Code: 1309

Taita Chemical Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

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§ Table of Content §

ITEM	PAGE	FINANCIAL STATEMENT NOTES NUMBER
I. Cover	1	-
II. Table of Content	2-3	-
III. Declaration of Cconsolidation of Financial Statements of Affiliates	4	-
IV. Independent Auditors' Review Report	5～12	-
V. Consolidated Balance Sheets	13	-
VI. Consolidated Statements of Comprehensive Income	14～17	-
VII. Consolidated Statements of Changes in Equity	18	-
VIII. Consolidated Statements of Cash Flows	19～21	-
IX. Notes to Consolidated Financial Statements		
(1) General Information	22	1
(2) Approval of Financial Statements	22	2
(3) Application of New, Amended and Revised Standards and Interpretations	22～25	3
(4) Summary of Significant Accounting Policies	25～44	4
(5) Critical Accounting Judgments and Key Sources of Estimation Uncertainty	44～46	5
(6) Information on Important Accounting Items	46～92	6～29
(7) Related Party Transactions	92～98	30
(8) Collateralised Assets	98～99	31
(9) Significant Contingent Liability and Unrecognized Contractual Committments	99～101	32
(10) Significant Disaster Loss	-	-
(11) Significant Events After the Balance Sheet Date	-	-
(12) Others	101～103	33
(13) Separately Disclosed Items		
1. Information on Significant	103～104、108	34

	Transactions	～113、116	
	2. Information on Reinvestment Business	104、114	34
	3. Information on Investments in China	104～105、115	34
	4. Information on Major Shareholders	105、117	34
(14)	Segment Information	105～107	35

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:

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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.

<u>Sales revenue recognition for specific products</u>

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)

Code	ASSETS	December 31, 2020 Amount	%	December 31, 2019 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)

		2020		2019	
Code		Amount	%	Amount	%
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	%	2019 Amount	%
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	2020 %	2019 Amount	2019 %
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)

		2020		2019	
Code		Amount	%	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.

<u>Key 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 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	$ 27	$ 9,394

related parties (a) (Note 30)

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:

Investor	Investee	Nature of Activities	Proportion of Ownership December 31, 2020	Proportion of Ownership December 31, 2019	Remark
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)

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
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, 2020	December 31, 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

(Continued)

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

<u>December 31, 2020</u>

	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
Financial assets		
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
Financial liabilities		
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.

<u>Sensitivity analysis</u>

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.

33. 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)

35. 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	$ 6,892,805	$ 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.