately NT$1,341,128 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 according to the judgment of first instance. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is around NT$401,979 thousand (in particular, CGTD was exempted from paying NT$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

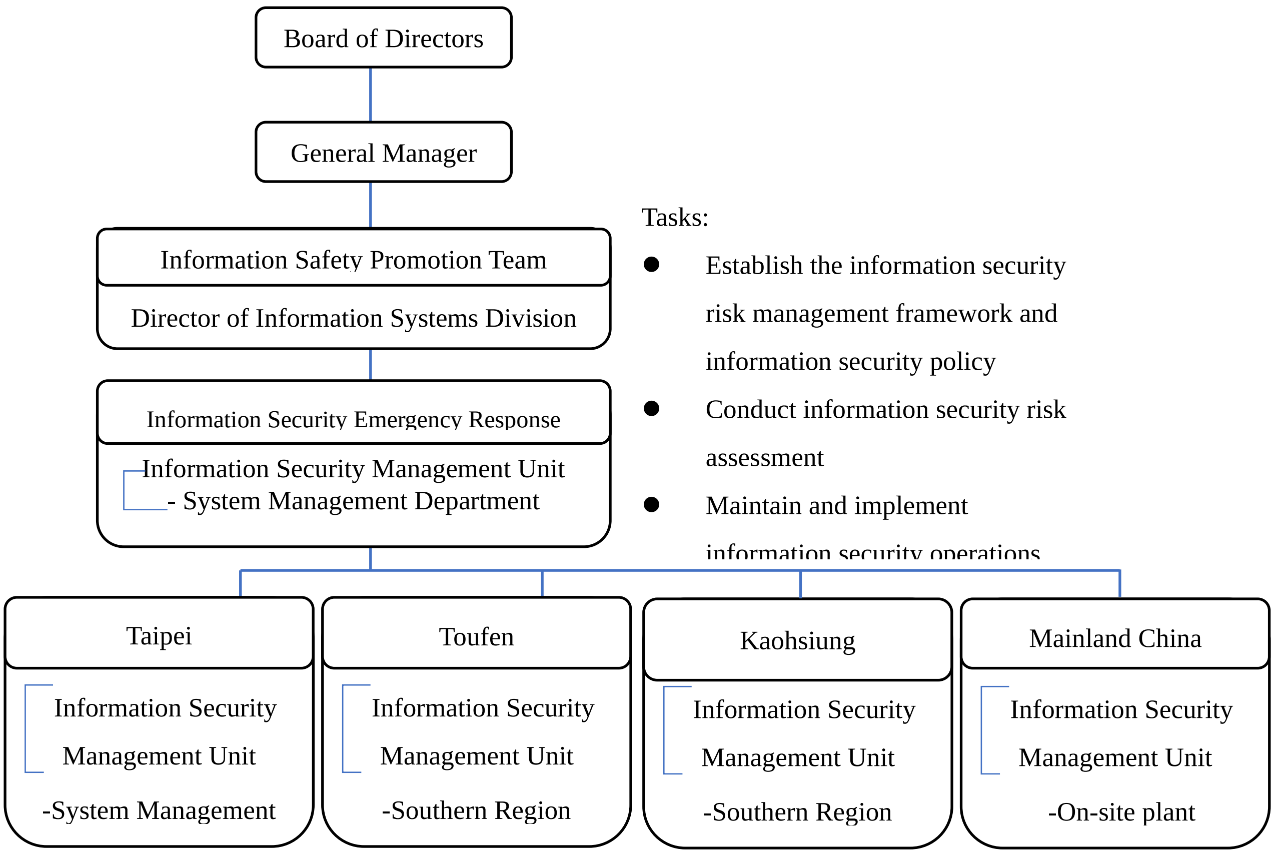
1. Information Security Management Framework

(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.



(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 in 2019 and identified 5 major risks and 5 major emerging opportunities brought forth by climate change. In 2020, we divided the risks and opportunities into the category of short-term, medium-term and long-term according to their occurrence time of. The identification results are shown in the table below:

Type	Short-term (< 3 years)	Medium-term (3~5 years)	Long-term (> 5 years)
Opportunities	• Reduced water utilization and consumption	• Participation in renewable energy programs and adoption energy conservation measures • Usage of more efficient production and distribution processes • Recycling and reuse • Use of low-carbon energy sources	-
Transformation Risks	-	• Strengthened emissions reporting obligations • Increased pricing of Greenhouse gas emissions	-
Physical Risks	-	• Increased severity of typhoons, floods, and other extreme weather events	• Extreme changes in rain patterns and climate models • Rising average temperatures

We will evaluate response measures every year 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

<table>
<tr><th>Climate-Related Items</th><th>Potential Financial Impact</th><th>Response measures</th></tr>
<tr><td>Increased pricing of Greenhouse gas emissions</td><td>Increased operating costs</td><td rowspan="10">Promote water conservation and energy conservation measures to recycle and reuse water.
Work with the public sector by participating in incentives and partnership programs.
Enhance inspections and clear the drainage system during heavy rains to ensure the normal functions of the drainage system.
Strengthen response measures for typhoons to ensure stable production when natural disasters occur.
Promote energy conservation and carbon emissions reduction measures and implement voluntary greenhouse gas inventory operations.
Implement resource consumption reduction, recycling, and reuse measures.
Implement the ISO-50001 system.
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.
Purchase green energy.</td></tr>
<tr><td>Strengthened emissions reporting obligations</td><td>Increased operating costs</td></tr>
<tr><td>Extreme changes in rain patterns and climate models</td><td>Reduced revenue</td></tr>
<tr><td>Increased severity of typhoons, floods, and other extreme weather events</td><td>Reduced revenue</td></tr>
<tr><td>Rising average temperatures</td><td>Increased operating costs</td></tr>
<tr><td>Recycling and reuse</td><td>Reduced operating costs</td></tr>
<tr><td>Reduced water utilization and consumption</td><td>Reduced operating costs</td></tr>
<tr><td>Usage of more efficient production and distribution processes</td><td>Increased asset value</td></tr>
<tr><td>Use of low-carbon energy sources</td><td>Reduced operating costs</td></tr>
<tr><td>Participation in renewable energy programs and adoption energy conservation measures</td><td>Reduced operating costs</td></tr>
</table>

(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 Matters

The Company's Key Performance Indicators

(I) Disaster-free Working Hours

Cumulative disaster-free working hours at each plant as of December 31st, 2020:

Qianzhen Plant: 1,956,353 hours; Linyuan Plant: 724,497 hours; Toufen Plant: 674,768 hours; Zhongshan Plant: 1,416,059 hours.

(II) Equipment Operating Rate

Equipment operating rate for products in 2020:

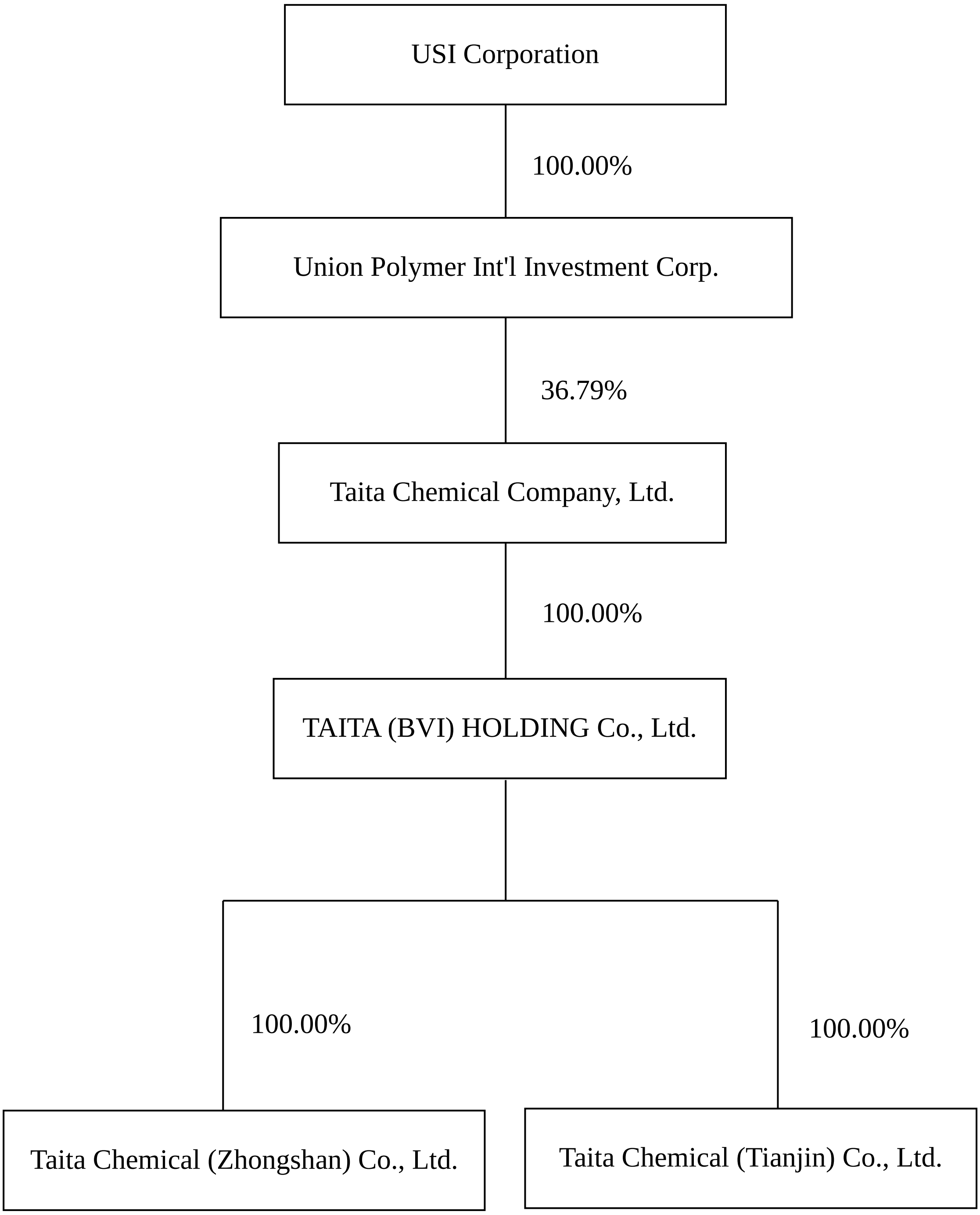
ABS 85%, SAN 92%, GPS 94.8%, EPS 84.8%, Glass wool 91.2%, CUBIC 16%, Zhongshan Plant 91.7%.

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$ thousand

Name of Company	Date of Incorporation	Address	Paid-in Capital	Major Business or Production Items
1. TAITA (BVI) HOLDING Co., Ltd. Taita (BVI) Holding Co., Ltd.	1997.4.10	CITCO Building, Wickhams CAY.P.O Box 662 Road Town, Tortola, British Virgin Island	2,555,738 (US$89,738,000)	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	1,317,200 (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	778,928 (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. (Taita BVI Holding Co., Ltd.)	Director	Wu, Yi-Gui	0/0	—
	Director	Ko, I-Shao	0/0	—
	Director	Wu, Pei-Chi	0/0	—
	Director	Yang, Wen-Li	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	Yang, Wen-Li (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Kan, Lin (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	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	
	General Manager	Yen, Tai-Ming	0/0	—
Taita Chemical (Tianjin) Co., Ltd.	Chairman	Wu, Pei-Chi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	Capital contribution USD27,350,000/100
	Director	Yen, Tai-Ming (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Kan, Lin (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Huang, Ya-Yi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	General Manager	Yen, Tai-Ming	0/0	—

6. Operating Status of Affiliated Companies

Unit: NT$ thousand

Name of Company	Capital contribution	Total assets	Total liabilities	Net value	Net revenue	Profit from operations	Income for the year (after tax)	Earnings per share (NT$) (after tax)
TAITA (BVI) HOLDING Co., Ltd.	2,555,738	2,958,641	6,988	2,951,653	---	(6,033)	614,057	6.84
Taita Chemical (Zhongshan) Co., Ltd.	1,317,200	3,183,089	235,539	2,947,550	5,241,561	864,401	610,521	-
Taita Chemical (Tianjin) Co., Ltd.	778,928	163,135	267,698	(104,563)	0	(47,093)	19,049	-

(II) Consolidated Financial Statements of Affiliated Companies

Statement of Consolidated Financial Statements of Affiliated Companies

It is hereby declared that for the year 2020 (from January 1st, 2020 to December 31st, 2020), 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.

Hereby declare

Company Name: Taita Chemical Co., Ltd.

Chairman of the Board: Wu, Yi-Gui

March 5th, 2021

(III) Affiliation Report

1. Statement of Affiliation Report

Statement of Affiliation Report

It is hereby declared that the Company's 2020 Affiliation Report (from January 1st, 2020 to December 31st, 2020) 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.

Hereby declare

Company Name: Taita Chemical Co., Ltd.

Chairman: Wu, Yi-Gui

March 5th, 2021

2. CPA Opinion on Affiliation Report

Chin Shen 11002625 dated March 29th, 2021

Attn: Taita Chemical Company, Ltd.

Subject: CPA opinion on the 2020 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 2020 Affiliation Report (from January 1st, 2020 to December 31st, 2020) prepared by Taita Chemical Co., Ltd. on March 5th, 2021 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 2020 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	Reasons 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	126,634,858	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

Unit: NT$ thousand; %

Name of Controlling Company	Transactions With Controlling Company				Transaction Terms with Controlling Company		Normal Transaction Terms		Reason for difference	Accounts and Notes Receivable(Payable)		Overdue Accounts Receivable			Notes
	Purchase (Sale)	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	9,068	0.06%	807	15- 31	30 days after closing day	15 - 32	30 days after closing day	None	27	0%	-	-	-	-

5. Property transactions

The Company has appointed USI to carry out roof insulation construction projects in all plants in 2020to strengthen environmental protection, save energy, and improve the work environment.

6. Financing: None.

7. Asset Leasing:

Unit: NT$ thousand

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	2020.9-2021.9	Operating lease	Market price	Payment every six months	Comparable	1,666	Normal	None
USI Corporation	Lessee	Office and parking spaces	6th to 12th Floor, No. 37 and No.39, Jihu Road, Taipei City	2020.5~2021.4	Operating lease	Market price	Monthly payment	Comparable	5,535	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.

Consolidated Financial Statements for the Most Recent Year Audited and Attested by CPAs

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, 2020, under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements of affiliates is included in the consolidated financial statements of 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:

YI-GUI WU
Chairman

March 22, 2021

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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 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. 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. 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

<u>Allowance for Impairment Loss of Accounts Receivable</u>

As of December 31, 2020, the carrying amount of notes and accounts receivable was NT$2,218,128 thousand (i.e., the gross amount of notes and accounts receivable of NT$2,275,272 thousand with a deduction of allowances for impairment of NT$57,144 thousand) which accounted for 24% 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.

Sales revenue recognition for specific products

The Group's sales volume and gross profit of general-purpose polystyrene (GPS) have continued to grow in the past three years. The sales revenue of the GPS in 2020 was NT$2,924,936 thousand, accounting for approximately 19% of the annual consolidated sales revenue. Whether the sales revenue of the GPS is correctly recognized while fulfilling the contract obligation has a significant impact on the Group's consolidated financial statement. Thus, we identified the estimation of sales revenue recognition as one of the key audit matters.

For the significant accounting policies and relevant disclosed information related to the sales revenue recognition, refer to Notes 4 and 24 of the standalone financial statements.

We performed the corresponding audit procedures, for the authenticity of sales revenue recognition of specific products, as follows:

1. We understood and evaluated the Group's internal control procedures effectiveness on the revenue recognition, as well as the appropriateness of the revenue recognition accounting policies adopted by the management.
2. We sampled and audited the transaction documents related to the sales revenue, including purchase orders, shipping orders, export documents and payment information, to confirm the authenticity of the sales revenue recognition.
3. We examined the occurrence of sales returns and discounts after the balance sheet dates, and checked for any abnormalities in the payment collection after the balance sheet dates.

Other Matters

We have also audited the parent company only financial statements of Taita Chemical Co., Ltd. as of and for the years ended December 31, 2020 and 2019 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, 2020 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 22, 2021

Notice to Readers:

The Interim consolidated financial statement (Chinese version) of our company is reviewed by the CPA Hsiu-Chun Huang and CPA Cheng-Chun Chiu of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
Code	ASSETS	Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 2,458,506	26	$ 1,312,018	16
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	361,424	4	306,472	4
1140	Financial assets at amortized cost - current (Notes 4, 9 and 31)	3,000	-	3,000	-
1150	Notes receivable (Notes 4 and 10)	342,964	4	287,861	4
1170	Accounts receivable (Notes 4, 5 and 10)	1,875,137	20	1,931,006	24
1180	Accounts receivable from related parties (Notes 4, 5, 10 and 30)	27	-	9,394	-
1200	Other receivables (Notes 4 and 10)	65,473	1	67,739	1
1210	Other receivables from related parties (Notes 4, 10 and 30)	1,748	-	7,735	-
1220	Current tax assets (Notes 4 and 26)	-	-	2,560	-
130X	Inventories (Notes 4, 5 and 11)	740,852	8	746,284	9
1410	Prepayments and other current assets	92,989	1	127,411	2
11XX	Total current assets	5,942,120	64	4,801,480	60
	NON-CURRENT ASSETS				
1520	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	341,497	4	209,305	3
1550	Investments accounted for using the equity method (Notes 4, 5 and 13)	604,638	7	517,498	7
1600	Property, plant and equipment (Notes 4, 14, 18, 30 and 31)	2,076,043	22	2,174,859	27
1755	Right-of-use assets (Notes 4, 15, 18, 30 and 31)	79,351	1	84,631	1
1760	Investment properties (Notes 16, 18 and 31)	108,178	1	108,178	1
1780	Other intangible assets (Note 17)	5,406	-	7,448	-
1840	Deferred tax assets (Notes 4, 5 and 26)	64,582	1	77,542	1
1990	Other non-current assets (Note 31)	24,055	-	23,800	-
15XX	Total non-current assets	3,303,750	36	3,203,261	40
1XXX	TOTAL	$ 9,245,870	100	$ 8,004,741	100
Code	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 14, 15, 18 and 31)	$ 150,000	2	$ 1,197,082	15
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	434	-	-	-
2170	Accounts payable (Note 19)	1,179,603	13	682,883	8
2180	Accounts payable from related parties (Notes 19 and 30)	498	-	822	-
2200	Other payables (Note 20)	408,773	4	301,532	4
2220	Other payables from related parties (Note 30)	4,178	-	7,623	-
2230	Current tax liabilities (Notes 4 and 26)	392,544	4	57,749	1
2280	Lease liabilities - current (Note 4, 15 and 30)	4,514	-	4,464	-
2365	Refund liabilities - current (Note 21)	879	-	909	-
2399	Other current liabilities	28,754	-	25,630	-
21XX	Total current liabilities	2,170,177	23	2,278,694	28
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 14, 16, 18 and 31)	300,000	3	1,000,000	12
2570	Deferred tax liabilities (Notes 4 and 26)	170,735	2	144,973	2
2580	Lease liabilities - non-current (Note 4, 15 and 30)	42,938	1	47,451	1
2640	Net defined benefit liabilities - non-current (Note 22)	201,796	2	229,914	3
2670	Other non-current liabilities	4,418	-	3,946	-
25XX	Total non-current liabilities	719,887	8	1,426,284	18
2XXX	Total liabilities	2,890,064	31	3,704,978	46
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
	Share capital				
3110	Ordinary shares	3,442,310	37	3,342,048	42
3200	Capital surplus	816	-	810	-
	Retained earnings				
3310	Legal reserve	81,781	1	42,017	-
3320	Special reserve	308,061	4	308,061	4
3350	Unappropriated earnings	2,326,852	25	647,893	8
3300	Total retained earnings	2,716,694	30	997,971	12
3400	Other equity	195,986	2	(41,066)	-
3XXX	Total Equity	6,355,806	69	4,299,763	54
	TOTAL	$ 9,245,870	100	$ 8,004,741	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, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2020 Amount	2020 %	2019 Amount	2019 %
4100	NET REVENUE (Notes 4, 21, 24 and 30)	$ 15,498,381	100	$ 17,672,204	100
5110	COST OF GOODS SOLD (Notes 11, 14, 22, 25 and 30)	12,375,109	80	16,426,138	93
5900	GROSS PROFIT	3,123,272	20	1,246,066	7
	OPERATING EXPENSES (Notes 22, 25 and 30)				
6100	Selling and marketing expenses	514,070	3	523,389	3
6200	General and administrative expenses	167,216	1	182,964	1
6300	Research and development expenses	20,523	-	25,048	-
6000	Total operating expenses	701,809	4	731,401	4
6900	PROFIT FROM OPERATIONS	2,421,463	16	514,665	3
	NON-OPERATING INCOME AND EXPENSES (Notes 7, 13, 16, 25 and 30)				
7100	Interest income	33,052	-	25,213	-
7010	Other income	54,889	-	51,434	-
7020	Other gains and losses	(63,253)	-	(15,851)	-
7060	Share of profit of associates	56,841	-	33,834	-
7510	Finance costs	(21,003)	-	(51,091)	-

(Continued)

Code		2020 Amount	2020 %	2019 Amount	2019 %
7000	Total non-operating income and expenses	60,526	-	43,539	-
7900	PROFIT BEFORE INCOME TAX	2,481,989	16	558,204	3
7950	INCOME TAX EXPENSE (Notes 4 and 26)	562,171	4	160,227	1
8200	NET PROFIT FOR THE YEAR	1,919,818	12	397,977	2
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 13, 22, 23 and 26)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(1,500)	-	3,785	-
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	132,192	1	30,287	-
8320	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	36,175	-	5,357	-

(Continued)

Code		2020 Amount	%	2019 Amount	%
8330	Share of the other comprehensive income (loss) of associates accounted for using the equity method - remeasurement of defined benefit plans	628	-	(312)	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	300	-	(910)	-
		167,795	1	38,207	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	85,673	1	(71,262)	-
8371	Share of the other comprehensive loss of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	160	-	(3,182)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(17,148)	-	14,619	-
		68,685	1	(59,825)	-
8300	Other comprehensive loss for the year, net of income tax	236,480	2	(21,618)	-

(Continued)

Code		2020 Amount	%	2019 Amount	%
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,156,298	14	$ 376,359	2
	EARNINGS PER SHARE (Note 27)				
9710	Basic	$ 5.58		$ 1.16	
9810	Diluted	$ 5.57		$ 1.15	

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

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company (Note 23)												
		Share Capital		Capital Surplus			Retained Earnings				Other Equity			
Code		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 Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
A1	BALANCE AT JANUARY 1, 2019	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
A3	Effect of retrospective application	-	-	-	-	-	-	-	(3,054)	(3,054)	-	-	-	(3,054)
A5	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													
B1	Legal reserve	-	-	-	-	-	20,797	-	(20,797)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(65,530)	(65,530)	-	-	-	(65,530)
B9	Share dividends distributed by the Company	6,553	65,530	-	-	-	-	-	(65,530)	(65,530)	-	-	-	-
T1	Changes in capital surplus	-	-	31	-	31	-	-	-	-	-	-	-	31
D1	Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	397,977	397,977	-	-	-	397,977
D3	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)
D5	Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	400,692	400,692	(59,825)	35,492	(24,333)	376,359
Z1	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
	Appropriation of 2019 earnings													
B1	Legal reserve	-	-	-	-	-	39,764	-	(39,764)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(100,261)	(100,261)	-	-	-	(100,261)
B9	Share dividends distributed by the Company	10,026	100,262	-	-	-	-	-	(100,262)	(100,262)	-	-	-	-
T1	Changes in capital surplus	-	-	6	-	6	-	-	-	-	-	-	-	6
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	1,919,818	1,919,818	-	-	-	1,919,818
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	(572)	(572)	68,685	168,367	237,052	236,480
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	1,919,246	1,919,246	68,685	168,367	237,052	2,156,298
Z1	BALANCE AT DECEMBER 31, 2020	344,231	$ 3,442,310	$ 520	$ 296	$ 816	$ 81,781	$ 308,061	$ 2,326,852	$ 2,716,694	($ 125,641)	$ 321,627	$ 195,986	$ 6,355,806

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

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code		2020	2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	$ 2,481,989	$ 558,204
A20010	Adjustments for:		
A20100	Depreciation expenses	203,757	207,777
A20200	Amortization expenses	2,042	2,220
A20300	Reversal of expected credit loss	(5,334)	(6,888)
A20400	Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(22,139)	(40,844)
A20900	Finance costs	21,003	51,091
A21200	Interest income	(33,052)	(25,213)
A21300	Dividend income	(7,555)	(4,617)
A22300	Share of profit of subsidiaries and associates	(56,841)	(33,834)
A22500	Loss on disposal of property, plant and equipment	19,635	667
A23200	Loss on disposal of property, plant and equipment, using equity method	173	-
A23700	Reversal of write-down of inventories	(359)	(55,133)
A23800	Impairment loss recognized on property, plant and equipment	22,078	60,265
A24100	Net gain on foreign currency exchange	-	(2)
A29900	Recognition of refund liabilities	7,576	7,535
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	(32,379)	138,537
A31130	Notes receivable	(51,664)	376,775
A31150	Accounts receivable	62,381	282,905
A31160	Accounts receivable from related parties	9,367	23,482
A31180	Other receivables	12,190	38,964
A31190	Other receivables from related parties	5,989	(3,798)

(Continued)

Code		2020	2019
A31200	Inventories	6,595	467,766
A31230	Prepayments and other current assets	36,980	(52,310)
A32150	Accounts payable	495,096	(242,079)
A32160	Accounts payable from related parties	(324)	432
A32180	Other payables	103,812	522
A32190	Other payables from related parties	(3,883)	434
A32230	Other current liabilities	2,297	(12,680)
A32240	Net defined benefit liabilities	(29,618)	(28,527)
A33000	Cash generated from (used in) operations	3,249,812	1,711,651
A33100	Interest received	23,484	18,554
A33300	Interest paid	(21,835)	(51,604)
A33500	Income tax paid	(205,187)	(75,869)
AAAA	Net cash generated from operating activities	3,046,274	1,602,732
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	3,827
B00040	Purchase of financial assets at amortized cost	(149,263)	(126,659)
B00050	Proceeds from disposal of available-for-sale financial assets	149,826	219,799
B02700	Payments for property, plant and equipment	(136,966)	(93,197)
B02800	Proceeds from disposal of property, plant and equipment	2,381	2,166
B03700	Increase in refundable deposits	(254)	(155)
B07600	Dividends received	12,778	19,683
B09900	Recovery of the liquidated shares of investee company using the equity method	1,274	-
BBBB	Net cash generated from (used in) investing activities	(120,224)	25,464
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Decrease in short-term borrowings	(1,014,593)	(791,621)

(Continued)

Code		2020	2019
C00500	Decrease in short-term bills payable	-	(20,000)
C01600	Proceeds from long-term borrowings	1,000,000	850,000
C01700	Repayments of long-term borrowings	(1,700,000)	(850,000)
C04020	Repayment of the principal portion of lease liabilities	(4,463)	(4,416)
C04300	Increase (decrease) in other non-current liabilities	418	(1,253)
C04500	Cash dividends	(99,946)	(65,501)
CCCC	Net cash used in financing activities	(1,818,584)	(882,791)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	39,022	(36,058)
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	1,146,488	709,347
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,312,018	602,671
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,458,506	$ 1,312,018

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

Notice to Readers:

The Interim consolidated financial statement (Chinese version) of our company is reviewed by the CPA Hsiu-Chun Huang and CPA Cheng-Chun Chiu of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

1. GENERAL INFORMATION

Taita Chemical Co., Ltd. (the "Company") was established and began operations in April 1960. The Company designs, develops, and sells chemical products such as polystyrene (PS), acrylonitrile-butadiene-styrene (ABS) copolymer resin, acrylonitrile-styrene copolymer (SAN) resin, glasswool insulation products, plastic raw materials and their processed products. The ordinary shares of the Company has been listed on the Taiwan Stock Exchange since 1986. The Company's parent company is USI Corporation, which held indirectly 36.79% of the ordinary shares of the Company as of December 31, 2020. USI Corporation is the Company's ultimate parent company, since it has operational control over the Company.

The Company's consolidated financial statements shall be presented in the New Taiwan Dollar, which is 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, 2021.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC

Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC.

The Group first applied the amendments to IFRS 3 "Business Combinations" on January 1, 2020, and it has been assessed that no significant changes have been made to the Group's accounting policies.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	Effective for annual reporting periods beginning on or after January 1, 2021
Amendments to IFRS 16 "COVID-19-Related Rent Concessions"	Effective for annual reporting periods beginning on or after June 1, 2020

As of the date the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Group completes the evaluation.

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

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts–Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

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

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

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

Note 7: The amendments are applicable to changes in accounting estimates and accounting policies that occur during the annual reporting periods beginning on or after January 1, 2023.

As of the date the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Group completes the evaluation.

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.

The Group ceases to use the equity method to account for an investment on the day when the investment ceases to be in an associate. The Group's retained equity in the original associate shall be measured at fair value. The fair value and the difference between the disposa proceeds and the carrying amount of the investment on the day when the equity method ceases to be used is recognized in profit or loss.

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 29.

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.

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 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. Fair value is determined in the manner described in Note 29.

b) Derecognition of financial liabilities

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

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

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.

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

The Group determines its income (loss) in accordance with the laws and regulations of the income tax filing jurisdiction, and calculates the income tax payable (recoverable) accordingly.

According to the Income Tax Act, 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 Group took the economic impact of the COVID-19 pandemic into consideration in critical accounting judgements. 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.

Key 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, 2020	December 31, 2019
Cash on hand and petty cash	$ 1,084	$ 702
Checking accounts and demand deposits	782,819	592,036
Cash equivalents		
Time deposits	1,674,603	719,280
	$ 2,458,506	$ 1,312,018

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

	December 31, 2020	December 31, 2019
Time deposits	0.10%~2.30%	1.46%~2.07%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2020	December 31, 2019
Financial assets mandatorily classified as at FVTPL		

Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 431	$ 2,923
Non-derivative financial assets		
Beneficiary securities	60,808	291,549
Mutual funds	300,185	12,000
Domestic unlisted shares	-	-
	360,993	303,549
	$361,424	$306,472
Financial liabilities held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 434	$ -

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, 2020			
Sell	USD/NTD	2021.01.18~2021.02.22	USD 6,000 /TWD 170,073
December 31, 2019			
Sell	USD/NTD	2020.01.13~2020.03.19	USD 13,000 /TWD 393,051

The Group entered into foreign exchange forward contracts in 2020 and 2019 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, 2020 and 2019 was $27,750 thousand and

$53,931 thousand, respectively. The net loss arising from financial liabilities at FVTPL for the years ended December 31, 2020 and 2019 was $4,299 thousand and $3,686 thousand, respectively.

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

	December 31, 2020	December 31, 2019
Investments in equity instruments at FVTOCI		
Domestic investments		
Listed shares		
Ordinary shares - USI Corporation	$341,484	$209,272
Unlisted shares		

(Continued)

	December 31, 2020	December 31, 2019
Ordinary shares - Harbinger Venture Capital Corp. ("Harbinger")	7	27
	341,491	209,299
Foreign investments		
Unlisted shares		
Ordinary shares－Budworth Investment Ltd（Budworth）	6	6
	$341,497	$209,305

Harbinger, the investee, announced a reduction of capital by returning cash in January 2019. The Group received $505 thousand 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, 2020	December 31, 2019
Pledged time deposits (a)	$ 3,000	$ 3,000

a. As of December 31, 2020 and 2019, the range of market interest rates on the pledged time deposits were respectively 0.37% to 0.69% and 0.62% to 0.94% per annum.

b. Refer to Note 31 for information related to the pledged financial assets at amortized cost.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31, 2020	December 31, 2019
Notes receivable (a)		
Notes receivable - operating	$ 342,964	$ 287,861
Accounts receivable (a)		
Amortized cost		
Gross carrying amount	$ 1,932,281	$ 1,994,631
Less: Allowance for impairment loss	(57,144)	(63,625)
	$ 1,875,137	$ 1,931,006
Accounts receivable from related parties (a) (Note 30)	$ 27	$ 9,394
Other receivables (b)		
VAT refund receivables	$ 48,661	$ 61,160
Interest receivable	16,300	6,401
Others	512	178
	$ 65,473	$ 67,739

Other receivables from related parties (Note 30)	$ 1,748	$ 7,735

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, 2020

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ -	$ 674,241	$ 122,001	$ 1,479,030	$ 2,275,272
Loss allowance (Lifetime ECL)	-	-	-	(57,144)	(57,144)
Amortized cost	$ -	$ 674,241	$ 122,001	$ 1,421,886	$ 2,218,128

December 31, 2019

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ 2,244	$ 533,582	$ 98,233	$ 1,657,827	$ 2,291,886
Loss allowance (Lifetime ECL)	-	-	(2,747)	(60,878)	(63,625)
Amortized cost	$ 2,244	$ 533,582	$ 95,486	$ 1,596,949	$ 2,228,261

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

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Balance at January 1	$ 63,625	$ 70,765
Add: Net remeasurement of loss allowance	(5,334)	(6,888)
Less: Amounts written off	(1,170)	-
Foreign exchange gains and losses	23	(252)
Balance at December 31	$ 57,144	$ 63,625

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

	December 31, 2020	December 31, 2019
Not past due	$ 2,197,025	$ 2,220,347
Past due within 60 days	23,121	16,056

Past due over 60 days	55,126	55,483
	$ 2,275,272	$ 2,291,886

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

As of December 31, 2020 and 2019, 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, 2020 and 2019, the Group assessed the impairment loss of other receivables using expected credit losses.

11. INVENTORIES

	December 31, 2020	December 31, 2019
Finished goods	$ 265,382	$ 285,893
Work in progress	62,258	39,414
Raw materials	233,411	188,013
Production supplies	31,609	33,536
Inventory in transit	148,192	199,428
	$ 740,852	$ 746,284

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019, was $12,353,031 thousand and $16,365,873 thousand, respectively.

The cost of goods sold included reversal of inventory write-down of $359 thousand, which resulted from inventory closeout, and write-down of $55,133 thousand for the years ended December 31, 2020 and 2019, respectively.

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

The subjects for these consolidated financial statements are as follows:

			Proportion of Ownership		
Investor	Investee	Nature of Activities	December	December	Rema

			31, 2020	31, 2019	rk
The Company	TAITA (BVI) Holding Co., Ltd. （TAITA(BVI)）	Reinvestment	100%	100%	a
TAITA（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

a. In order to increase TAITA (BVI)'s working capital and improve its financial structure, the Company's board of directors resolved on November 3, 2020 to increase the capital of TAITA (BVI) by US$28,000 thousand in cash. As of December 31, 2020, the company's cumulative investment in TAITA (BVI) was US$89,738 thousand.

b. As of December 31, 2020, 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, 2020, the capital of TTC (ZS) was US$46,250 thousand.

c. As of December 31, 2020, 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, 2020, the capital of TTC (TJ) was US$27,350 thousand.

d. The board of directors of the Company resolved on November 3, 2020 that TAITA (BVI) and TTC (ZS) invest RMB 157,000 thousand to start a new company whose main business is the production and sales of expanded polystyrene (EPS), TAITA (BVI) and TTC (ZS) each holding 50% of its shares. For the maximum investment benefits, the board of directors of the Company resolved on December 3, 2020 to change the previous investment proposal, setting up a new company with 100% investment from TAITA (BVI).

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2020	December 31, 2019
Investments in associates that are not individually material		
Listed shares		
China General Plastics Corporation ("CGPC")	$192,320	$163,528
Acme Electronics Corp. ("ACME")	31,514	30,423
Unlisted shares		
China General Terminal & Distribution Co. ("CGTD")	315,711	257,584

(Continued)

	December 31, 2020	December 31, 2019
ACME Electronics (Cayman) Corp. (ACME (Cayman))	65,093	64,517
Thintec Materials Corporation ("TMC")	-	1,446
	$604,638	$517,498

Aggregate information of associates that are not individually material

	For the Year Ended December31, 2020	For the Year Ended December31, 2019
The Group's share of:		
Profit from continuing operations	$ 56,841	$ 33,834
Other comprehensive income	36,963	1,833
Total comprehensive income for the year	$ 93,804	$ 35,667

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

Name of Associate	December 31, 2020	December 31, 2019
CGPC	1.98%	1.98%

ACME	2.43%	2.43%
CGTD	33.33%	33.33%
ACME（Cayman）	5.39%	5.39%
TMC	-	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 (dissolution date). The Group recovered NT$1,274 thousand of the remaining property from the liquidation in May 2020, and recognized the disposal loss of NT$173 thousand on July 22, 2020, when TMC completed the process of liquidation.

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

Name of Associate	December 31, 2020	December 31, 2019
CGPC	$279,130	$217,267
ACME	$ 84,011	$ 54,451

The investments were accounted for using the equity method. The share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2020 and 2019 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, 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	-	4,920	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
Cost							
Balance at January 1, 2020	$ 634,432	$ 1,301,954	$ 4,806,079	$ 47,870	$ 359,701	$ 24,306	$ 7,174,342
Additions	-	-	4,657	-	1,075	133,074	138,806

(Continued)

Disposals	-	(10,624)	(393,223)	(5,727)	(22,834)	-	(432,408)
Internal transfers	-	1,817	57,999	96	11,021	(70,933)	-
Effects of foreign currency exchange differences	-	6,529	3,237	300	452	484	11,002
Balance at December 31, 2020	$ 634,432	$ 1,299,676	$ 4,478,749	$ 42,539	$ 349,415	$ 86,931	$ 6,891,742
Accumulated depreciation and impairment							
Balance at January 1, 2020	$ -	$ 905,030	$ 3,726,138	$ 35,390	$ 332,892	$ 33	$ 4,999,483
Disposals	-	(9,573)	(374,178)	(4,773)	(21,868)	-	(410,392)
Depreciation expenses	-	41,553	144,091	2,803	9,522	-	197,969
Impairment losses	-	-	19,891	-	568	1,619	22,078
Effects of foreign currency exchange differences	-	4,628	1,456	179	289	9	6,561
Balance at December 31, 2020	$ -	$ 941,638	$ 3,517,398	$ 33,599	$ 321,403	$ 1,661	$ 4,815,699
Carrying amounts at December 31, 2020	$ 634,432	$ 358,038	$ 961,351	$ 8,940	$ 28,012	$ 85,270	$ 2,076,043

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 fair value was measured by an independent evaluation company on December 31, 2020 and 2019, using the level 3 input. The re-evaluation result of the replacement cost and economic durability of the property, plant and equipment indicated that the recoverable amount is lower than the carrying amount. Therefore, TAITA (TJ) recognized an impairment loss of $22,078 thousand and $60,265 thousand, under the cost of goods sold in the consolidated income statement respectively for the year ended December 31, 2020 and 2019. The evaluated fair values were as follows:

	December 31, 2020	December 31, 2019
Plant and right-of use assets	$ 275,409	$ 281,512
Equipment	$ 2,689	$ 94,814

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 18 and 31.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amount of right-of-use assets		
Land	$ 79,351	$ 84,631

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Depreciation cost of right-of-use assets		
Land	$ 5,788	$ 5,842

Part of the land use rights pledged as collateral for bank borrowing are set out in Notes 18 and 31.

b. Lease liabilties

	December 31, 2020	December 31, 2019
Carrying amount		
Current	$ 4,514	$ 4,464
Non-current	$ 42,938	$ 47,451

Range of discount rate for lease liabilities was as follows:

	December 31, 2020	December 31, 2019
Land	1.1%	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 30.

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 Note 16.

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 15,666	$ 17,088
Expenses relating to low-value asset leases	$ 153	$ 26
Total cash outflow for leases	$ 20,832	$ 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, 2020	December 31, 2019
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 25 and 30.

Part of above investment properties pledged as collateral for bank borrowing are set out in Notes 18 and 31.

17. INTANGIBLE ASSETS

	December 31, 2020	December 31, 2019

Carrying amount by function		
Information systems	$ 205	$ 647
Design expenses for factories	5,201	6,801
	$ 5,406	$ 7,448

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. BORROWINGS

a. Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured borrowings		
Line of credit borrowings	$ 150,000	$ 1,197,082

The range of interest rates on line of credit borrowings was 0.52% and 0.86% to 2.60% per annum as of December 31, 2020 and 2019, respectively.

TTC (ZS) entered into a short-term financing contract with Bank of China Limited to increase working capital. The credit limit was RMB130,000 thousand and matured on April 30, 2019. The contract was extended to April 30, 2021. Refer to property, plant and equipment and land use rights pledged as collateral in Notes 14, 15 and 31. As of December 31, 2020 and 2019, TTC (ZS) has not borrowed from the bank.

b. Long-term borrowings

	December 31, 2020	December 31, 2019
Unsecured borrowings	$ 300,000	$ 400,000
Secured borrowings	-	600,000
	$ 300,000	$ 1,000,000

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

	December 31, 2020	December 31, 2019
Credit borrowings	0.90%	1.05%~1.06%
Guaranteed borrowings	-	1.06%

The Group entered into long-term financing contracts with banks for 5 years to increase working capital. The total amount of credit limits of different contracts was $1,900,000 thousand. The contracts expire by July 2023, and the credit limits may be used cyclically during the valid periods. As of December 31, 2020, the Group has borrowed $300,000 thousand. The Group pledged land and plant as collateral (refer to Notes 14, 16 and 31) for $1,000,000 thousand among the aforementioned credit limits.

According to certain loan contracts into which the Group had entered, the current ratio and debt ratio sall not be less than specified percentages. The Group shall provide improvement plans to the banks if the requirements were not met. As of December 31, 2020, the Group did not violate any of the requirements.

19. ACCOUNTS PAYABLE

	December 31, 2020	December 31, 2019
Accounts payable (including related parties)		
Operating (Note 30)	$ 1,180,101	$ 683,705

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.

20. OTHER PAYABLES

	December 31,	December 31,

	2020	2019
Payables for salaries and bonuses	$234,239	$129,796
Payables for transportation fees	65,583	55,932
Payables for utilities	27,271	36,621
Payables for taxes	12,671	16,860
Payables for professional service expenses	11,709	10,206
Payables for purchases of equipment	9,957	8,553
Payables for insurance	9,491	8,064
Others	37,852	35,500
	$408,773	$301,532

21. REFUND PROVISIONS

	December 31, 2020	December 31, 2019
Customer returns and rebates	$ 879	$ 909

	For the Year Ended Decemer 31, 2020	For the Year Ended Decemer 31, 2019
Balance at January 1	$ 909	$ 806
Additional refund liabilities recognized	7,576	7,535
Usage	(7,606)	(7,432)
Balance at December 31	$ 879	$ 909

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.

22. 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, 2020	December 31, 2019
Present value of defined benefit obligation	$593,645	$632,201
Fair value of plan assets	(391,849)	(402,287)
Net defined benefit liabilities	$201,796	$229,914

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, 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			

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
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
Balance at January 1, 2020	$ 632,201	($ 402,287)	$ 229,914
Service cost			
Current service cost	4,609	-	4,609
Net interest expense (income)	3,826	(2,461)	1,365
Recognized in profit or loss	8,435	(2,461)	5,974
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(14,814)	(14,814)
Actuarial (gain) loss			
Changes in financial assumptions	10,288	-	10,288
Experience adjustments	6,026	-	6,026
Recognized in other comprehensive income	16,314	(14,814)	1,500

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Contributions from the employer	-	(35,592)	(35,592)
Benefits paid	(63,305)	63,305	-
Balance at December 31, 2020	$ 593,645	($ 391,849)	$ 201,796

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, 2020	For the Year Ended December 31, 2019
Operating costs	$ 4,841	$ 5,938
Selling and marketing expenses	461	745
General and administrative expenses	495	514
Research and development expenses	177	281
	$ 5,974	$ 7,478

Through the defined benefit plans under the Labor Standards Act, 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, 2020	December 31, 2019
Discount rate	0.375%	0.625%
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, 2020	December 31, 2019
Discount rate		
0.25% increase	($ 10,289)	($ 11,264)
0.25% decrease	$ 10,585	$ 11,600
Expected rate of salary increase		
0.25% increase	$ 10,208	$ 11,213
0.25% decrease	($ 9,975)	($ 10,947)

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 $25,900 thousand and $23,000 thousand to the defined benefit plans in the next year starting from December 31, 2020 and 2019, respectively. The weighted average durations of the defined benefit obligation are 7.1 and 7.3 years respectively on December 31, 2020 and 2019.

23. EQUITY

a. Share capital

	December 31, 2020	December 31, 2019
Number of shares authorized (in thousands)	400,000	400,000
Shares authorized	$ 4,000,000	$ 4,000,000
Number of shares issued and fully paid (in thousands)	344,231	334,205
Shares issued	$ 3,442,310	$ 3,342,048

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 25-h.

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 appropriations of earnings for 2019 and 2018 which were approved in the shareholders' meetings on June 18, 2020 and June 24, 2019 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Legal reserve	$ 39,764	$ 20,797		
Cash dividends	100,261	65,530	$ 0.3	$ 0.2
Share dividends	100,262	65,530	0.3	0.2

The appropriations of earnings for 2020 which were proposed by the Company's board of directors on March 5, 2021, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$191,925	$ -
Cash dividends	688,462	2.0
Share dividends	344,231	1.0

The appropriation of earnings for 2020 shall be subject to the resolution of the shareholders in the shareholders' meeting to be held on May 31, 2021.

d. Special reserve

The Company reserved a special reserve on the first-time adoption of IFRSs as follows:

	December 31, 2020	December 31, 2019
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, 2020, 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, 2020	For the Year Ended December 31, 2019
Balance at January 1	($194,326)	($134,501)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	85,673	(71,262)
Share from associates accounted for using the equity method	160	(3,182)
Related income tax	(17,148)	14,619
Balance at December 31	($125,641)	($194,326)

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, 2020	For the Year Ended December 31, 2019
Balance at January 1	$153,260	$117,768

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Recognized for the year		
Unrealized gain		
		(Continued)
Equity instruments	132,192	30,287
Share from associates accounted for using the equity method	36,175	5,357
Related income tax	-	(152)
Balance at December 31	$321,627	$153,260

24. REVENUE

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Revenue from contracts with customers		
Revenue from sale of goods	$ 15,498,381	$ 17,672,204

Refer to Note 4 for description related to contracts with customers. Refer to Note 35 for revenue of major products.

25. NET PROFIT

Net profit before tax includes the following:

a. Interest income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Cash and cash equivalents	$ 30,913	$ 16,253
Financial assets at FVTPL (Note 7)	1,312	7,314
Others	827	1,646
	$ 33,052	$ 25,213

b. Other income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Rental income (Notes 16 and 30)	$ 37,695	$ 32,084

Dividend income	7,555	4,617
Others	9,639	14,733
	$ 54,889	$ 51,434

c. Other gains and losses

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Net gain on financial assets at FVTPL (Note 7)	$ 26,438	$ 46,617
Net loss on financial liabilities at FVTPL (Note 7)	(4,299)	(3,686)
Expenses from rental assets	(8,458)	(8,391)
Loss on disposal of property, plant and equipment (Note 14)	(19,635)	(667)
Net foreign exchange loss	(55,673)	(48,001)
Others	(1,626)	(1,723)
	($ 63,253)	($ 15,851)

d. Net foreign exchange gains and losses

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Gross foreign exchange gains	$ 41,354	$ 61,228
Gross foreign exchange losses	(97,027)	(109,229)
Net loss	($ 55,673)	($ 48,001)

e. Finance costs

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Interest on bank loans	$ 20,570	$ 50,494
Interest on lease liabilities	550	597
Less: Capitalized interest (included in construction in progress)	(117)	-
	$ 21,003	$ 51,091

Information about capitalized interest is as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Capitalized interest	$ 117	$ -
Capitalization rate	0.9000%~1.0488%	-

f. Depreciation and amortization

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Property, plant and equipment (Note 14)	$ 197,969	$ 201,935
Right-of-use assets (Note 15)	5,788	5,842
Intangible assets (Note 17)	2,042	2,220
	$ 205,799	$ 209,997
An analysis of depreciation by function		
Operating costs	$ 190,556	$ 194,450
Operating expenses	7,857	8,142
Non-operating income and expenses	5,344	5,185
	$ 203,757	$ 207,777
An analysis of amortization by function		
Operating costs	$ 1,600	$ 1,601
General and administrative expenses	442	619
	$ 2,042	$ 2,220

g. Employee benefits expense

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Post-employment benefits (Note 22)		
Defined contribution plans	$ 14,835	$ 21,464
Defined benefit plans	5,974	7,478
	20,809	28,942
Insurance expenses	32,798	36,225
Other employee benefits	647,015	571,639
Total employee benefits expense	$ 700,622	$ 636,806
An analysis of employee benefits expense by function		
Operating costs	$ 561,807	$ 481,456
Operating expenses	138,815	155,350
	$ 700,622	$ 636,806

Due to COVID-19, TTC (ZS) was exempted the pension, unemployment and work-related injury insurance during the perod of February to December 2020, according to local government policies.

h. 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, 2020 and 2019, which were approved by the

Company's board of directors on March 5, 2021 and March 5, 2020, respectively, were as follows:

	For the Year Ended December 31,2020		For the Year Ended December 31,2019	
	Accrual Rate	**Amount**	**Accrual Rate**	**Amount**
Employees' compensation	1%	$ 22,812	1%	$ 4,656
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, 2019 and 2018.

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

26. INCOME TAX

a. Major components of income tax expense recognized in profit or loss:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Current tax		
In respect of the current year	$ 534,917	$ 122,796
Income tax on unappropriated earnings	7,867	3,678
Adjustments for prior years	(2,536)	350
	540,248	126,824

(Continued)

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Deferred tax		
In respect of the current year	22,101	33,203
Adjustments for prior years	(178)	200
	21,923	33,403
Income tax expense recognized in profit or loss	$ 562,171	$ 160,227

A reconciliation of accounting profit and income tax expense:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Profit before tax	$ 2,481,989	$ 558,204
Income tax expense calculated at the statutory rate	$ 664,968	$ 146,253
Nondeductible expenses in determining taxable income	1,103	893
Tax-exempt income	(14,974)	(16,025)
Income tax on unappropriated earnings	7,867	3,678
Unrecognized deductible temporary differences	(80,505)	(8,296)
Unrecognized loss carryforwards	(12,794)	33,007
Adjustments for prior years' tax	(2,714)	550
Others	(780)	167
Income tax expense recognized in profit or loss	$ 562,171	$ 160,227

Under the amendment to the R.O.C Statute of Industrial Innovation in July 2019, the amounts of unappropriated earnings in 2018 and thereafter used for building or purchasing specific assets or technologies can qualify for deduction when computing the income tax on unappropriated earnings. The Group only deducted the amounts of capital expenditure that had actually been reinvested while declaring the unappropriated earnings tax.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Deferred tax		
In respect of the current year		
Exchange differences on translating the financial statements of foreign operations	($ 17,148)	$ 14,619
Unrealized gain (loss) on financial assets at FVTOCI	-	(152)
Remeasurement on defined benefit plans	300	(758)
Income tax recognized in other comprehensive income	($ 16,848)	$ 13,709

c. Current income tax assets and liabilities

	December 31, 2020	December 31, 2019
Current income tax assets		
Tax refund receivables	$ -	$ 2,560
Current income tax liabilities		
Accrued income tax payable	$392,544	$ 57,749

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, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for inventory	$ 968	($ 73)	$ -	$ 1	$ 896

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
valuation					

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Allowance for impaired receivables	11,287	(317)	-	48	11,018
Unrealized foreign exchange losses	5,869	1,201	-	-	7,070
Defined benefit plans	45,635	(5,923)	300	-	40,012
Payables for annual leave	4,293	(269)	-	-	4,024
Exchange differences on translating the financial statements of foreign operations	8,093	-	(8,093)	-	-
Others	1,397	165	-	-	1,562
	$ 77,542	($ 5,216)	($ 7,793)	$ 49	$ 64,582
Deferred tax liabilities					
Temporary differences					
Exchange differences on translating the financial statements of foreign operations	$ -	$ -	$ 9,055	$ -	$ 9,055
Share of foreign subsidiaries' interest recognized using equity method	-	17,472	-	-	17,472
Differences on depreciation between finance and tax	504	(156)	-	-	348
Reserve for land revaluation increment tax	143,860	-	-	-	143,860
Others	609	(609)	-	-	-
	$ 144,973	$ 16,707	$ 9,055	$ -	$ 170,735

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	($ 33,322)	$ 7,183	($ 76)	$ 77,542

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
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

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2020	December 31, 2019
Loss carryforwards		
Expiry in 2020	$ -	$ 157,042
Expiry in 2021	139,745	139,745
Expiry in 2022	62,532	62,532
Expiry in 2023	124,213	124,213
Expiry in 2024	124,333	124,693
	$ 450,823	$ 608,225
Deductible temporary differences		
Share of loss of subsidiaries accounted for using the equity method	$ -	$ 526,696
Loss of impaired accounts receivable	68,236	-
Impairment loss of property, plant and equipment	95,126	59,756
Others	1,609	4,917
	$ 164,971	$ 591,369

f. Income tax assessments

The income tax returns of the Company through 2018 has been assessed by the tax authorities.

g. Income tax related to subsidiaries

1) TTC (BVI) had no income tax expense in 2020 and 2019 due to the relevant tax exemptions in compliance with the regulations of the location where it was established.

2) TTC (ZS) and TTC (TJ), both located in China, use the applicable income tax rate of 25%.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Basic earnings per share	$ 5.58	$ 1.16
Diluted earnings per share	$ 5.57	$ 1.15

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 29, 2020. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2019 are as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	**After Retrospective Adjustment**
Basic earnings per share	$ 1.19	$ 1.16
Diluted earnings per share	$ 1.19	$ 1.15

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, 2020	For the Year Ended December 31, 2019
Earnings used in the computation of basic earnings per share and diluted earnings per share	$ 1,919,818	$ 397,977

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	344,231	334,231
Effect of potentially dilutive ordinary shares:		
Employees' compensation issued to employees	674	454
Weighted average number of ordinary shares used in the computation of diluted earnings per share	344,905	334,685

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.

28. 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.

29. 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, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 431	$ -	$ 431
Beneficiary securities	60,808	-	-	60,808
Mutual funds	300,185	-	-	300,185
Equity instrument investment				

(Continued)

	Level 1	Level 2	Level 3	Total
Foreign unlisted shares	-	-	-	-
	$ 360,993	$ 431	$ -	$ 361,424
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	$ 341,484	$ -	$ -	$ 341,484
Domestic unlisted shares	-	-	7	7
Foreign unlisted shares	-	-	6	6
	$ 341,484	$ -	$ 13	$ 341,497

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

(Continued)

	Level 1	Level 2	Level 3	Total
Domestic unlisted shares	-	-	27	27
Foreign unlisted shares	-	-	6	6
	$ 209,272	$ -	$ 33	$ 209,305

There were no transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019.

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

Financial assets at FVTOCI - equity instruments

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Balance at January 1	$ 33	$ 3,028
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	(20)	823
Proceeds from capital reduction (Note 8)	-	(3,827)
Net exchange differences	-	9
Balance at December 31	$ 13	$ 33

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, 2020 and 2019.

c. Categories of financial instruments

	December 31, 2020	December 31, 2019
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 361,424	$ 306,472
Financial assets at amortized cost (1)	4,722,248	3,581,393
Financial assets at FVTOCI – Equity instruments	341,497	209,305
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	434	-
Financial liabilities measured at amortized cost (Note 2)	1,795,576	3,043,006

Note 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.

Note 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. Such 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, including monetary items denominated in non-functional currencies which have been written off in the consolidated financial statements, are set out in Note 33. The carrying amounts of 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, 2020 and 2019 would have decreased/increased by $29,125 thousand and $32,810 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, 2020	December 31, 2019
Fair value interest rate risk		
Financial assets	$ 1,692,108	$ 736,632
Financial liabilities	347,452	1,878,997
Cash flow interest rate risk		
Financial assets	781,793	588,856
Financial liabilities	150,000	370,000

Sensitivity analysis

For the sensitivity analysis of interest rate risk, the Group's calculation is based on the financial assets and liabilities with cash flow interest rate risk on the balance sheet dates. Since the fixed interest rate financial assets and liabilities held by the Group are all measure at amortized costs, they are not included in the analysis. 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, 2020 and

2019 would have increased/decreased by $3,159 thousand and increased/decreased by $1,094 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. However, the Group's financial asset investments measured at fair value through profit or loss are not included in the analysis, since their risk of money market funds price fluctuations is very low.

If securities prices had been 5% higher/lower, the net profit before tax for the year ended December 31, 2020 and 2019 would have increased/decreased by $3,040 thousand and $14,577 thousand as a result of the increase/decreas in fair value of financial assets at FVTPL (not including the inverstment in money market funds), respectively. The other comprehensive income before tax for the year ended December 31, 2020 and 2019 would have increased/decreased by $17,075 thousand and $10,465 thousand, as a result of the increase/decreas 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

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, including the cash flows of interests and principles.

December 31, 2020

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 1,348,276	$ 2,700	$ -
Lease liabilities	1.1000	5,013	20,052	25,065
Floating interest rate liabilities	0.5158	150,000	-	-
Fixed interest rate liabilities	0.9000	-	300,000	-
		$ 1,503,289	$ 322,752	$ 25,065

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	$ -

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	$ -

(Continued)

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	1.1000	5,013	20,052	30,078
Floating interest rate liabilities	0.9870	120,000	250,000	-
Fixed interest rate liabilities	1.6460	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

b) Financing facilities

The Group relies on bank loans as a significant source of liquidity. Ont the balance sheet date, the unused amounts of bank loan facilities were as follows:

	December 31, 2020	December 31, 2019
Bank loan facilities		
Amount unused	$ 7,077,492	$ 4,604,993

30. TRANSACTIONS WITH RELATED PARTIES

As of December 31, 2020 and 2019, 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
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
USI Education Foundation ("USIF")	Substantive related party

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Fellow subsidiary	$ 10,970	$ 50,658
Parent company	9,068	16,500
	$ 20,038	$ 67,158

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, 2020	For the Year Ended December 31, 2019
Associate	$ 2,370	$ 2,963

Fellow subsidiary	203	188
	$ 2,573	$ 3,151

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, 2020	December 31, 2019
Parent company	$ 27	$ 726
Fellow subsidiary	-	8,668
	$ 27	$ 9,394

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, 2020	December 31, 2019
Associate	$ 487	$ 822
Fellow subsidiary	11	-
	$ 498	$ 822

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 25)

Related Party Category/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Associate		
CGTD	$ 24,082	$ 20,501
TVCM	9,635	9,635

(Continued)

Related Party Category/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
	33,717	30,136
Parent company	1,666	1,681
Fellow subsidiary	253	263
	$ 35,636	$ 32,080

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, 2020	For the Year Ended December 31, 2019
Fellow subsidiary		
APC	$ 1,672	$ 2,142
Parent company		
USI	5,535	5,478
Associate	266	216
	$ 7,473	$ 7,836

The Group leased offices and parking space in Taipei from APC and USI. The rents were set according to the actual rental area and paid on a monthly basis.

3) Lease arrangements

Related Party Category/Name	December 31, 2020	December 31, 2019
Lease liabilities - current		
Fellow subsidiary		
APC	$ 4,514	$ 4,464
Lease liabilities - non-current		
Fellow subsidiary		
APC	$ 42,938	$ 47,451

Related Party Category/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Lease expense		
Fellow subsidiary		
APC	$ 5,013	$ 5,013

(Continued)

Related Party Category/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Interest expense		
Fellow subsidiary		
APC	$ 550	$ 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, 2020	For the Year Ended December 31, 2019
Associate		
CGTD	$ 13,210	$ 17,664

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, 2020	For the Year Ended December 31, 2019
Parent company		
USI	$ 2,122	$ 1,039

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, 2020	For the Year Ended December 31, 2019
Fellow subsidiary		
UM	$ 49,647	$ 52,063
Others	60	120
	49,707	52,183
Parent company	-	352
	$ 49,707	$ 52,535

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, 2020	For the Year Ended December 31, 2019
Substantive related party		
USIF	$ 1,000	$ 1,000

8) Other expenses (classified as operating costs)

Related Party Category/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Associate	$ 1,467	$ 1,925

9) Acquisitions of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Parent company	$ 1,583	$ 1,427

10) Commission expense

Related Party Category/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Fellow subsidiary	$ 827	$ 206

11) Other receivables from related parties

Related Party Category/Name	December 31, 2020	December 31, 2019
Associate	$ 976	$ 6,723
Parent company	623	892
Fellow subsidiary	149	120
	$ 1,748	$ 7,735

Other receivables included disbursement fee, management service fee, and office rent receivables.

12) Other payables to related parties

Related Party Category/Name	December 31, 2020	December 31, 2019
Associate	$ 2,227	$ 6,269
Parent company	1,084	647
Fellow subsidiary	867	707
	$ 4,178	$ 7,623

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

The remuneration of directors and key executives of the Group is as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Salaries and others	$ 22,136	$ 18,281
Post-employment benefits	216	216
	$ 22,352	$ 18,497

The remuneration of directors and key executives of the Group was determined by the remuneration committee based on the performance of individuals and market trends.

31. 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 and 18):

	December 31, 2020	December 31, 2019
Pledged time deposits		
Classified as financial assets at amortized cost - current	$ 3,000	$ 3,000
Classified as other assets - non-current	16,505	16,352

(Continued)

	December 31, 2020	December 31, 2019
Property, plant and equipment, net	462,792	492,468
Land use rights		
Right-of-use assets	21,482	21,932
Investment properties, net	108,178	108,178
	$611,957	$641,930

32. 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, 2020 and 2019, unused letters of credit amounted to approximately $252,996 thousand and $80,700 thousand, respectively.

b. Information regarding the Kaohsiung gas explosion

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 second instance judgment of criminal procedures was reached on April 24, 2020, whereby three employees of CGTD were all acquitted of the charges.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, to pledge certificates of bank deposits of $227,458 thousand (including interest) to Kaohsiung City Government as collateral for the losses caused by the gas explosion. Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation. Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. CGTD has deposited $99,207 thousand in cash to the court, exempted from the provisional attachment. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. As of February 26, 2021, the provisionally attached properties were worth $9,581 thousand.

As for the deceased victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of 32 victims' families on July 17, 2015. Each victim's family received $12,000 thousand, and the total amount of compensation was $384,000 thousand, which was paid by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims' families and signing the settlement agreement on behalf of the three parties.

As for the seriously injured, CGTD, LCY Chemical Corp. and Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. The compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties with 64 families of the seriously injured.

As of February 26, 2021, the victims and victims' families had written letters or filed civil lawsuits (including criminal lawsuits) against CGTD, LCY Chemical Corp. and CPC for compensation claims. To reduce the lawsuit costs, CGTD came to a compromise and reduced the original claim of $46,677 thousand and settled for a compensation amount of $4,519 thousand instead. The compensation amount still in the lawsuit and the settlement amount for the victims and the seriously injured as mentioned in the previous paragraph amounted to $3,856,447 thousand. The first-instance judgments of some of the abovementioned civil cases (with a total amount of compensation of approximately

$1,341,128 thousand) have been gradually announced starting from June 22, 2018. The proportion of fault-based liabilities of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3 in most of the case judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants are liable for was approximately $401,979 thousand, of which the court ruled an exemption for CGTD in the amount of $6,194 thousand. CGTD had filed an appeal in those civil cases which were announced but not yet settled and entered into the second-instance trials. CGTD had signed a settlement agreement with insurance companies, where based on CGTD's proportion of fault-based liabilities in the first-instance judgment, an amount of $136,375 thousand, which is the amount of settlement and civil-case compensation for the victims and the seriously injured (including settled cases) after deducting the maximum insurance claims, was estimated and recognized as liability. However, the actual amount of the aforementioned settlement and compensation still depends on the future judgments of the remaining civil cases.

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:

December 31, 2020

	Foreign Currency	Exchange Rate	Functional Currency	NTD
Foreign currency assets				
Monetary items				
USD	$ 67,321	28.4800 （USD：NTD）	$1,917,291	$ 1,917,291
RMB	894	4.3648 （RMB：NTD）	3,902	3,902
HKD	586	3.6730 （HKD：NTD）	2,153	2,153
RMB	287	0.1533 （RMB：USD）	44	1,252
				$ 1,924,598
Non-monetary items				
Derivative instruments				
USD	3,000	28.4800 （USD：NTD）	431	$ 431
Foreign currency liabilities				
Monetary items				
USD	23,983	28.4800 （USD：NTD）	683,038	$ 683,038
USD	9,249	6.5249 （USD：RMB）	60,349	263,412
				$ 946,450
Non-monetary items				
Derivative instruments				
USD	3,000	28.4800 （USD：NTD）	434	$ 434

Decemebr 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

The unrealized and realized foreign exchange gains and losses were a loss of $55,673 thousand and a gain of $48,001 thousand for the years ended December 31, 2020 and 2019, 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.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions

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. (N/A)

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (N/A)

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)

b. Information on reinvestment business. (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. (N/A)

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. (N/A)

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. (N/A)

d. Information on major shareholders: Names, numbers of shares, and percentages of ownership of shareholders whose shareholding percentage is more than 5%. (Table 10)

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.

	Segment revenue		Segment income	
	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Styrenic Products	$ 15,006,638	$ 17,138,595	$ 2,390,306	$ 485,967
Glasswool Products (Including Cubic Printing Products)	491,743	533,609	31,157	28,698
	$ 15,498,381	$ 17,672,204	2,421,463	514,665
Interest income			33,052	25,213
Other income			54,889	51,434
Other gains and losses			(63,253)	(15,851)
Share of profit of associates			56,841	33,834
Finance costs			(21,003)	(51,091)
Profit before income tax			$ 2,481,989	$ 558,204

The above of revenue reported is generated by trading with external customers. There were no inter-departmental transactions in 2020 and 2019.

Segment profit represents the profit before tax earned by each segment, not including interest income, other income, other gains and losses, share of profit of associates and finance costs. 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, 2020	For the Year Ended December 31, 2019
Styrenic products	$181,702	$183,099
Glasswool products (including cubic printing products)	24,097	26,898
	$205,799	$209,997

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, 2020	For the Year Ended December 31, 2019
EPS	$ 6,892,807	$ 8,270,713
ABS	5,176,305	5,413,836
GPS	2,924,936	3,431,778
Glasswool products	438,240	469,400
Cubic printing products	53,503	64,209
IPS	12,590	22,268
	$ 15,498,381	$ 17,672,204

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		**Non-current Assets**	
	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	December 31, 2020	December 31, 2019
Asia	$14,070,125	$15,783,846	$ 2,268,978	$ 2,375,116
USA	807,086	967,247	-	-
Africa	385,410	510,037	-	-
Europe	49,519	69,821	-	-
Others	186,241	341,253	-	-
	$15,498,381	$17,672,204	$ 2,268,978	$ 2,375,116

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 either 2020 or 2019.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 1

(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	Actual Borrowing Amount	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 2 and 4)	Aggregate Financing Limit (Notes 2 and 4)
													Item	Value		
1	Taita Chemical (Zhongshan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	$ 240,064 (RMB 55,000 thousand)	$ -	$ -	—	2	$ -	Operating capital	$ -	—	—	$ 2,947,550	$ 2,947,550

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, 2020, 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, 2020, the audited net worth of Taita Chemical (Zhongshan) Co., Ltd. is RMB675,297 thousand. In November 2020, Taita Chemical (Zhongshan) Co., Ltd. agreed to waive the loan of RMB15,000 thousand with Taita Chemical (Tianjin) Co., Ltd.

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, 2020.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 2

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 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	$ 6,355,806	$ 1,625,280 (USD 36,000 thousand) (NTD 600,000 thousand)	$ 1,340,480 (USD 26,000 thousand) (NTD 600,000 thousand)	$ -	$ -	21.09%	$ 9,533,709	Yes	No	No
0	Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares indirectly owned by the Company	6,355,806	436,480 (RMB 100,000 thousand)	436,480 (RMB 100,000 thousand)	-	-	6.87%	9,533,709	Yes	No	Yes

Note 1: The foreign currency amount is calculated based on the spot exchange rate as of December 31, 2020.

Note 2: The Company's total endorsement/guarantee provided shall not exceed 150% of the equity attributable to owners of the Company; the Company's endorsement/guarantee provided to a single enterprise shall not exceed 100% of the equity attributable to owners of the Company.

The Company and its subsidiaries' total endorsement/guarantee provided shall not exceed 200% of the equity attributable to owners of the Company; the Company and its subsidiaries' endorsement/guarantee provided to a single enterprise shall not exceed 150% of the equity attributable to owners of the Company.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

December 31, 2020

TABLE 3

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Taita Chemical Co., Ltd.	Ordinary shares							
	USI Corporation	Parent company	Financial assets at FVTOCI - non-current	15,109,901	$ 341,484	1.27%	$ 341,484	Note 1
	Harbinger Venture Capital Corp.	–	Financial assets at FVTOCI - non-current	990	7	0.50%	7	Note 3
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	–	Financial assets at FVTPL - current	3,250,000	60,808	-	60,808	Note 1
	Mutual funds							
	Hua Nan Phoenix Money Market Fund	–	Financial assets at FVTPL - current	5,248,671	86,004	-	86,004	Note 2
	Hua Nan Kirin Money Market Fund	–	Financial assets at FVTPL - current	6,962,057	84,000	-	84,000	Note 2
	Capital Money Market Fund	–	Financial assets at FVTPL - current	5,225,881	85,001	-	85,001	Note 2
	Jih Sun Money Market Fund	–	Financial assets at FVTPL - current	3,022,043	45,180	-	45,180	Note 2
TAITA (BVI) Holding Co., Ltd.	Shares							
	Budworth Investment Ltd.–ordinary shares	–	Financial assets at FVTOCI - non-current	20,219	6 (USD -thousand)	2.22%	6 (USD- thousand)	Note 3
	Teratech Corporation–ordinary shares	–	Financial assets at FVTPL - non-current	112,000	-	0.73%	-	Note 4
	Sohoware Inc.–preference shares	–	Financial assets at FVTPL - non-current	100,000	-	-	-	Note 4

Note 1: Fair value was based on the closing price of the Taiwan Stock Exchange as of December 31, 2020.

Note 2: Fair value was based on the carrying amount as of December 31, 2020.

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, 2020, the Group evaluates the fair value of the equity instrument as $0.

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, 2020

TABLE 4

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter party	Relation ship	Beginning Balance (Note)		Acquisition		Disposal				Ending Balance (Note)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Taita Chemical Co., Ltd.	Mutual funds													
	Hua Nan Phoenix Money Market Fund	Financial assets at FVTPL - current	—	—	-	$ -	20,953,805	$ 343,000	15,705,134	$ 257,143	$ 257,000	$ 143	5,248,671	$ 86,000
	Taishin 1699 Money Market Fund	Financial assets at FVTPL - current	—	—	-	-	61,795,582	842,000	61,795,582	842,342	842,000	342	-	-

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, 2020

TABLE 5

(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	($ 736,735) (USD 25,071 thousand)	(6.70%)	30 days	No significant differences	No significant differences	Accounts receivable from related parties $ 2,818 (USD99 thousand)	0.19%	—

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, 2020

TABLE 6

(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 263,413 (USD 9,249 thousand) (Note 1)	-	$ 263,413	Continuous reinforcement	$ -	$ -

Note 1: The total amount of other receivables of Taita Chemical Co., Ltd. stems from selling raw materials to Taita Chemical (Tianjin) Co., Ltd. Since it had exceeded the normal credit period for certain period of time, the amount was transferred to other receivables.

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

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, 2020

TABLE 7

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Held As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note (Note 1)
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	$ 2,555,738 (USD 89,738 thousand)	$ 1,758,298 (USD 61,738 thousand)	89,738,000	100.00%	$ 2,951,653 (USD 103,640 thousand)	$ 614,057 (Profit USD 20,938 thousand)	$ 614,057 (Profit USD 20,938 tohusand)	Subsidiary (Note 3)
	China General Plastics Corporation	Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	10,967,785	1.98%	192,320	1,634,185	32,390	Investments accounted for using the equity method
	China General Terminal & Distribution Co.	Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	19,918,183	33.33%	315,711	69,385	23,128	Investments accounted for using the equity method
	Acme Electronics Corp.	Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	44,771	44,771	4,445,019	2.43%	31,514	33,393	811	Investments accounted for using the equity method
	Thintec Materials Corporation	Taiwan	Manufacture of reinforced plastic products	-	15,000	-	-	-	15	1	Investments accounted for using the equity method (Note 2)
TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	Cayman Islands	Reinvestment	48,417 (USD1,700 thousand)	48,417 (USD1,700 thousand)	2,695,619	5.39%	65,093 (USD2,286 thousand)	9,485 (Profit USD 336 thousand)	-	Investments accounted for using the equity method

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

Note 2: Thintec Materials Corporation applied for dissolution and liquidation on May 25, 2019. The Group recovered NT$1,274 thousand of the remaining property from the liquidation in May 2020, and recognized the disposal loss of NT$173 thousand on July 22, 2020, when TMC completed the process of liquidation.

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, 2020

TABLE 8

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

Investee Company in China	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 5 and 6)	Carrying Amount as of December 31, 2020 (Notes 5 and 6)	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	Production and marketing of polystyrene derivatives	$ 1,317,200 (USD46,250 thousand) (Note 1)	Investment through a holding company registered in a third region	$ 1,224,640 (USD43,000 thousand)	$ -	$ -	$ 1,224,640 (USD43,000 thousand)	$ 610,521 (Profit USD 20,747 thousand)	100.00%	$ 610,521 (Profit USD 20,747 thousand) (Note 7)	$ 2,947,550 (USD 103,495 thousand)	$ -
Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)")	Production and marketing of polystyrene derivatives	778,928 (USD27,350 thousand) (Note 2)	Investment through a holding company registered in a third region	740,480 (USD26,000 thousand)	-	-	740,480 (USD26,000 thousand)	19,049 (Profit USD 712 thousand)	100.00%	19,049 (Profit USD 712 thousand) (Note 7)	(104,563) (USD3,671 thousand)	-
ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	875,048 (USD30,725 thousand)	Reinvestment through a existing company registered in a third region ACME Electronics (Cayman) Corp.	38,562 (USD1,354 thousand)	-	-	38,562 (USD 1,354 thousand)	7,332 (Profit USD 253 thousand)	5.39%	396 (Profit USD 14 thousand)	42,345 (USD1,487 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
$ 2,003,682 (USD 70,354 thousand)	$ 2,159,277 (USD 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.

Note 7: In November 2020, Taita Chemical (Zhongshan) Co., Ltd. agreed to waive the loan principle and interest of RMB15,000 thousand with Taita Chemical (Tianjin) Co., Ltd.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 9

(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	$ 1,722	No significant difference with non-related parties	0.02%
		Taita Chemical (Zhongshan) Co., Ltd.	The Company to sub-subsidiary	Operating revenue	736,735	No significant difference with non-related parties	4.75%
				Accounts receivables from related parties	2,818	No significant difference with non-related parties	0.03%
		Taita Chemical (Tianjin) Co., Ltd.	The Company to sub-subsidiary	Other receivables from related parties	263,413	No significant difference with non-related parties	2.85%
1	TAITA (BVI) Holding Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	The Company to subsidiary	Other payables to related parties	4,272	No significant difference with non-related parties	0.05%
2	Taita Chemical (Zhongshan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Subsidiary to subsidiary	Interest income	2,705	No significant difference with non-related parties	0.02%
				Other gains and losses (Note 3)	(67,876)	No significant difference with non-related parties	(0.44%)

Note 1: For assets and liabilities, the amount is shown as a percentage of the consolidated total assets as of December 31, 2020, while revenue, costs and expenses are shown as a percentage of the consolidated revenues for the year ended December 31, 2020.

Note 2: The amount was eliminated upon consolidation and based on audited financial statements.

Note 3: In November 2020, Taita Chemical (Zhongshan) Co., Ltd. agreed to waive the loan principle and interest of RMB15,000 thousand with Taita Chemical (Tianjin) Co., Ltd. Therefore, $67,876 of credit impairment loss was recognized in other gains and losses.

USI CORPORATION

INFORMATION ON MAJOR SHAREHOLDERS

SEPTEMBER 30, 2020

TABLE 10

Name of major shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Union Polymer International Investment Corporation	126,634,858	36.79%

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

Parent Company Only Financial Statements for the Most Recent Year 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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 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. 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. 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, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2020 are stated as follows:

Allowance for Impairment Loss of Accounts Receivable

As of December 31, 2020, the carrying amount of notes and accounts receivable were NT$1,471,593 thousand (i.e., the gross amount of notes and accounts receivable of NT$1,525,324 thousand with a deduction of allowances for impairment of NT$53,731 thousand) which accounted for 16% 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 independent 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.

Sales revenue recognition for specific products

The Comapny's sales volume and gross profit of general-purpose polystyrene (GPS) have continued to grow in the past three years. The sales revenue of the GPS in 2020 was NT$2,924,936 thousand, accounting for approximately 27% of the annual stand-alone sales revenue. Whether the sales revenue of the GPS is correctly recognized while fulfilling the contract obligation has a significant impact on the Company's stand-alone financial statement. Thus, we identified the estimation of sales revenue recognition as one of the key audit matters.

For the significant accounting policies and relevant disclosed information related to the sales revenue recognition, refer to Notes 4 and 23 of the standalone financial statements.

We performed the corresponding audit procedures, for the authenticity of sales revenue recognition of specific products, as follows:

1. We understood and evaluated the Company's internal control procedures effectiveness on the revenue recognition, as well as the appropriateness of the revenue recognition accounting policies adopted by the management.
2. We sampled and audited the transaction documents related to the sales revenue, including purchase orders, shipping orders, export documents and payment information, to confirm the authenticity of the sales revenue recognition.
3. We examined the occurrence of sales returns and discounts after the balance sheet dates, and checked for any abnormalities in the payment collection after the balance sheet dates.

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, 2020 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 22, 2021

Notice to Readers:

The Interim independent financial statement (Chinese version) of our company is reviewed by the CPA Hsiu-Chun Huang and CPA Cheng-Chun Chiu of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 365,769	4	$ 89,730	1
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	361,424	4	306,472	4
1136	Financial assets at amortized cost - current (Notes 4, 9 and 30)	3,000	-	3,000	-
1150	Notes receivable (Notes 4 and 10)	41,267	-	28,859	-
1170	Accounts receivable (Notes 4, 5 and 10)	1,427,481	16	1,377,661	20
1180	Accounts receivable from related parties (Notes 4, 5, 10 and 29)	2,845	-	67,009	1
1200	Other receivables (Notes 4 and 10)	48,732	1	61,195	1
1210	Other receivables from related parties (Notes 4, 10 and 29)	266,680	3	287,197	4
1220	Current tax assets (Notes 4 and 25)	-	-	2,560	-
130X	Inventories (Notes 4, 5 and 11)	572,238	6	546,083	8
1410	Prepayments and other current assets	64,686	1	60,494	1
11XX	Total current assets	3,154,122	35	2,830,260	40
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	341,491	4	209,299	3
1550	Investments accounted for using the equity method (Notes 4, 5 and 12)	3,491,198	39	1,907,096	27
1600	Property, plant and equipment (Notes 4, 5, 13, 17, 29 and 30)	1,777,067	20	1,836,939	26
1755	Right-of-use assets (Notes 4, 5, 14 and 29)	46,194	-	50,813	1
1760	Investment properties (Notes 14, 15, 17 and 30)	108,178	1	108,178	2
1780	Intangible assets (Notes 4 and 16)	5,406	-	7,448	-
1840	Deferred tax assets (Notes 4, 5 and 25)	61,139	1	73,866	1
1900	Other non-current assets (Note 30)	23,999	-	23,738	-
15XX	Total non-current assets	5,854,672	65	4,217,377	60
1XXX	TOTAL	$ 9,008,794	100	$ 7,047,637	100
Code	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Note 17)	$ 150,000	2	$ 420,000	6
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	434	-	-	-
2170	Accounts payable (Note 18)	1,101,978	12	606,900	9
2180	Accounts payable from related parties (Notes 18 and 29)	498	-	822	-
2200	Other payables (Note 19)	331,379	4	230,027	3
2220	Other payables from related parties (Note 29)	4,178	-	7,623	-
2230	Current tax liabilities (Notes 4 and 25)	321,203	3	34,467	1
2280	Lease liabilities - current (Notes 4, 14 and 29)	4,514	-	4,464	-
2365	Refund liabilities - current (Note 20)	879	-	909	-
2399	Other current liabilities	20,827	-	18,695	-
21XX	Total current liabilities	1,935,890	21	1,323,907	19
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 13, 15, 17 and 30)	300,000	3	1,000,000	14
2570	Deferred tax liabilities (Notes 4 and 25)	170,735	2	144,973	2
2580	Lease liabilities - non-current (Notes 4, 14 and 29)	42,938	1	47,451	1
2640	Net defined benefit liabilities - non-current (Note 21)	201,796	2	229,914	3
2670	Other non-current liabilities	1,629	-	1,629	-
25XX	Total non-current liabilities	717,098	8	1,423,967	20
2XXX	Total liabilities	2,652,988	29	2,747,874	39
	EQUITY (Note 22)				
	Share capital				
3110	Ordinary shares	3,442,310	39	3,342,048	48
3200	Capital surplus	816	-	810	-
	Retained earnings				
3310	Legal reserve	81,781	1	42,017	1
3320	Special reserve	308,061	3	308,061	4
3350	Unappropriated earnings	2,326,852	26	647,893	9
3300	Total retained earnings	2,716,694	30	997,971	14
3400	Other equity	195,986	2	(41,066)	(1)
3XXX	Total equity	6,355,806	71	4,299,763	61
	TOTAL	$ 9,008,794	100	$ 7,047,637	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, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2020		2019	
Code		Amount	%	Amount	%
4100	NET REVENUE (Notes 4, 20, 23 and 29)	$ 10,993,555	100	$ 12,219,221	100
5110	COST OF GOODS SOLD (Notes 11, 21, 24 and 29)	8,789,022	80	11,320,955	92
5900	GROSS PROFIT	2,204,533	20	898,266	8
5910	UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(419)	-	(1,123)	-
	OPERATING EXPENSES (Notes 10, 21, 24 and 29)				
6100	Selling and marketing expenses	459,939	4	449,986	4
6200	General and administrative expenses	113,464	1	118,102	1
6300	Research and development expenses	20,523	-	25,048	-
6000	Total operating expenses	593,926	5	593,136	5
6900	PROFIT FROM OPERATIONS	1,610,188	15	304,007	3
	NON-OPERATING INCOME AND EXPENSES (Notes 7, 12, 15, 24 and 29)				
7100	Interest income	1,755	-	9,963	-
7010	Other income	50,813	1	44,085	-
7020	Other gains and losses	(63,928)	(1)	3,067	-
7070	Share of profit of subsidiaries and associates	670,387	6	124,044	1
7510	Finance costs	(10,802)	-	(24,191)	-

(Continued)

Code		2020 Amount	%	2019 Amount	%
7000	Total non-operating income and expenses	648,225	6	156,968	1
7900	PROFIT BEFORE INCOME TAX	2,258,413	21	460,975	4
7950	INCOME TAX EXPENSE (Note 25)	338,595	3	62,998	1
8200	NET PROFIT FOR THE YEAR	1,919,818	18	397,977	3
	OTHER COMPREHENSIVE LOSS (Notes 8, 12, 21, 22 and 25)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(1,500)	-	3,785	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	132,192	1	29,523	-

(Continued)

Code		2020 Amount	%	2019 Amount	%
8320	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	36,175	-	6,121	-
8330	Share of the other comprehensive income (loss) of associates accounted for using the equity method - remeasurement of defined benefit plans	628	-	(312)	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	300	-	(910)	-
		167,795	1	38,207	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	85,738	1	(73,095)	-
8371	Share of the other comprehensive loss of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	95	-	(1,349)	-

(Continued)

Code		2020 Amount	2020 %	2019 Amount	2019 %
8390	Income tax relating to items that may be reclassified subsequently to profit or loss	(17,148)	-	14,619	-
		68,685	1	(59,825)	-
8300	Other comprehensive loss for the year, net of income tax	236,480	2	(21,618)	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,156,298	20	$ 376,359	3
	EARNINGS PER SHARE (Note 26)				
9710	Basic	$ 5.58		$ 1.16	
9810	Diluted	$ 5.57		$ 1.15	

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

TAITA CHEMICAL CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code		Share Capital (Note 22) Shares (in thousands)	Share Capital (Note 22) Amount	Capital Surplus (Note 22) Long-Term Equity Investment	Capital Surplus (Note 22) Unpaid Dividends	Capital Surplus (Note 22) Total	Retained Earnings (Note and 22) Legal Reserve	Retained Earnings (Note and 22) Special Reserve	Retained Earnings (Note and 22) Unapropriated Earningns	Retained Earnings (Note and 22) Total	Other Equity (Note 22) Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity (Note 22) Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Other Equity (Note 22) Total	Total Equity
A1	BALANCE AT JANUARY 1, 2019	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
A3	Effect of retrospective application	-	-	-	-	-	-	-	(3,054)	(3,054)	-	-	-	(3,054)
A5	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													
B1	Legal reserve	-	-	-	-	-	20,797	-	(20,797)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(65,530)	(65,530)	-	-	-	(65,530)
B9	Share dividends distributed by the Company	6,553	65,530	-	-	-	-	-	(65,530)	(65,530)	-	-	-	-
T1	Changes in capital surplus	-	-	31	-	31	-	-	-	-	-	-	-	31
D1	Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	397,977	397,977	-	-	-	397,977
D3	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)
D5	Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	400,692	400,692	(59,825)	35,492	(24,333)	376,359
Z1	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
	Appropriation of 2019 earnings													
B1	Legal reserve	-	-	-	-	-	39,764	-	(39,764)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(100,261)	(100,261)	-	-	-	(100,261)
B9	Share dividends distributed by the Company	10,026	100,262	-	-	-	-	-	(100,262)	(100,262)	-	-	-	-
T1	Changes in capital surplus	-	-	6	-	6	-	-	-	-	-	-	-	6
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	1,919,818	1,919,818	-	-	-	1,919,818
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	(572)	(572)	68,685	168,367	237,052	236,480
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	1,919,246	1,919,246	68,685	168,367	237,052	2,156,298
Z1	BALANCE AT DECEMBER 31, 2020	344,231	$ 3,442,310	$ 520	$ 296	$ 816	$ 81,781	$ 308,061	$ 2,326,852	$ 2,716,694	($ 125,641)	$ 321,627	$ 195,986	$ 6,355,806

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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code		2020	2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	$ 2,258,413	$ 460,975
	Adjustments for:		
A20100	Depreciation expenses	166,325	164,841
A20200	Amortization expenses	2,042	2,220
A20300	Expected credit loss (reversed)	(238)	672
A20400	Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(22,139)	(40,844)
A20900	Finance costs	10,802	24,191
A21200	Interest income	(1,755)	(9,963)
A21300	Dividend income	(7,555)	(4,617)
A22300	Share of profit of subsidiaries and associates	(670,387)	(124,044)
A22500	Loss on disposal of property, plant and equipment	51	8
A23200	Loss on disposal of property, plant and equipment, using equity method	173	-
A23700	Reversal of write-down of inventories	(326)	(21,019)
A23900	Unrealized gain on the transactions with subsidiaries	419	1,123
A29900	Recognition of refund liabilities	7,576	7,535
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	(32,379)	138,591
A31130	Notes receivable	(12,408)	24,376
A31150	Accounts receivable	(57,188)	104,022
A31160	Accounts receivable from related parties	64,164	88,414
A31180	Other receivables	12,465	39,180
A31190	Other receivables from related parties	20,517	(110,365)
A31200	Inventories	(25,829)	134,461

(Continued)

Code		2020	2019
A31230	Prepayments and other current assets	(4,192)	(2,236)
A32150	Accounts payable	495,078	(26,011)
A32160	Accounts payable from related parties	(324)	432
A32180	Other payables	99,861	12,091
A32190	Other payables from related parties	(3,881)	645
A32230	Other current liabilities	2,132	(13,224)
A32240	Net defined benefit liabilities	(29,618)	(28,527)
A33000	Cash generated from operations	2,271,799	822,927
A33100	Interest received	1,753	9,964
A33300	Interest paid	(11,029)	(24,810)
A33500	Income tax paid	(27,658)	(822)
AAAA	Net cash generated from (used in) operating activities	2,234,865	807,259
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	505
B02700	Payments for property, plant and equipment	(100,046)	(71,870)
B03700	Increase in refundable deposits	(261)	(158)
B07600	Dividends received	12,778	19,683
B09900	Recovery of the liquidated shares of investee company using the equity method	1,274	-
BBBB	Net cash used in investing activities	(86,255)	(51,840)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Decrease in short-term borrowings	(270,000)	(660,000)
C00600	Decrease in short-term bills payable	-	(20,000)
C01600	Proceeds from long-term borrowings	1,000,000	850,000
C01700	Repayments of long-term borrowings	(1,700,000)	(850,000)
C04020	Repayment of the principal portion of lease liabilities	(4,463)	(4,416)

(Continued)

Code		2020	2019
C04300	Increase in other non-current liabilities	-	600
C04500	Cash dividends	(99,946)	(65,501)
C05400	Acquisition of subsidiary shares	(798,162)	-
CCCC	Net cash used in financing activities	(1,872,571)	(749,317)
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	276,039	6,102
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	89,730	83,628
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 365,769	$ 89,730

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

Notice to Readers:

The Interim independent financial statement (Chinese version) of our company is reviewed by the CPA Hsiu-Chun Huang and CPA Cheng-Chun Chiu of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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 such as polystyrene (PS), acrylonitrile-butadiene-styrene (ABS) copolymer resin, acrylonitrile-styrene copolymer (SAN) resin, glasswool insulation products, plastic raw materials and their processed products. The ordinary shares of the Company have been listed on the Taiwan Stock Exchange since 1986. The Company's parent company is USI Corporation, which held indirectly 36.79% of the ordinary shares of the Company as of December 31, 2020. USI Corporation is the Company's ultimate parent company, since it has operational control over the Company.

The Company's independent financial statements shall be presented in the New Taiwan Dollar, which is the Company's functional currency.

2. APPROVAL OF FINANCIAL STATEMENTS

The independent financial statements were approved by the Company's board of directors on March 5, 2021.

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

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

The Company first applied the amendments to IFRS 3 "Business Combinations" on January 1, 2020, and it has been assessed that no significant changes have been made to the Group's accounting policies.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	Effective for annual reporting periods beginning on or after January 1, 2021
Amendments to IFRS 16 "COVID-19-Related Rent Concessions"	Effective for annual reporting periods beginning on or after June 1, 2020

As of the date the accompanying independent financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes the evaluation.

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

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts–Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

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

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

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

Note 7: The amendments are applicable to changes in accounting estimates and accounting policies that occur during the annual reporting periods beginning on or after January 1, 2023.

As of the date the accompanying independent financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The independent 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 independent 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 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.

The Company ceases to use the equity method to account for an investment on the day when the investment ceases to be in an associate. The Company's retained equity in the original associate shall be measured at fair value. The fair value and the difference between the disposa proceeds and the carrying amount of the investment on the day when the equity method ceases to be used is recognized in profit or loss.

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.

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.

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

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.

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. Income tax

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

1) Current tax

The Company determines its income (loss) in accordance with the laws and regulations of the income tax filing jurisdiction, and calculates the income tax payable (recoverable) accordingly.

According to the Income Tax Act, 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 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 Company took the economic impact of the COVID-19 pandemic into consideration in critical accounting judgements. 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.

<u>Kay Sources of Estimated Uncertainty</u>

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 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, 2020	December 31, 2019
Cash on hand and petty cash	$ 1,041	$ 659
Checking accounts and demand deposits	60,846	65,986
Cash equivalents		
Time deposits	303,882	23,085
	$365,769	$ 89,730

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

	December 31, 2020	December 31, 2019
Time deposits	0.10%~0.18%	1.46%

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

	December 31, 2020	December 31, 2019
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 431	$ 2,923
Non-derivative financial assets		
Beneficiary securities	60,808	291,549
Mutual funds	300,185	12,000
	360,993	303,549
	$361,424	$306,472
Financial liabilities held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 434	$ -

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, 2020			
Sell	USD/NTD	2021.01.18~2021.02.22	USD 6,000 /TWD 170,073
December 31, 2019			
Sell	USD/NTD	2020.01.13~2020.03.19	USD 13,000 /TWD 393,051

The Company entered into foreign exchange forward contracts in 2020 and 2019 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, 2020 and 2019 was $27,750 thousand and $53,674 thousand, respectively. The net loss arising from financial liabilities at FVTPL for the years ended December 31, 2020 and 2019 was $4,299 thousand and $3,686 thousand, respectively.

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

	December 31, 2020	December 31, 2019
Investments in equity instruments at FVTOCI		
Domestic investments		
Listed shares		
Ordinary shares - USI Corporation	$341,484	$209,272
Unlisted shares		
Ordinary shares - Harbinger Venture Capital Corp. ("Harbinger")	7	27
	$341,491	$209,299

Harbinger, the investee, announced a reduction of capital by returning cash in January 2019. The Company received $505 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 Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31, 2020	December 31, 2019
Pledged time deposits	$ 3,000	$ 3,000

As of December 31, 2020 and 2019, the range of market interest rates on the pledged time deposits were respectively 0.37% to 0.69% and 0.62% to 0.94% per annum.

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, 2020	December 31, 2019
Notes receivable (a)		
Notes receivable - operating	$ 41,267	$ 28,859
Accounts receivable (a)		
Amortized cost		
Gross carrying amount	$ 1,481,212	$ 1,431,630
Less: Allowance for impairment loss	(53,731)	(53,969)
	$ 1,427,481	$ 1,377,661
Accounts receivable from related parties (a) (Note 29)	$ 2,845	$ 67,009
Other receivables (b)		
VAT refund receivables	$ 48,661	$ 61,160
Others	71	35
	$ 48,732	$ 61,195
Other receivables from related parties (Note 29)	$ 266,680	$ 287,197

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, 2020

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ -	$ 178,495	$ 122,001	$1,224,828	$1,525,324
Loss allowance (Lifetime ECL)	-	-	-	(53,731)	(53,731)
Amortized cost	$ -	$ 178,495	$ 122,001	$1,171,097	$1,471,593

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

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

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Balance at January 1	$ 53,969	$ 53,297
Less: Net remeasurement of loss allowance	(238)	672
Balance at December 31	$ 53,731	$ 53,969

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

	December 31, 2020	December 31, 2019
Not past due	$ 1,448,686	$ 1,456,939
Past due within 60 days	23,121	16,056
Past due over 60 days	53,517	54,503
	$ 1,525,324	$ 1,527,498

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

As of December 31, 2020 and 2019, 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, 2020 and 2019, the Group assessed the impairment loss of other receivables using expected credit losses.

11. INVENTORIES

	December 31, 2020	December 31, 2019
Finished goods	$ 207,255	$ 212,065
Work in progress	62,258	39,414
Raw materials	139,362	135,623
Production supplies	15,815	15,990
Inventory in transit	147,548	142,991
	$ 572,238	$ 546,083

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019, was $8,789,022 thousand and $11,320,955 thousand, respectively.

The cost of goods sold included reversal of inventory write-down of $326 thousand, which resulted from inventory closeout, and write-down of $21,019 thousand for the years ended December 31, 2020 and 2019, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2020	December 31, 2019
Investments in subsidiaries	$ 2,951,653	$ 1,454,115
Investments in associates	539,545	452,981
	$ 3,491,198	$ 1,907,096

a. Investments in subsidiaries

	December 31, 2020	December 31, 2019
Non-listed company		
TAITA (BVI) Holding Co., Ltd.（TAITA (BVI)）	$ 2,951,653	$ 1,454,115

Investor	Investee	Nature of Activities	Proportion of Ownership and Voting Power December 31, 2020	Proportion of Ownership and Voting Power December 31, 2019
The Company	TAITA (BVI)	Reinvestment	100%	100%

The management suspended the production temporarily in April 2019 as a result of the reduction in demand of EPS in the local market, which is the main product of Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)"), a indirect investee of the Company through TAITA (BVI). 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 $22,078 and $60,265 thousand, which was recognized in the share of profit or loss of subsidiaries respectively for the years ended December 31, 2020 and 2019.

In order to increase TAITA (BVI)'s working capital and improve its financial structure, the Company's board of directors resolved on November 3, 2020 to increase the capital of TAITA (BVI) by US$28,000 thousand in cash. As of December 31, 2020, the company's cumulative investment in TAITA (BVI) was US$89,738 thousand.

The board of directors of the Company resolved on November 3, 2020 that TAITA (BVI) and TTC (ZS) invest RMB 157,000 thousand to start a new company whose main business is the production and sales of expanded polystyrene (EPS), TAITA (BVI) and TTC (ZS) each holding 50% of its shares. For the maximum investment benefits, the board of directors of the Company resolved on December 3, 2020 to change the previous investment proposal, setting up a new company with 100% investment from TAITA (BVI).

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, 2020 and 2019 were based on the subsidiaries' financial statements audited by auditors for the same years.

b. Investments in associates

	December 31, 2020	December 31, 2019
Investments in associates that are not individually material		
Listed company		
China General Plastics Corporation ("CGPC")	$192,320	$163,528
Acme Electronics Corp. ("ACME")	31,514	30,423
Unlisted shares		
China General Terminal & Distribution Co. ("CGTD")	$315,711	$257,584
Thintec Materials Corporation ("TMC")	-	1,446
	$539,545	$452,981

Aggregate information of associates that are not individually material:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
The Company's share of:		
Profit from continuing operations	$ 56,330	$ 36,759
Other comprehensive (loss) income	36,898	3,696
Total comprehensive (loss) income for the year	$ 93,228	$ 40,455

The proportion of the Company's ownership and voting right of the associates were as follows:

Name of Associate	December 31, 2020	December 31, 2019
CGPC	1.98%	1.98%
ACME	2.43%	2.43%
CGTD	33.33%	33.33%
TMC	-	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 recent years. Therefore, on April 12, 2019, the board of directors of TMC resolved to liquidate starting from May 25, 2019 (dissolution date). The Group recovered NT$1,274 thousand of the remaining property from the liquidation in May 2020, and recognized the disposal loss of NT$173 thousand on July 22, 2020, when TMC completed the process of liquidation.

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

Name of Associate	December 31, 2020	December 31, 2019
CGPC	$279,130	$217,267
ACME	$ 84,011	$ 54,451

The investments were accounted for using the equity method. The share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2020 and

2019 were based on the associates' financial statements which have been audited for the same years.

13. 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, 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
Cost							
Balance at January 1, 2020	$ 634,432	$ 865,080	$ 3,773,449	$ 24,754	$ 298,577	$ 18,481	$ 5,614,773
Additions	-	-	-	-	-	101,885	101,885
Disposals	-	(423)	(13,391)	(96)	(1,298)	-	(15,208)
Internal transfers	-	1,817	54,645	96	6,112	(62,670)	-
Balance at December 31, 2020	$ 634,432	$ 866,474	$ 3,814,703	$ 24,754	$ 303,391	$ 57,696	$ 5,701,450
Accumulated depreciation and impairment							
Balance at January 1, 2020	$ -	$ 614,864	$ 2,858,061	$ 23,479	$ 281,430	$ -	$ 3,777,834
Disposals	-	(392)	(13,391)	(96)	(1,278)	-	(15,157)
Depreciation expenses	-	22,819	131,231	413	7,243	-	161,706
Balance at December 31, 2020	$ -	$ 637,291	$ 2,975,901	$ 23,796	$ 287,395	$ -	$ 3,924,383
Carrying amounts at December 31, 2020	$ 634,432	$ 229,183	$ 838,802	$ 958	$ 15,996	$ 57,696	$ 1,777,067

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

(Continued)

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

	December 31, 2020	December 31, 2019
Carrying amount of right-of-use assets		
Land	$ 46,194	$ 50,813

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Depreciation cost of right-of-use assets		
Land	$ 4,619	$ 4,620

b. Lease liabilties

	December 31, 2020	December 31, 2019
Carrying amount		
Current	$ 4,514	$ 4,464
Non-current	$ 42,938	$ 47,451

Range of discount rate for lease liabilities was as follows:

	December 31, 2020	December 31, 2019
Land	1.1%	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 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.

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 12,626	$ 12,272
Expenses relating to low-value asset leases	$ -	$ 6
Total cash outflow for leases	$ 17,639	$ 17,291

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.

15. INVESTMENT PROPERTIES

	December 31, 2020	December 31, 2019
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, 2020	December 31, 2019
Carrying amount by function		
Information systems	$ 205	$ 647
Design expenses for factories	5,201	6,801
	$ 5,406	$ 7,448

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, 2020	December 31, 2019
Unsecured borrowings		
Line of credit borrowings	$ 150,000	$ 420,000

The range of interest rates on line of credit borrowings was 0.52% and 0.86% to 0.90% per annum as of December 31, 2020 and 2019, respectively.

b. Long-term borrowings

	December 31, 2020	December 31, 2019
Credit borrowings	$ 300,000	$ 400,000
Guaranteed borrowings	-	600,000
	$ 300,000	$ 1,000,000

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

	December 31, 2020	December 31, 2019
Credit borrowings	0.90%	1.05%~1.06%
Guaranteed borrowings	-	1.06%

The Company entered into long-term financing contracts with banks to increase working capital. The total amount of credit limits of different contracts was $1,900,000 thousand. The contracts expire by July 2023, and the credit limits may be used cyclically during the valid periods. As of December 31, 2020, the Company has borrowed $300,000 thousand. The Group pledged land and plant as collateral (refer to Notes 13, 15 and 30) for $1,000,000 thousand among the aforementioned credit limits.

According to certain loan contracts into which the Company had entered, the current ratio and debt ratio sall not be less than specified percentages. The Company shall provide improvement plans to the banks if the requirements were not met. As of December 31, 2020, the Company did not violate any of the requirements.

18. ACCOUNTS PAYABLE

	December 31, 2020	December 31, 2019
Accounts payable (including related parties)		
Operating (Note 29)	$ 1,102,476	$ 607,722

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, 2020	December 31, 2019
Payables for salaries and bonuses	$199,752	$106,433
Payables for transportation fees	56,177	47,722
Payables for utilities	25,581	29,007
Payables for professional service expenses	11,079	9,440
Payables for purchases of equipment	9,955	8,551
Payables for insurance	8,471	8,064
Payables for taxes	1,764	2,358
Others	18,600	18,452
	$331,379	$230,027

20. REFUND PROVISIONS

	December 31, 2020	December 31, 2019
Customer returns and rebates	$ 879	$ 909

	For the Year Ended Decemer 31, 2020	For the Year Ended Decemer 31, 2019
Balance at January 1	$ 909	$ 806
Additional refund liabilities recognized	7,576	7,535
Usage	(7,606)	(7,432)
Balance at December 31	$ 879	$ 909

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 Act 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, 2020	December 31, 2019
Present value of defined benefit obligation	$593,645	$632,201
Fair value of plan assets	(391,849)	(402,287)
Net defined benefit liabilities	$201,796	$229,914

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, 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
Balance at January 1, 2020	$ 632,201	($ 402,287)	$ 229,914
Service cost			
Current service cost	4,609	-	4,609

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Net interest expense (income)	3,826	(2,461)	1,365
Recognized in profit or loss	8,435	(2,461)	5,974
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(14,814)	(14,814)
Actuarial (gain) loss			
Changes in financial assumptions	10,288	-	10,288
Experience adjustments	6,026	-	6,026
Recognized in other comprehensive income	16,314	(14,814)	1,500
Contributions from the employer	-	(35,592)	(35,592)
Benefits paid	(63,305)	63,305	-
Balance at December 31, 2020	$ 593,645	($ 391,849)	$ 201,796

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, 2020	For the Year Ended December 31, 2019
Operating costs	$ 4,841	$ 5,938
Selling and marketing expenses	461	745
General and administrative expenses	495	514
Research and development expenses	177	281
	$ 5,974	$ 7,478

Through the defined benefit plans under the Labor Standards Act, 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, 2020	December 31, 2019
Discount rate	0.375%	0.625%
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, 2020	December 31, 2019
Discount rate		
0.25% increase	($ 10,289)	($ 11,264)
0.25% decrease	$ 10,585	$ 11,600
Expected rate of salary increase		
0.25% increase	$ 10,208	$ 11,213
0.25% decrease	($ 9,975)	($ 10,947)

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 $25,900 thousand and $23,000 thousand to the defined benefit plans in the next year starting from December 31, 2020 and 2019, respectively. The weighted average durations of the defined benefit obligation are 7.1 and 7.3 years respectively on December 31, 2020 and 2019.

22. EQUITY

a. Ordinary shares

	December 31, 2020	December 31, 2019
Number of shares authorized (in thousands)	400,000	400,000
Shares authorized	$ 4,000,000	$ 4,000,000
Number of shares issued and fully paid (in thousands)	344,231	334,205
Shares issued	$ 3,442,310	$ 3,342,048

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-h.

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 appropriations of earnings for 2019 and 2018 which were approved in the shareholders' meetings on June 18, 2020 and June 24, 2019 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Legal reserve	$ 39,764	$ 20,797		
Cash dividends	100,261	65,530	$ 0.3	$ 0.2
Share dividends	100,262	65,530	0.3	0.2

The appropriations of earnings for 2020 which were proposed by the Company's board of directors on March 5, 2021, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$191,925	$ -
Cash dividends	688,462	2.0
Share dividends	344,231	1.0

The appropriation of earnings for 2020 shall be subject to the resolution of the shareholders in the shareholders' meeting to be held on May 31, 2021.

d. Special reserve

The Company reserved a special reserve on the first-time adoption of IFRSs as follows:

	December 31, 2020	December 31, 2019
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, 2020, 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, 2020	For the Year Ended December 31, 2019
Balance at January 1	($194,326)	($134,501)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	85,738	(73,095)
Share from associates accounted for using the equity method	95	(1,349)
Related income tax	(17,148)	14,619
Balance at December 31	($125,641)	($194,326)

For the purpose of presenting the independent 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, 2020	For the Year Ended December 31, 2019
Balance at January 1	$153,260	$117,768
Recognized for the year		
Unrealized gain		
Equity instruments	132,192	29,523
Share from associates accounted for using the equity method	36,175	6,121
Related income tax	-	(152)
Balance at December 31	$321,627	$153,260

23. REVENUE

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Revenue from contracts with customers		
Revenue from sale of goods	$ 10,993,555	$ 12,219,221

Refer to Note 4 for description related to contracts with customers.

24. NET PROFIT

Net profit before tax includes the following:

a. Interest income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Cash and cash equivalents	$ 433	$ 1,274
Financial assets at FVTPL (Note 7)	1,312	7,057

Others	10	1,632
	$ 1,755	$ 9,963

b. Other income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Rental income (Notes 15 and 29)	$ 36,426	$ 31,821
Dividend income	7,555	4,617
Others	6,832	7,647
	$ 50,813	$ 44,085

c. Other gains and losses

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Net gain on financial assets at FVTPL (Note 7)	$ 26,438	$ 46,617
Net loss on financial liabilities at FVTPL (Note 7)	(4,299)	(3,686)
Expenses from rental assets	(8,458)	(8,391)
Net foreign exchange loss	(75,927)	(30,041)
Loss on disposal of property, plant and equipment (Note 13)	(51)	(8)
Others	(1,631)	(1,424)
	($ 63,928)	$ 3,067

d. Net foreign exchange gains and losses

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Gross foreign exchange gains	$ 38,948	$ 56,559
Gross foreign exchange losses	(114,875)	(86,600)
Net loss	($ 75,927)	($ 30,041)

e. Finance costs

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Interest on bank loans	$ 10,369	$ 23,594

Interest on lease liabilities (Note 29)	550	597
Less: Capitalized interest (included in construction in progress)	(117)	-
	$ 10,802	$ 24,191

Information about capitalized interest is as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Capitalized interest	$ 117	$ -
Capitalization rate	0.9000%~1.0488%	-

f. Depreciation and amortization

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Property, plant and equipment (Note 13)	$161,706	$160,221
Right-of-use assets (Note 14)	4,619	4,620
Intangible assets (Note 16)	2,042	2,220
	$168,367	$167,061
An analysis of depreciation by function		
Operating costs	$159,989	$158,815
Operating expenses	992	841
Non-operating income and expenses	5,344	5,185
	$166,325	$164,841
An analysis of amortization by function		
Operating costs	$ 1,600	$ 1,601
General and administrative expenses	442	619
	$ 2,042	$ 2,220

g. Employee benefits expense

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Post-employment benefits (Note 21)		

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Defined contribution plans	$ 13,097	$ 14,382
Defined benefit plans	5,974	7,478
	19,071	21,860
Insurance expenses	32,798	33,717
Other employee benefits	547,762	456,890
Total employee benefits expense	$ 599,631	$ 512,467
An analysis of employee benefits expense by function		
Operating costs	$ 505,703	$ 408,494
Operating expenses	93,928	103,973
	$ 599,631	$ 512,467

h. 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, 2020 and 2019, which were approved by the Company's board of directors on March 5, 2021 and March 5, 2020, respectively, were as follows:

	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
	Accrual Rate	**Amount**	**Accrual Rate**	**Amount**
Employees' compensation	1%	$ 22,812	1%	$ 4,656
Remuneration of directors	-	$ -	-	$ -

If there is a change in the amounts after the annual independent 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, 2019 and 2018.

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

25. INCOME TAX

a. Major components of income tax expense recognized in profit or loss:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Current tax		
In respect of the current year	$309,148	$ 30,430
Income tax on unappropriated earnings	7,867	3,678
Adjustments for prior years	(61)	-
	316,954	34,108
Deferred tax		
In respect of the current year	21,643	28,690

(Continued)

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Adjustments for prior years	(2)	200
	21,641	28,890
Income tax expense recognized in profit or loss	$338,595	$ 62,998

A reconciliation of accounting profit and income tax expense:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Profit before tax	$ 2,258,413	$ 460,975
Income tax expense calculated at the statutory rate	$ 451,683	$ 92,195
Nondeductible expenses in determining taxable income	202	177
Tax-exempt income	(14,973)	(15,962)
Income tax on unappropriated earnings	7,867	3,678
Unrecognized deductible temporary differences	(105,339)	(17,457)
Adjustments for prior years' tax	(63)	200
Others	(782)	167
Income tax expense recognized in profit or loss	$ 338,595	$ 62,998

Under the amendment to the R.O.C Statute of Industrial Innovation in July 2019, the amounts of unappropriated earnings in 2018 and thereafter used for building or purchasing specific assets or technologies can qualify for deduction when computing the income tax on unappropriated earnings. The Group only deducted the amounts of capital expenditure that had actually been reinvested while declaring the unappropriated earnings tax.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Deferred tax		
In respect of the current year		
Exchange differences on translating the financial statements of foreign operations	($ 17,148)	$ 14,619
Unrealized gain (loss) on financial assets at FVTOCI	-	(152)
Remeasurement on defined benefit plans	300	(758)
Income tax recognized in other comprehensive income	($ 16,848)	$ 13,709

c. Current income tax assets and liabilities

	December 31, 2020	December 31, 2019
Current income tax assets		
Tax refund receivables	$ -	$ 2,560
Current income tax liabilities		
Accrued income tax payable	$321,203	$ 34,467

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, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary differences				

(Continued)

	Opening	Recognize	Recognize	Closing

	Balance	d in Profit or Loss	d in Other Comprehensive Income (Loss)	Balance
Allowance for inventory valuation	$ 840	($ 65)	$ -	$ 775
Allowance for impaired receivables	7,739	(44)	-	7,695
Loss on supplies	873	8	-	881
Defined benefit plans	45,635	(5,923)	300	40,012
Payables for annual leave	4,293	(269)	-	4,024
Unrealized foreign exchange losses	5,869	1,201	-	7,070
Exchange differences on translating the financial statements of foreign operations	8,093	-	(8,093)	-
Others	524	158	-	682
	$ 73,866	($ 4,934)	($ 7,793)	$ 61,139
Deferred tax liabilities				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ -	$ -	$ 9,055	$ 9,055
Share of foreign subsidiaries' interest recognized using equity method	-	17,472	-	17,472
Differences on depreciation periods between finance and tax	504	(156)	-	348
Reserve for Land Revaluation Increment Tax	143,860	-	-	143,860
Others	609	(609)	-	-
	$ 144,973	$ 16,707	$ 9,055	$ 170,735

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

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the balance sheets

	December 31, 2020	December 31, 2019
Deductible temporary differences		
Share of loss of subsidiaries accounted for using the equity method	$ -	$526,696

f. Income tax assessments

The income tax returns of the Company through 2018 has been assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Basic earnings per share	$ 5.58	$ 1.16
Diluted earnings per share	$ 5.57	$ 1.15

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 29, 2020. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2019 are as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	**After Retrospective Adjustment**
Basic earnings per share	$ 1.19	$ 1.16
Diluted earnings per share	$ 1.19	$ 1.15

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, 2020	For the Year Ended December 31, 2019
Earnings used in the computation of basic earnings per share and diluted earnings per share	$ 1,919,818	$ 397,977

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	344,231	344,231
Effect of potentially dilutive ordinary shares:		
Employees' compensation issued to employees	674	454
Weighted average number of ordinary shares used in the computation of diluted earnings per share	344,905	344,685

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.

27. CAPITAL MANAGEMENT

The Company 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 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, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 431	$ -	$ 431
Beneficiary securities	60,808	-	-	60,808
Mutual funds	300,185	-	-	300,185
	$ 360,993	$ 431	$ -	$ 361,424
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed	$ 341,484	$ -	$ -	$ 341,484

	Level 1	Level 2	Level 3	Total
shares				
Domestic unlisted shares	-	-	7	7
	$ 341,484	$ -	$ 7	$ 341,491
Financial liabilities at FVTPL				
Derivative financial assets	$ -	$ 434	$ -	$ 434

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

There were no transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019.

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

Financial assets at FVTOCI - equity instruments

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Balance at January 1	$ 27	$ 473
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	(20)	59
Proceeds from capital reduction (Note 8)	-	(505)

Balance at December 31	$ 7	$ 27

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, 2020 and 2019.

c. Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 361,424	$ 306,472
Financial assets at amortized cost (1)	2,131,111	1,877,227
Financial assets at FVTOCI –	341,491	209,299

	December 31, 2020	December 31, 2019
Equity instruments		
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		

(Continued)

	December 31, 2020	December 31, 2019
Held for trading	434	-
Financial liabilities measured at amortized cost (Note 2)	1,685,951	2,156,301

Note 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.

Note 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. Such 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, 2020 and 2019 would have decreased/increased by $29,125 thousand and $32,810 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, 2020	December 31, 2019
Fair value interest rate risk		
Financial assets	$ 321,387	$ 40,437
Financial liabilities	347,452	1,101,915
Cash flow interest rate risk		
Financial assets	59,820	62,805
Financial liabilities	150,000	370,000

Sensitivity analysis

For the sensitivity analysis of interest rate risk, the Company's calculation is based on the financial assets and liabilities with cash flow interest rate risk on the balance sheet dates. Since the fixed interest rate financial assets and liabilities held by the Company are all measure at amortized costs, they are not included in the analysis. 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, 2020 and 2019 would have increased/decreased by $451 thousand and increased/decreased by $1,536 thousand, respectively.

c) Other price risk

The Company was exposed to price risk through its investments in domestic listed shares, foreign and domestic unlisted 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 Group's sensitivity analysis focuses on securities price risks at the end of the reporting period. However, the Group's financial asset investments measured at fair value through profit or loss are not included in the analysis, since their risk of money market funds price fluctuations is very low.

If securities prices had been 5% higher/lower, the net profit before tax for the year ended December 31, 2020 and 2019 would have increased/decreased by $3,040 thousand and $14,577 thousand as a result of the increase/decreas in fair value of financial assets at FVTPL (not including the inverstment in money market funds), respectively. The other comprehensive income before tax for the year ended December 31, 2020 and 2019 would have increased/decreased by $17,075 thousand and $10,465 thousand, as a result of the increase/decreas 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 $1,776,960 thousand and $1,654,315 thousand, respectively, as of December 31, 2020 and 2019. 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, 2020

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 1,238,651	$ 2,700	$ -
Lease liabilities	1.1000	5,013	20,052	25,065
Floating interest rate liabilities	0.5158	150,000	-	-
Fixed interest rate liabilities	0.9000	-	300,000	-
		$ 1,393,664	$ 322,752	$ 25,065

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	$ -

December 31, 2019

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				

(Continued)

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
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

b) Financing facilities

The Company relies on bank loans as a significant source of liquidity. As of December 31, 2020 and 2019, the unused amounts of bank loan facilities were as follows:

	December 31, 2020	December 31, 2019
Bank loan facilities		
Amount unused	$ 5,169,600	$ 3,469,920

29. TRANSACTIONS WITH RELATED PARTIES

As of December 31, 2020 and 2019, USI Corporation, the Company's ultimate parent company, 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 party names and categories

Related Party	**Affiliation with the Company**
USI Corporation ("USI")	Parent company
TAITA (BVI) Holding Co., Ltd. (TAITA (BVI))	Subsidiary
Continental General Plastics (Zhongshan) Co., Ltd.	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
USI Trading (Shanghai) Co., Ltd.	Fellow subsidiary
Swanson Plastics Corporation	Fellow subsidiary
USI Management Consulting Corporation ("UM")	Fellow subsidiary
Taiwan United Venture Management Corporation	Fellow subsidiary
USI Education Foundation ("USIF")	Substantive related party

b. Sales of goods

Related Party Category / Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Subsidiary	$ 736,735	$ 828,965
Fellow subsidiary	10,970	50,658
Parent company	9,068	16,500
	$ 756,773	$ 896,123

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, 2020	For the Year Ended December 31, 2019
Associate	$ 2,370	$ 2,963
Fellow subsidiary	203	188
	$ 2,573	$ 3,151

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, 2020	December 31, 2019
Subsidiary	$ 2,818	$ 57,615
Parent company	27	726
Fellow subsidiary	-	8,668
	$ 2,845	$ 67,009

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, 2020	December 31, 2019
Associate	$ 487	$ 822
Fellow subsidiary	11	-
	$ 498	$ 822

The outstanding accounts payable from related parties are not overdue and not guaranteed.

f. Endorsements and guarantees

Related Party Category/Name	December 31, 2020	December 31, 2019
Subsidiary		
TTC (BVI)	$ 1,340,480	$ 1,439,440
TTC (ZS)	436,480	214,875
	$ 1,776,960	$ 1,654,315

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, 2020	For the Year Ended December 31, 2019
Associate		
CGTD	$ 24,082	$ 20,501
TVCM	9,635	9,635
	33,717	30,136
Parent company	1,666	1,681
	$ 35,383	$ 31,817

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, 2020	For the Year Ended December 31, 2019
Parent company		
USI	$ 5,535	$ 5,478
Fellow subsidiary		
APC	1,672	2,142
Associate	266	216
	$ 7,473	$ 7,836

The Company leased offices and parking space in Taipei from APC and USI. The rents were set according to the actual rental area and paid on a monthly basis.

3) Lease arrangements

Related Party Category/Name	December 31, 2020	December 31, 2019
Lease liabilities - current		
Fellow subsidiary		
APC	$ 4,514	$ 4,464
Lease liabilities - non-current		
Fellow subsidiary		
APC	$ 42,938	$ 47,451

Related Party Category/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Lease expense		
Fellow subsidiary		
APC	$ 5,013	$ 5,013
Interest expense		
Fellow subsidiary		
APC	$ 550	$ 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)

Related Party Category/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Associate		
CGTD	$ 13,210	$ 17,664

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)

Related Party Category/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Parent company		
USI	$ 2,122	$ 1,039

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, 2020	For the Year Ended December 31, 2019
Fellow subsidiary		
UM	$ 49,647	$ 52,063
Others	60	120
	49,707	52,183
Parent company	-	352
	$ 49,707	$ 52,535

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, 2020	For the Year Ended December 31, 2019
Substantive related party		
USIF	$ 1,000	$ 1,000

8) Other expenses (classified as operating costs)

Related Party Category/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Associate	$ 1,467	$ 1,925

9) Acquisitions of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Parent company	$ 1,583	$ 1,427

10) Commission expense

Related Party Category/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Fellow subsidiary	$ 827	$ 206

11) Other receivables from related parties

Related Party Category/Name	December 31, 2020	December 31, 2019
Subsidiary		
TTC (TJ)	$263,413	$279,325
Others	1,722	288
	265,135	279,613
Associate	910	6,639
Parent company	623	892
Fellow subsidiary	12	53
	$266,680	$287,197

Other receivables included raw material receivables, disbursement fee and management service receivables.

12) Other payables to related parties

Related Party Category/Name	December 31, 2020	December 31, 2019
Associate	$ 2,227	$ 6,269
Parent company	1,084	647
Fellow subsidiary	867	707
	$ 4,178	$ 7,623

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

The remuneration of directors and key executives of the Company is as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Salaries and others	$ 22,136	$ 18,281
Post-employment benefits	216	216
	$ 22,352	$ 18,497

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, 2020	December 31, 2019
Pledged time deposits		
Classified as financial assets at amortized cost - current	$ 3,000	$ 3,000
Classified as other assets - non-current	16,505	16,352
Property, plant and equipment, net	443,340	470,371
Investment properties, net	108,178	108,178
	$ 571,023	$ 597,901

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of the end of the reporting period were as follows:

a. As of December 31, 2020 and 2019, unused letters of credit amounted to approximately $252,996 thousand and $80,700 thousand, respectively.

b. Information regarding the Kaohsiung gas explosion

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 second instance judgment of criminal procedures was reached on April 24, 2020, whereby three employees of CGTD were all acquitted of the charges.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, to pledge certificates of bank deposits of $227,458 thousand (including interest) to Kaohsiung City Government as collateral for the losses caused by the gas explosion. Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation. Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. CGTD has deposited $99,207 thousand in cash to the court, exempted from the provisional attachment. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. As of February 26, 2021, the provisionally attached properties were worth $9,581 thousand.

As for the deceased victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of 32 victims' families on July 17, 2015. Each victim's family received $12,000 thousand, and the total amount of compensation was $384,000 thousand, which was paid by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims' families and signing the settlement agreement on behalf of the three parties.

As for the seriously injured, CGTD, LCY Chemical Corp. and Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. The compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties with 64 families of the seriously injured.

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

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, 2020

	Foreign Currency	Exchange Rate (Dollar; Note)	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 67,321	28.4800（USD：NTD）	$ 1,917,291
RMB	894	4.3648（RMB：NTD）	3,902
HKD	586	3.6730（HKD：NTD）	2,153
			$ 1,923,346
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	$ 103,650	28.4800（USD：NTD）	$ 2,951,653
Derivative instruments			
USD	3,000	28.4800（USD：NTD）	$ 432
Foreign currency liabilities			
Monetary items			

(Continued)

	Foreign Currency	Exchange Rate (Dollar; Note)	Carrying Amount
USD	23,983	28.4800（USD：NTD）	$ 683,038
Non-monetary items			
Derivative instruments			
USD	3,000	28.4800（USD：NTD）	$ 434

December 31, 2019

	Foreign Currency	Exchange Rate (Dollar; Note)	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 53,883	29.9800（USD：NTD）	$ 1,615,425
RMB	2,023	4.2975（RMB：NTD）	8,692
HKD	854	3.8490（HKD：NTD）	3,288
			$ 1,627,405
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	48,499	29.9800（USD：NTD）	$ 1,454,115
Derivative instruments			
USD	13,000	29.9800（USD：NTD）	$ 2,923
Foreign currency liabilities			
Monetary items			
USD	8,087	29.9800（USD：NTD）	$ 242,433

The unrealized and realized foreign exchange losses were $75,927 thousand and $30,041 thousand for the years ended December 31, 2020 and 2019, 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 on Significant Transactions

a. Information about significant transactions

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. (N/A)

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (N/A)

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)

b. Information on reinvestment business. (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. (N/A)

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. (N/A)

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. (N/A)

d. Information on major shareholders: Names, numbers of shares, and percentages of ownership of shareholders whose shareholding percentage is more than 5%. (Table 9)

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 1

(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	Actual Borrowing Amount	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 2 and 4)	Aggregate Financing Limit (Notes 2 and 4)
													Item	Value		
1	Taita Chemical (Zhongshan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	$ 240,064 (RMB 55,000 thousand)	$ -	$ -	—	2	$ -	Operating capital	$ -	—	—	$ 2,947,550	$ 2,947,550

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, 2020, 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, 2020, the audited net worth of Taita Chemical (Zhongshan) Co., Ltd. is RMB675,297 thousand. In November 2020, Taita Chemical (Zhongshan) Co., Ltd. agreed to waive the loan of RMB15,000 thousand with Taita Chemical (Tianjin) Co., Ltd.

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, 2020.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 2

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 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	$ 6,355,806	$ 1,625,280 (USD 36,000 thousand) (NTD 600,000 thousand)	$ 1,340,480 (USD 26,000 thousand) (NTD 600,000 thousand)	$ -	$ -	21.09%	$ 9,533,709	Yes	No	No
0	TAITA CHEMICAL CO., LTD.	Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares indirectly owned by the Company	6,355,806	436,480 (RMB 100,000 thousand)	436,480 (RMB 100,000 thousand)	-	-	6.87%	9,533,709	Yes	No	Yes

Note 1: The foreign currency amount is calculated based on the spot exchange rate as of December 31, 2020.

Note 2: The Company's total endorsement/guarantee provided shall not exceed 150% of the equity attributable to owners of the Company; the Company's endorsement/guarantee provided to a single enterprise shall not exceed 100% of the equity attributable to owners of the Company.

The Company and its subsidiaries' total endorsement/guarantee provided shall not exceed 200% of the equity attributable to owners of the Company; the Company and its subsidiaries' endorsement/guarantee provided to a single enterprise shall not exceed 150% of the equity attributable to owners of the Company.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

December 31, 2020

TABLE 3

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Taita Chemical Co., Ltd.	Ordinary shares							
	USI Corporation	Parent company	Financial assets at FVTOCI - non-current	15,109,901	$ 341,484	1.27%	$ 341,484	Note 1
	Harbinger Venture Capital Corp.	−	Financial assets at FVTOCI - non-current	990	7	0.50%	7	Note 3
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	−	Financial assets at FVTPL - current	3,250,000	60,808	-	60,808	Note 1
	Mutual funds							
	Hua Nan Phoenix Money Market Fund	−	Financial assets at FVTPL - current	5,248,671	86,004	-	86,004	Note 2
	Hua Nan Kirin Money Market Fund	−	Financial assets at FVTPL - current	6,962,057	84,000	-	84,000	Note 2
	Capital Money Market Fund	−	Financial assets at FVTPL - current	5,225,881	85,001	-	85,001	Note 2
	Jih Sun Money Market Fund	−	Financial assets at FVTPL - current	3,022,043	45,180	-	45,180	Note 2
TAITA (BVI) Holding Co., Ltd.	Shares							
	Budworth Investment Ltd.−ordinary shares	−	Financial assets at FVTOCI - non-current	20,219	6 (USD -thousand)	2.22%	6 (USD- thousand)	Note 3
	Teratech Corporation−ordinary shares	−	Financial assets at FVTPL - non-current	112,000	-	0.73%	-	Note 4
	Sohoware Inc.−preference shares	−	Financial assets at FVTPL - non-current	100,000	-	-	-	Note 4

Note 1: Fair value was based on the closing price of the Taiwan Stock Exchange as of December 31, 2020.

Note 2: Fair value was based on the carrying amount as of December 31, 2020.

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, 2020, the Group evaluates the fair value of the equity instrument as $0.

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, 2020

TABLE 4

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter party	Relation ship	Beginning Balance (Note)		Acquisition		Disposal				Ending Balance (Note)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Taita Chemical Co., Ltd.	Mutual funds													
	Hua Nan Phoenix Money Market Fund	Financial assets at FVTPL - current	—	—	-	$ -	20,953,805	$ 343,000	15,705,134	$ 257,143	$ 257,000	$ 143	5,248,671	$ 86,000
	Taishin 1699 Money Market Fund	Financial assets at FVTPL - current	—	—	-	-	61,795,582	842,000	61,795,582	842,342	842,000	342	-	-

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, 2020

TABLE 5 (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	($ 736,735) (USD 25,071 thousand)	(6.70%)	30 days	No significant differences	No significant differences	Accounts receivable from related parties $ 2,818 (USD99 thousand)	0.19%	—

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, 2020

TABLE 6

(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 263,413 (USD 9,249 thousand) (Note 1)	-	$ 263,413	Continuous reinforcement	$ -	$ -

Note 1: The total amount of other receivables of Taita Chemical Co., Ltd. stems from selling raw materials to Taita Chemical (Tianjin) Co., Ltd. Since it had exceeded the normal credit period for certain period of time, the amount was transferred to other receivables.

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

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 7

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Held As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note (Note 1)
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	$ 2,555,738 (USD 89,738 thousand)	$ 1,758,298 (USD 61,738 thousand)	89,738,000	100.00%	$ 2,951,653 (USD 103,640 thousand)	$ 614,057 (Profit USD 20,938 thousand)	$ 614,057 (Profit USD 20,938 tohusand)	Subsidiary (Note 3)
	China General Plastics Corporation	Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	10,967,785	1.98%	192,320	1,634,185	32,390	Investments accounted for using the equity method
	China General Terminal & Distribution Co.	Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	19,918,183	33.33%	315,711	69,385	23,128	Investments accounted for using the equity method
	Acme Electronics Corp.	Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	44,771	44,771	4,445,019	2.43%	31,514	33,393	811	Investments accounted for using the equity method
	Thintec Materials Corporation	Taiwan	Manufacture of reinforced plastic products	-	15,000	-	-	-	15	1	Investments accounted for using the equity method (Note 2)
TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	Cayman Islands	Reinvestment	48,417 (USD1,700 thousand)	48,417 (USD1,700 thousand)	2,695,619	5.39%	65,093 (USD2,286 thousand)	9,485 (Profit USD 336 thousand)	-	Investments accounted for using the equity method

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

Note 2: Thintec Materials Corporation applied for dissolution and liquidation on May 25, 2019. The Group recovered NT$1,274 thousand of the remaining property from the liquidation in May 2020, and recognized the disposal loss of NT$173 thousand on July 22, 2020, when TMC completed the process of liquidation.

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.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 8

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

Investee Company in China	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 5 and 6)	Carrying Amount as of December 31, 2020 (Notes 5 and 6)	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	Production and marketing of polystyrene derivatives	$ 1,317,200 (USD46,250 thousand) (Note 1)	Investment through a holding company registered in a third region	$ 1,224,640 (USD43,000 thousand)	$ -	$ -	$ 1,224,640 (USD43,000 thousand)	$ 610,521 (Profit USD 20,747 thousand)	100.00%	$ 610,521 (Profit USD 20,747 thousand) (Note 7)	$ 2,947,550 (USD 103,495 thousand)	$ -
Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)")	Production and marketing of polystyrene derivatives	778,928 (USD27,350 thousand) (Note 2)	Investment through a holding company registered in a third region	740,480 (USD26,000 thousand)	-	-	740,480 (USD26,000 thousand)	19,049 (Profit USD 712 thousand)	100.00%	19,049 (Profit USD 712 thousand) (Note 7)	(104,563) (USD3,671 thousand)	-
ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	875,048 (USD30,725 thousand)	Reinvestment through a existing company registered in a third region ACME Electronics (Cayman) Corp.	38,562 (USD1,354 thousand)	-	-	38,562 (USD 1,354 thousand)	7,332 (Profit USD 253 thousand)	5.39%	396 (Profit USD 14 thousand)	42,345 (USD1,487 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
$ 2,003,682 (USD 70,354 thousand)	$ 2,159,277 (USD 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.

Note 7: In November 2020, Taita Chemical (Zhongshan) Co., Ltd. agreed to waive the loan principle and interest of RMB15,000 thousand with Taita Chemical (Tianjin) Co., Ltd.

TAITA CHEMICAL CO., LTD.

INFORMATION ON MAJOR SHAREHOLDERS

December 31, 2020

TABLE 9

Name of major shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Union Polymer International Investment Corporation	126,634,858	36.79%

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

§CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS§

(Continued)

TAITA CHEMICAL CO., LTD.

Statement of Cash and Cash Equivalents

December 31, 2020

STATEMENT 1

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

Item	Description		Amount
Petty cash and working capital			$ 1,041
Bang savings			
Check Deposit			3,026
Demand deposit – NTD			19,188
Demand deposit – USD	USD	1,186,994.34 (Note)	33,805
Demand deposit – CNY	CNY	893,956.96 (Note)	3,902
Demand deposit – HKD	HKD	234,862.22 (Note)	863
Demand deposit – EUR	EUR	1,194.66 (Note)	42
Demand deposit – JPY	JPY	64,946.00 (Note)	18
Demand deposit – GBP	GBP	56.54 (Note)	2
			60,846
Cash equivalents			
Time deposit in bank – USD	USD10,670,000,000, interest rate 0.10%~0.18%, expires in January 2020 (Note)		303,882
			$365,769

Note: USD exchange rate: USD1=NTD 28.4800

CNY exchange rate: CNY1=NTD 4.3648

HKD exchange rate: HKD1=NTD 3.6730

EUR exchange rate: EUR1=NTD 35.0200

JPY exchange rate: JPY1=NTD 0.2763

GBP exchange rate: GBP1=NTD 38.9000

TAITA CHEMICAL CO., LTD.

Statement of financial assets at fair value through profit or loss – current

December 31, 2020

STATEMENT 2

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

	Number of Shares	Acquisition Cost	Unit Price (in NTD)	Total Value	Note
Financial assets at fair value through profit or loss – non-derivatives					
Beneficiary securities					
Cathay No. 1 Real Estate Investment Trust Fund	3,250,000	$ 32,924	18.7100	$ 60,808	
Mutual funds					
Hua Nan Phoenix Money Market Fund	5,248,671	86,000	16.3858	86,004	
Hua Nan Kirin Money Market Fund	6,962,057	84,000	12.0654	84,000	
Capital Money Market Fund	5,225,881	85,000	16.2654	85,001	
Jih Sun Money Market Fund	3,022,043	45,000	14.9500	45,180	
		300,000		300,185	
		332,924		$ 360,993	
Valuation adjustment		28,069			
		$ 360,993			
Financial assets at fair value through profit or loss – derivatives					
Foreign exchange forward contracts				$ 431	
Financial liabilities at fair value through profit or loss – derivatives					
Foreign exchange forward contracts				($ 434)	

TAITA CHEMICAL CO., LTD.

Statement of Notes and Accounts Receivable

December 31, 2020

STATEMENT 3 (In Thousands of New Taiwan Dollars)

Name of Counterparty	Description	Amount
Notes Receiveable		
Non-related parties		
WEALTH VIEW INDUSTRIAL LIMITED	Loan	$ 5,203
KUANG LI SHYNG CO., LTD.	Loan	3,512
ASLI MECHANICAL CO., LTD.	Loan	2,695
YEONG SHENG FENG INDUSTRIAL CO., LTD.	Loan	2,432
Others (Note)	Loan	27,425
		41,267
Accounts Receivable		
Non-related parties		
Ningbo Homelink Eco-itech Co.,Ltd.	Loan	141,959
NINGBO MORE INTEREST I/E CO.,LTD.	Loan	121,379
WINKO PLASTICS CO.,LTD.	Loan	107,429
GRAND ENERGY CO., LTD	Loan	97,316
XIAMEN AVIATION DEVELOPMENT	Loan	87,405
W-YIN (CHEMICAL) COMPANY LIMITED	Loan	81,937
Others (Note)	Loan	843,787
Allowance for loss	Loan	(53,731)
		1,427,481
Related Parties		
Taita Chemical (Zhongshan) Co., Ltd.	Loan	2,818
Others (Note)	Loan	27
		2,845
		$ 1,471,593

Note: None of the amounts of any counterparties exceed 5% of the remaining notes or accounts receivable.

TAITA CHEMICAL CO., LTD.

Statement of Inventories

December 31, 2020

STATEMENT 4 (In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Market Price (Note 2)
Finished goods	$ 207,583	$ 279,597
Work in progress	62,499	84,097
Raw materials	142,608	140,187
Supplies	15,875	15,909
Inventory in transit	147,548	147,548
	576,113	$ 667,338
Allowance for Inventory Valuation Losses (Notes 1 and 2)	(3,875)	
Net	$ 572,238	

Note 1: Allowance for inventory valuation losses is to make provision for loss of inactive and damaged goods in inventory and those whose cost is higher than market price among normal goods.

Note 2: The market price is calculated based on the net realizable value.

Note 3: The insured amount for inventory is $997,207 thousand.

TAITA CHEMICAL CO., LTD.

Statement of Prepayments and Other Current Assets

December 31, 2020

STATEMENT 5 (In Thousands of New Taiwan Dollars)

Item	Amount
Supplies inventory	$ 54,777
Prepaid import additional costs	3,986
Prepaid insurance	3,966
Others (Note)	1,957
	$ 64,686

Note: The balance of Others does not exceed 5% of the balance of this account.

TAITA CHEMICAL CO., LTD.

Statement of financial assets at fair value through other comprehensive income – non-current

For the year ended December 31, 2020

STATEMENT 6

(In Thousands of New Taiwan Dollars)

	Beginning Balance		Increase		Decrease		Ending balance			
Name of Financial Instrument	Number of Shares (In Thousands)	Fair Value	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Fair Value	Guarantee or Pledge Provided	Note
USI Corporation	15,110	$ 209,272	-	$ 132,212	-	$ -	15,110	$ 341,484	N/A	Note 1
Harbinger Venture Capital Corp.	1	27	-	-	-	20	1	7	N/A	Note 1
Total		$ 209,299		$ 132,212		$ 20	-	$ 341,491		

Note 1: The increase in the amount in the current year was due to adjustments to changes in fair value of $132,212 thousand.

Note 2: The decrease in the amount in the current year is due to the adjustment of the fair value change of $20 thousand.

TAITA CHEMICAL CO., LTD.

Statement of Changes in Investments Accounted for Using Equity Method

For the year ended December 31, 2020

STATEMENT 7

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

	Beginning Balance		Increase		Decrease		Ending Balance			Market Price or Equity			
Investee	Number of Shares (In Thousands)	Fair Value	Number of Shares (In Thousands)	Fair Value	Number of Shares (In Thousands)	Fair Value	Number of Shares (In Thousands)	Shareholding %	Amount	Unit Price	Total Amount	Guarantee or Pledge Provided	Note
TAITA (BVI) Holding Co., Ltd.	61,738	$1,684,106	28,000	$1,412,219	-	$ 419	89,738	100.00	$3,095,906	32.89	$2,951,653	N/A	Notes 1 and 2
China General Plastics Corporation	10,446	164,197	522	34,204	-	5,223	10,968	1.98	193,178	25.45	279,130	N/A	Notes 1, 3 and 8
China General Terminal & Distribution Corporation	18,667	257,584	1,251	58,127	-	-	19,918	33.33	315,711	15.85	315,711	N/A	Notes 1 and 4
Acme Electronics Corp.	4,445	34,402	-	811	-	4	4,445	2.43	35,209	18.90	84,010	N/A	Notes 1, 5 and 9
ACME Electronics (Cayman) Corp.	600	1,446	-	1	600	1,447	-	-	-	-	-	N/A	Notes 1 and 6
		2,141,735		1,505,362		7,093	-		3,640,004		$3,630,504		
Allowance for translation adjustments		(234,639)		85,833		-			(148,806)				Notes 1 and 7
Net		$1,907,096		$1,591,195		$ 7,093			$3,491,198				

Note 1: The calculation of investment profit and loss and equity was based on the reviewd financial statements of the investees in 2020.

Note 2: The increase in the number of shares was due to a cash capital increase of 28,000 thousand shares; the increase was due to a cash capital increase of $798,162 thousand and recognition of investment profit of $614,057 thousand; the decrease was due to the unrealized sales losses of $419 thousand of the investee.

Note 3: The increase in the number of shares was due to the distributed stock dividend of 522 thousand shares; the increase was due to the recognition of investment profit of $32,390 thousand, the evaluation adjustment of $1,421 thousand of the investee’s financial assets at fair value through other comprehensive income, capital reserve adjustment of $6 thousand due to the change of shareholding ratio, and re-measurement of $387 thousand of the defined benefit plan of the investee; the cash dividend of $0.5 per share was reduced by $5,223 thousand.

Note 4: The increase in the number of shares was due to the 1,251 thousand shares divided distribution; the increase was due to the recognition of investment profit of $23,128 thousand and the financial asset evaluation adjustment of $34,754 of the investee through other comprehensive income at fair value, and re-measurement of $245 thousand of investee’s defined benefit plan.

Note 5: The increase was due to the recognized investment benefit of $811 thousand, and the decrease was due to the recognition of the re-measurement of $4 thousand of investee’s defined benefit plan.

Note 6: The increase was due to the recognized investment profit of $1 thousand, and the decrease was due to the remaining property distribution of liquidation of $1,274 thousand and the recognized disposal loss of $173 thousand.

Note 7: The increase was the difference due to conversion of the investee's foreign currency financial statements.

Note 8: The market price was calculated based on the closing price of the stock on the last trading day of December 2020 at the Taiwan Stock Exchange.

Note 9: The market price was calculated based on the closing price of the stock on the last trading day of December 2020 at the Taipei Exchange of the Republic of China.

TAITA CHEMICAL CO., LTD.

Statement of Changes in Righ-of-Use Assets

For the Year Ended December 31, 2020

STATEMENT 8 (In Thousands of New Taiwan Dollars)

Item	Beginning Balance	Increase	Decrease	Ending Balance	Note
Cost					
Land	$ 55,433	$ -	$ -	$ 55,433	
Accumulated depreciation					
Land	4,620	$ 4,619	$ -	9,239	
	$ 50,813			$ 46,194	

TAITA CHEMICAL CO., LTD.

Statement of Short-Term Loans

December 31, 2020

STATEMENT 9

(In Thousands of New Taiwan Dollars)

Type of Loan	Interest Rate	Balance at December 31, 2020	Contract Period	Credit Line	Pledge or Guarantee
Unsecured Loan					
The Export-Import Bank of the Republic of China	0.52%	$ 150,000	109.02.26-110.02.26	$ 150,000	N/A

TAITA CHEMICAL CO., LTD.

Statement of Accounts Payable

December 31, 2020

Statement 10 (In Thousands of New Taiwan Dollars)

Company	Amount
Non-related parties	
Formosa Chemicals & Fibre Corporation	$ 436,624
Taiwan Styrene Monomer Corporation	153,010
SABIC ASIA PACIFIC PTE. LTD.	156,672
China Petrochemical Development Corporation	56,282
Others (Note)	299,390
	1,101,978
Related parties	
China General Plastics Corporation	487
Others (Note)	11
	498
	$ 1,102,476

Note: None of the companies' balances exceed 5% of the balance of this account.

TAITA CHEMICAL CO., LTD.

Statement of Net Revenue

For the Year Ended December 31, 2020

STATEMENT 11 (In Thousands of New Taiwan Dollars)

Item	Number (Ton)	Amount
ABS resin	123,231	$ 5,176,305
GPS	97,607	2,924,936
EPS	53,274	1,656,914
SM	32,560	731,067
Glasswool products	12,477	438,240
Curved surface printing (Note)	63,127	53,503
IPS	315	12,590
		$ 10,993,555

Note: The unit of the slaes of curved surface printing is jig.

TAITA CHEMICAL CO., LTD.

Statement of Operating Expenses

For the Year Ended December 31, 2020

STATEMENT 12 (In Thousands of New Taiwan Dollars)

Item	Amount
Supplies	
Supplies at the beginning of the year	$ 280,903
Feed	7,407,562
Sales	(729,403)
Transfer to expenses	(20,295)
Supplies and inventory in transit at the end of the year	(290,156)
	6,648,611
Direct labor	157,658
Manufacturing expenses (Statement 13)	1,152,429
Manufacturing cost	7,958,698
Work in progress at the beginning of the year	39,836
Work in progress at the end of the year	(62,499)
Cost of finished products	7,936,035
Finished products at the beginning of the year	213,436
Cost of purchased finished products	118,490
Other cost adjustments	(437)
Finished products at the end of the year	(207,583)
	8,059,941
Sales of raw materials	729,407
Inventory evaluation adjustment	(326)
	$ 8,789,022

TAITA CHEMICAL CO., LTD.

Statement of Manufacturing Expenses

For the Year Ended December 31, 2020

STATEMENT 13 (In Thousands of New Taiwan Dollars)

Item	Amount
Power and fuel expenses	$ 318,379
Salary and bonus	310,819
Indirect material	200,725
Depreciation expense	159,989
Others (Note)	162,517
	$ 1,152,429

Note: The balance of Others does not exceed 5% of the balance of this account.

TAITA CHEMICAL CO., LTD.

Statement of Marketing Expenses

For the Year Ended December 31, 2020

STATEMENT 14 (In Thousands of New Taiwan Dollars)

Item	Amount
Freight and export expenses	$383,514
Salary and bonus	32,862
Others (Note)	43,563
	$459,939

Note: The balance of Others does not exceed 5% of the balance of this account.

TAITA CHEMICAL CO., LTD.

Statement of Administrative Expenses

For the Year Ended December 31, 2020

STATEMENT 15 (In Thousands of New Taiwan Dollars)

Item	Amount
Professional service expenses	$ 56,196
Salary and bonus	34,326
Insurance expenses	6,016
Others (Note)	16,926
	$113,464

Note: The balance of Others does not exceed 5% of the balance of this account.

TAITA CHEMICAL CO., LTD.

Statement of Research and Development Expenses

For the Year Ended December 31, 2020

STATEMENT 16 (In Thousands of New Taiwan Dollars)

Item	Amount
Salary and bonus	$ 14,220
R&D test expenses	2,392
Insurance expenses	1,387
Others (Note)	2,524
	$ 20,523

Note: The balance of Others does not exceed 5% of the balance of this account.

TAITA CHEMICAL CO., LTD.TAITA CHEMICAL CO., LTD.

Statement of Labor, Depreciation and Amortization by Function

For the Years Ended December 31, 2020 and 2019

STATEMENT 17

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2020				For the Year Ended December 31, 2019			
	Operating Expenses	Operating Expenses	Other Gains and Losses	Total	Operating Expenses	Operating Expenses	Other Gains and Losses	Total
Employee benefits								
Salary	$ 445,554	$ 76,250	$ -	$ 521,804	$ 345,605	$ 82,841	$ -	$ 428,446
Labor and health insurances	27,197	5,601	-	32,798	27,596	6,121	-	33,717
Pension expense	15,193	3,878	-	19,071	16,083	5,777	-	21,860
Directors' remuneration	-	5,158	-	5,158	-	5,608	-	5,608
Other employee benefits	17,759	3,041	-	20,800	19,210	3,626	-	22,836
	$ 505,703	$ 93,928	$ -	$ 599,631	$ 408,494	$ 103,973	$ -	$ 512,467
Depreciation expense	$ 159,989	$ 992	$ 5,344	$ 166,325	$ 158,815	$ 841	$ 5,185	$ 164,841
Amortization expense	$ 1,600	$ 442	$ -	$ 2,042	$ 1,601	$ 619	$ -	$ 2,220

Note:

1. The number of employees in 2020 and 2019 were 406 and 425 respectively. Among them, the number of directors who were not concurrent employees was 7 in both years. The benefit calculation basis for directors who were not concurrent employees is consistent with that of employees.
2. The Company's average employee benefit expenses in 2020 and 2019 were $1,490 thousand and $1,213 thousand respectively ("Total employee benefit expenses - Total director's remuneration" / "Number of employees - Number of directors who are not concurrent employees"). In 2020 and 2019, the Company's average salary expenses were $1,308 thousand and $1,025 thousand (total salary expenses/"number of employees - number of directors who are not concurrent employees ").
3. The average employee salary expense adjustment was 27.61% ("average employee salary expense in the current year - average employee salary expense in the previous year" / average employee salary expense in the previous year).
4. The Company has an audit committee to replace the supervisor system. The supervisor's remuneration for both 2020 and 2019 was $0.
5. The Company's salary and remuneration policy:

   1. Directors and managers:

(1) Remuneration shall be paid with reference to the median of the industry, and the reasonableness of its consistency with personal performance, company operating performance and future risks shall also be considered.

(2) Directors and managers shall not be guided to engage in behaviors that exceed the company's risk appetite in pursuit of remuneration.

(3) The proportion of employees' compensation for short-term performance and the payment time of partly changed salary and compensation shall be determined in consideration of the characteristics of the industry and the nature of the company's business.

2. Employees

The employee remuneration policy was formulated with reference to government laws and regulations, industry salary market conditions and trends, overall economic and industrial conditions, and company organizational structure, and is based on the Company’s provisions such as "Payroll Management Measures," "Employee Performance Appraisal Measures" and "Measures for the Issuance of Staff Allowances for Supervisors.” The Company also issues year-end bonuses (including employee compensation) based on the “Management Measures for Year-end Bonuses,” as well as the company’s profitability and the performance of employees.

Note:

1. The calculation basis for the number of employees described in the notes to this table shall be consistent with that of employee benefits and employee salaries, and the average number of employees should be used for calculation.
2. According to IFRS 19, employees may provide services in full-time, part-time, permanent, irregular or temporary forms, including directors and other management personnel. Therefore, "employees" in this table shall include directors, managers, general staff and contracted employees, but not including supervisors, dispatched manpower, labor contracting or business outsourcing personnel.
3. The term "directors' remuneration" refers to the compensation, retirement pensions, directors' remuneration and business execution fees received by all directors, but not including salaries, labor and health insurance, pensions and other benefits received for being concurrent employees.
4. The term "supervisors’ remuneration" refers to the compensation, remuneration and business execution fees received by all supervisors.

Taita Chemical Company, Ltd.

Chairman: Wu, Yi-Gui