

Notice to Readers:

The Interim consolidated financial statement (Chinese version) of our company is reviewed by the CPA HUANG, HSIU-CHUN and CPA CHIU, CHENG-CHUN 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.

**China General Plastics Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2020 and 2019 and
Independent Auditors' Review Report**

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
China General Plastics Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of China General Plastics Corporation and its subsidiaries (the Group) as of September 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of the significant accounting policies (collectively referred to as 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 International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Notes 13 and 14 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investments accounted for using the equity method included in the consolidated financial statements were not reviewed. As of September 30, 2020 and 2019, the combined total assets of these non-significant subsidiaries and investments accounted for using the equity method were NT\$962,902 thousand and NT\$972,671 thousand, representing 7% and 8% of the consolidated total assets, respectively, and the combined total liabilities of these non-significant subsidiaries as of September 30, 2020 and 2019 were NT\$37,276 thousand and NT\$42,440 thousand, respectively, collectively representing 1% of the consolidated total liabilities; for

the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$8,035 thousand, NT\$(10,255) thousand, NT\$8,263 thousand, and NT\$3,232 thousand, respectively, representing 2%, (6%), 1%, and 1%, respectively, of the consolidated total comprehensive income, and the Group's share of profit (loss) of these investments accounted for using the equity method for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019 were NT\$13,389 thousand, NT\$4,807 thousand, NT\$32,474 thousand, and NT\$23,391 thousand, respectively, representing 3%, 3%, 4%, and 5%, respectively, of the consolidated total comprehensive income. The additional disclosures of these non-significant subsidiaries and investments accounted for using the equity method were based on financial statements which were not reviewed by auditors.

Qualified Conclusion

Based on our review, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2020 and 2019, its consolidated financial performance for the three months ended September 30, 2020 and 2019 and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche
Taipei, Taiwan, Republic of China

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November 03, 2020

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CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
FOR THE MONTH ENDED SEPTEMBER 30, 2020 AND 2019, AND
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit: NT\$ thousand

CODE	ASSETS	September 30, 2020 (Reviewed)		December 31, 2019 (Audited)		September 30, 2019 (Reviewed)	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
1100	Cash and cash equivalents (Note 6)	\$ 698,914	5	\$ 653,347	6	\$ 721,923	6
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	1,265,508	10	776,077	6	620,200	5
1136	Financial assets at amortized cost - current (Notes 9 and 30)	269,202	2	269,103	2	269,052	2
1150	Notes receivable (Notes 10)	140,390	1	209,990	2	284,201	2
1170	Trade receivables (Notes 10 and 29)	1,214,771	10	1,268,810	10	1,458,665	12
1200	Other receivables (Note 10)	129,928	1	73,501	1	108,863	1
1210	Other receivables from related parties (Notes 10 and 29)	1,552	-	14,315	-	1,587	-
1220	Current tax assets (Note 4)	10,623	-	6,223	-	-	-
1310	Inventories (Note 11)	1,188,592	9	1,469,212	12	1,627,012	13
1410	Prepayments	74,905	1	133,470	1	54,157	1
1470	Other current assets	1,731	-	2,818	-	1,153	-
11XX	Total current assets	<u>4,996,116</u>	<u>39</u>	<u>4,876,866</u>	<u>40</u>	<u>5,146,813</u>	<u>42</u>
NON-CURRENT ASSETS							
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 8 and 22)	158,995	1	119,803	1	120,391	1
1550	Investments accounted for using the equity method (Notes 14)	312,182	2	280,769	2	274,292	2
1600	Property, plant and equipment (Notes 15, 18, 29 and 30)	6,512,625	51	6,157,575	50	5,874,463	48
1755	Right-of-use assets (Note 16)	275,795	2	305,108	2	317,063	3
1760	Investment properties (Note 17)	354,694	3	285,298	2	288,832	2
1840	Deferred tax assets (Note 4)	223,977	2	230,996	2	250,650	2
1990	Other non-current assets (Note 30)	49,494	-	74,818	1	44,323	-
15XX	Total non-current assets	<u>7,887,762</u>	<u>61</u>	<u>7,454,367</u>	<u>60</u>	<u>7,170,014</u>	<u>58</u>
1XXX	TOTAL	<u>\$ 12,883,878</u>	<u>100</u>	<u>\$ 12,331,233</u>	<u>100</u>	<u>\$ 12,316,827</u>	<u>100</u>
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
2100	Short-term borrowings (Note 18)	\$ -	-	\$ -	-	\$ 200,000	2
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	2,482	-	1,227	-	1,450	-
2170	Trade payables (Note 19)	757,776	6	681,973	6	612,364	5
2180	Trade payables to related parties (Notes 19 and 29)	38,276	-	156,339	1	136,554	1
2200	Other payables (Note 20)	742,214	6	630,440	5	603,264	5
2220	Other payables to related parties (Note 29)	9,132	-	15,084	-	8,673	-
2230	Current tax liabilities (Note 4)	131,848	1	99,734	1	54,237	-
2280	Lease liability - current (Notes 16 and 29)	36,059	-	36,082	-	36,228	-
2300	Other current liabilities (Notes 23)	85,077	1	74,220	1	71,874	1
21XX	Total current liabilities	<u>1,802,864</u>	<u>14</u>	<u>1,695,099</u>	<u>14</u>	<u>1,724,644</u>	<u>14</u>
NON-CURRENT LIABILITIES							
2540	Long-term borrowings (Notes 15, 18 and 30)	550,000	4	500,000	4	700,000	6
2570	Deferred tax liabilities (Note 4)	594,587	5	595,310	5	593,896	5
2580	Lease liabilities - non-current (Notes 16 and 29)	155,641	1	181,459	1	190,266	1
2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	602,637	5	642,215	5	656,387	5
2670	Other non-current liabilities	19,581	-	4,584	-	5,385	-
25XX	Total non-current liabilities	<u>1,922,446</u>	<u>15</u>	<u>1,923,568</u>	<u>15</u>	<u>2,145,934</u>	<u>17</u>
2XXX	Total liabilities	<u>3,725,310</u>	<u>29</u>	<u>3,618,667</u>	<u>29</u>	<u>3,870,578</u>	<u>31</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 8, 14, 22 and 25)							
3110	Ordinary shares	5,533,814	43	5,270,299	43	5,270,299	43
3200	Capital surplus	10,058	-	10,060	-	8,941	-
Retained earnings							
3310	Legal reserve	704,963	5	640,570	5	640,570	5
3320	Special reserve	408,223	3	408,223	3	408,223	3
3350	Unappropriated earnings	1,910,440	15	1,888,394	16	1,643,639	14
3300	Total retained earnings	<u>3,023,626</u>	<u>23</u>	<u>2,937,187</u>	<u>24</u>	<u>2,692,432</u>	<u>22</u>
3400	Other equity	90,375	1	33,266	-	45,873	-
31XX	Total equity attributable to owners of the Company	<u>8,657,873</u>	<u>67</u>	<u>8,250,812</u>	<u>67</u>	<u>8,017,545</u>	<u>65</u>
36XX	NON-CONTROLLING INTERESTS	<u>500,695</u>	<u>4</u>	<u>461,754</u>	<u>4</u>	<u>428,704</u>	<u>4</u>
3XXX	Total equity	<u>9,158,568</u>	<u>71</u>	<u>8,712,566</u>	<u>71</u>	<u>8,446,249</u>	<u>69</u>
TOTAL		<u>\$ 12,883,878</u>	<u>100</u>	<u>\$ 12,331,233</u>	<u>100</u>	<u>\$ 12,316,827</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Deloitte & Touche auditors' review report dated November 03, 2020)

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CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Reviewed, Not Audited)

Unit: NT\$ thousand, except Earnings Per Share

Code		For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2020		2019		2020		2019	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	NET REVENUE (Notes 23 and 29)	\$ 3,262,308	100	\$ 3,824,886	100	\$ 9,140,578	100	\$11,407,164	100
5110	COST OF REVENUE (Notes 11, 24 and 29)	<u>2,511,263</u>	<u>77</u>	<u>3,301,095</u>	<u>86</u>	<u>7,555,667</u>	<u>82</u>	<u>10,079,231</u>	<u>88</u>
5900	GROSS PROFIT	<u>751,045</u>	<u>23</u>	<u>523,791</u>	<u>14</u>	<u>1,584,911</u>	<u>18</u>	<u>1,327,933</u>	<u>12</u>
	OPERATING EXPENSES (Notes 24 and 29)								
6100	Selling and marketing expenses	207,976	6	209,345	6	556,788	6	633,950	6
6200	General and administrative expenses	65,341	2	73,101	2	197,745	2	210,941	2
6300	Research and development expenses	<u>18,587</u>	<u>1</u>	<u>15,010</u>	-	<u>49,297</u>	<u>1</u>	<u>42,909</u>	-
6000	Total operating expenses	<u>291,904</u>	<u>9</u>	<u>297,456</u>	<u>8</u>	<u>803,830</u>	<u>9</u>	<u>887,800</u>	<u>8</u>
6900	PROFIT FROM OPERATIONS	<u>459,141</u>	<u>14</u>	<u>226,335</u>	<u>6</u>	<u>781,081</u>	<u>9</u>	<u>440,133</u>	<u>4</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 7, 14, 24 and 29)								
7100	Interest income	356	-	2,120	-	3,311	-	12,155	-
7010	Other income	6,274	-	14,956	-	19,573	-	37,780	1
7020	Other gain and loss	(11,918)	-	(11,631)	-	(13,812)	-	20,168	-
7060	Share of profit of associates accounted for using the equity method	3,306	-	3,215	-	18,688	-	19,922	-
7510	Interest expense	(<u>1,857</u>)	-	(<u>3,135</u>)	-	(<u>6,514</u>)	-	(<u>9,188</u>)	-
7000	Total non-operating income and expenses	(<u>3,839</u>)	-	<u>5,525</u>	-	<u>21,246</u>	-	<u>80,837</u>	<u>1</u>
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	455,302	14	231,860	6	802,327	9	520,970	5
7950	INCOME TAX EXPENSE (Notes 4 and 25)	<u>67,663</u>	<u>2</u>	<u>43,147</u>	<u>1</u>	<u>132,139</u>	<u>2</u>	<u>97,958</u>	<u>1</u>
8000	NET PROFIT FROM CONTINUING OPERATIONS (Note 24)	387,639	12	188,713	5	670,188	7	423,012	4
8100	NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS (Note 12)	<u>651</u>	-	(<u>793</u>)	-	<u>2,107</u>	-	<u>3,604</u>	-
8200	NET PROFIT FOR THE PERIOD	<u>388,290</u>	<u>12</u>	<u>187,920</u>	<u>5</u>	<u>672,295</u>	<u>7</u>	<u>426,616</u>	<u>4</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 8, 14, 22 and 25)								
	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized gain (loss) on investments in equity instruments at FVTOCI	31,040	1	(6,868)	-	51,839	1	4,642	-
8326	Share of other comprehensive income of associates accounted for using the equity method - unrealized gain on investments in equity instruments at FVTOCI	<u>10,203</u>	-	<u>1,514</u>	-	<u>14,429</u>	-	<u>2,739</u>	-
8310		<u>41,243</u>	<u>1</u>	(<u>5,354</u>)	-	<u>66,268</u>	<u>1</u>	<u>7,381</u>	-

(Continued)

Code		For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2020		2019		2020		2019	
		Amount	%	Amount	%	Amount	%	Amount	%
	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating the financial statements of foreign operations	(\$ 196)	-	(\$ 11,011)	-	(\$ 11,076)	-	(\$ 3,939)	-
8371	Share of other comprehensive income(loss)of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	427	-	(566)	-	(255)	-	(345)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(97)	-	2,202	-	2,215	-	789	-
8360		134	-	(9,375)	-	(9,116)	-	(3,495)	-
8300	Other comprehensive income (loss) for the period, net of income tax	41,377	1	(14,729)	-	57,152	1	3,886	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 429,667	13	\$ 173,191	5	\$ 729,447	8	\$ 430,502	4
	NET PROFIT (LOSS) ATTRIBUTABLE TO:								
8610	Owners of the Company	\$ 357,618	11	\$ 170,149	4	\$ 613,469	7	\$ 403,908	4
8620	Non-controlling interests	30,672	1	17,771	1	58,826	-	22,708	-
8600		\$ 388,290	12	\$ 187,920	5	\$ 672,295	7	\$ 426,616	4
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
8710	Owners of the Company	\$ 398,995	12	\$ 155,396	4	\$ 670,578	7	\$ 407,764	4
8720	Non-controlling interests	30,672	1	17,795	1	58,869	1	22,738	-
8700		\$ 429,667	13	\$ 173,191	5	\$ 729,447	8	\$ 430,502	4
	EARNINGS PER SHARE (Note 26)								
	From continuing and discontinued operations								
9750	Basic	\$ 0.65		\$ 0.31		\$ 1.11		\$ 0.73	
9850	Diluted	\$ 0.65		\$ 0.31		\$ 1.10		\$ 0.73	
	From continuing operations								
9710	Basic	\$ 0.64		\$ 0.31		\$ 1.11		\$ 0.72	
9810	Diluted	\$ 0.64		\$ 0.31		\$ 1.10		\$ 0.72	

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Deloitte & Touche auditors' review report dated November 03, 2020)

(Concluded)

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CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Reviewed, Not Audited)

Equity Attributable to Owners of the Company (Notes 3, 8, 14, 22, and 25)

Unit: NT\$ thousand

Code		Share Capital				Capital Surplus				Retained Earnings				Other Equity			Non-controlling Interests	Total Equity
		Ordinary Shares	Unpaid Dividends	Others	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain on Investments in Equity Instruments at FVTOCI	Total	Total					
A1	BALANCE AT JANUARY 1, 2019	\$ 5,067,596	\$ 8,622	\$ 307	\$ 8,929	\$ 512,954	\$ 408,223	\$ 2,334,921	\$ 3,256,098	(\$ 15,825)	\$ 57,842	\$ 42,017	\$ 8,374,640	\$ 436,464	\$ 8,811,104			
A3	Effect of retrospective restatement	-	-	-	-	-	-	(4,731)	(4,731)	-	-	-	(4,731)	(306)	(5,037)			
A5	BALANCE AT JANUARY 1, 2019, AS RESTATED	5,067,596	8,622	307	8,929	512,954	408,223	2,330,190	3,251,367	(15,825)	57,842	42,017	8,369,909	436,158	8,806,067			
B1	Appropriation of 2018 earnings																	
B1	Legal reserve	-	-	-	-	127,616	-	(127,616)	-	-	-	-	-	-	-			
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(760,140)	(760,140)	-	-	-	(760,140)	-	(760,140)			
B9	Share dividends distributed by the Company	202,703	-	-	-	-	-	(202,703)	(202,703)	-	-	-	-	-	-			
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(30,192)	(30,192)				
C17	Other changes in capital surplus	-	5	7	12	-	-	-	-	-	-	12	-	12				
D1	Net profit for the nine months ended September 30, 2019	-	-	-	-	-	-	403,908	403,908	-	-	-	403,908	22,708	426,616			
D3	Other comprehensive income for the nine months ended September 30, 2019, net of income tax	-	-	-	-	-	-	-	-	(3,495)	7,351	3,856	3,856	30	3,886			
D5	Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	-	403,908	403,908	(3,495)	7,351	3,856	407,764	22,738	430,502			
Z1	BALANCE AT SEPTEMBER 30, 2019	\$ 5,270,299	\$ 8,627	\$ 314	\$ 8,941	\$ 640,570	\$ 408,223	\$ 1,643,639	\$ 2,692,432	(\$ 19,320)	\$ 65,193	\$ 45,873	\$ 8,017,545	\$ 428,704	\$ 8,446,249			
A1	BALANCE AT JANUARY 1, 2020	\$ 5,270,299	\$ 9,746	\$ 314	\$ 10,060	\$ 640,570	\$ 408,223	\$ 1,888,394	\$ 2,937,187	(\$ 33,763)	\$ 67,029	\$ 33,266	\$ 8,250,812	\$ 461,754	\$ 8,712,566			
B1	Appropriation of 2019 earnings																	
B1	Legal reserve	-	-	-	-	64,393	-	(64,393)	-	-	-	-	-	-	-			
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(263,515)	(263,515)	-	-	-	(263,515)	-	(263,515)			
B9	Share dividends distributed by the Company	263,515	-	-	-	-	-	(263,515)	(263,515)	-	-	-	-	-	-			
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(19,927)	(19,927)				
C17	Other changes in capital surplus	-	(2)	-	(2)	-	-	-	-	-	-	(2)	(1)	(3)				
D1	Net profit for the nine months ended September 30, 2020	-	-	-	-	-	-	613,469	613,469	-	-	-	613,469	58,826	672,295			
D3	Other comprehensive income (loss) for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	-	-	-	(9,116)	66,225	57,109	57,109	43	57,152			
D5	Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	-	613,469	613,469	(9,116)	66,225	57,109	670,578	58,869	729,447			
Z1	BALANCE AT SEPTEMBER 30, 2020	\$ 5,533,814	\$ 9,744	\$ 314	\$ 10,058	\$ 704,963	\$ 408,223	\$ 1,910,440	\$ 3,023,626	(\$ 42,879)	\$ 133,254	\$ 90,375	\$ 8,657,873	\$ 500,695	\$ 9,158,568			

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Deloitte & Touche auditors' review report dated November 03, 2020)

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CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Reviewed, Not Audited)

Unit: NT\$ thousand

Code		For the Nine Months Ended September 30	
		2020	2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Income before income tax from continuing operations	\$ 802,327	\$ 520,970
A00020	Income before income tax from discontinued operations	<u>2,107</u>	<u>3,604</u>
A10000	Income before income tax	804,434	524,574
A20010	Adjustments for:		
A20100	Depreciation expenses	485,126	453,048
A20200	Amortization expenses	31,269	23,839
A20400	Net gain on fair value change on financial assets carried at FVTPL	(3,622)	(8,792)
A20900	Interest expense	6,514	9,188
A21200	Interest income	(3,499)	(12,330)
A21300	Dividend income	(1,187)	(4,019)
A22300	Share of profit of associates	(18,688)	(19,922)
A22500	Loss on disposal of property, plant and equipment	115	2,157
A22600	Property, plant and equipment transferred to expense	1,440	1,247
A23200	Loss on disposal of investments accounted for using the equity method	173	-
A23800	Write-down (reversal) of inventories	9,642	(233)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at FVTPL	(483,327)	843,074
A31130	Notes receivable	69,600	(88,354)
A31150	Trade receivables	50,344	150,591
A31180	Other receivables	(56,724)	(24,490)
A31190	Other receivables from related parties	12,763	9,579
A31200	Inventories	265,821	92,965
A31230	Prepayments	58,565	1,797
A31240	Other current assets	1,087	360
A32110	Financial liabilities held for trading	(1,227)	(21,970)
A32130	Notes payable	-	(288)
A32150	Trade payables	76,686	(307,653)
A32160	Trade payables to related parties	(118,063)	(35,306)
A32180	Other payables	62,469	(133,385)
A32190	Other payables to related parties	(5,952)	(5,604)
A32230	Other current liabilities	10,857	3,462
A32240	Net defined benefit liabilities	<u>(39,578)</u>	<u>(51,292)</u>

Code		For the Nine Months Ended September 30	
		2020	2019
A33000	Cash generated from operations	\$ 1,215,038	\$ 1,402,243
A33100	Interest received	3,773	12,621
A33300	Interest paid	(6,473)	(9,382)
A33500	Income tax paid	(<u>95,911</u>)	(<u>213,529</u>)
AAAA	Net cash generated from operating activities	<u>1,116,427</u>	<u>1,191,953</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00030	Proceeds from capital reduction of financial assets at FVTOCI	12,647	6,891
B00040	Purchase of financial assets at amortized cost	(453,354)	(269,052)
B00050	Proceeds from sale of financial assets at amortized cost	453,255	268,954
B02700	Payments for property, plant and equipment	(799,646)	(503,679)
B02800	Proceeds from disposal of property, plant and equipment	2,233	2,141
B03700	Increase in refundable deposits	(33,005)	(16,552)
B03800	Decrease in refundable deposits	33,875	12,921
B05400	Acquisition of Investment Property	(38,661)	-
B06700	Increase in other non-current assets	(6,824)	(78)
B07600	Dividends received	1,187	4,019
B09900	Proceeds from liquidation of investments accounted for using equity method	<u>1,274</u>	<u>-</u>
BBBB	Net cash used in investing activities	(<u>827,019</u>)	(<u>494,435</u>)
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Proceeds from short-term borrowings	-	200,000
C01600	Proceeds from long-term borrowings	50,000	-
C01700	Repayments of long-term borrowings	-	(300,000)
C03000	Proceeds from guarantee deposits received	15,579	3,573
C03100	Refunds of guarantee deposits received	(589)	(1,832)
C04020	Repayment of the principal portion of lease liabilities	(25,526)	(25,472)
C04300	Increase (decrease) in other non-current liabilities	7	(6)
C04500	Dividends paid to owner of the company	(261,032)	(757,815)
C05800	Cash dividends paid to non-controlling interests	(<u>19,927</u>)	(<u>30,192</u>)
CCCC	Net cash used in financing activities	(<u>241,488</u>)	(<u>911,744</u>)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(<u>2,353</u>)	<u>1,469</u>

(Continued)

<u>Code</u>		<u>For the Nine Months Ended September 30</u>	
		<u>2020</u>	<u>2019</u>
E0000	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 45,567	(\$ 212,757)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>653,347</u>	<u>934,680</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 698,914</u>	<u>\$ 721,923</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Deloitte & Touche auditors' review report dated November 03, 2020)

(Concluded)

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CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Reviewed, Not Audited)

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

1. GENERAL INFORMATION

China General Plastics Corporation (the “Company”) was incorporated and began operations on April 29, 1964. The Company mainly engages in the production and sale of PVC films, PVC leather, PVC pipes, PVC compounds, PVC resins, construction products, chlor-alkali products and other related products.

The Company’s ordinary shares have been listed on the Taiwan Stock Exchange since March 1973.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to “the Group”) are presented in the Company’s functional currency, the New Taiwan dollar (NT\$).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were proposed to the Company’s board of directors on November 03, 2020.

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

- (1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

(2) New IFRSs in issue but not yet endorsed and issued into effect by the FSC:

New IFRSs	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 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
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 Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual 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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which 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.

(3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its

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

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

See Note 13 and Tables 7 and 8 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(4) Other significant accounting policies

Except for the following, the accounting policies applied in these interim consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2019.

1) Defined benefit plan

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group has taken the economic impact of COVID-19 pandemic into consideration in critical accounting estimates, and the management will continue to review the estimates and basic assumptions. For other critical accounting judgment and key sources of estimation uncertainty, please refer to the consolidated financial statements for the year ended December 31, 2019.

6. CASH AND CASH EQUIVALENTS

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand and petty cash	\$ 523	\$ 527	\$ 537
Checking accounts and demand deposits	310,276	216,911	331,524
Cash equivalents			
Time deposits	388,115	435,909	389,862
	<u>\$ 698,914</u>	<u>\$ 653,347</u>	<u>\$ 721,923</u>

The market rate intervals of time deposits in bank at the end of the reporting period were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Time deposits	0.10%-1.30%	1.40%-2.20%	1.98%-2.29%

7. FINANCIAL INSTRUMENTS AT FVTPL

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets mandatorily classified as at FVTPL</u>			
Derivative financial assets (not under hedge accounting)			
– Foreign exchange forward contracts	\$ 3,860	\$ 7,446	\$ 2,762
Non-derivative financial assets			
– Mutual funds	1,212,343	528,164	389,650
– Beneficiary securities	49,305	240,467	227,788
– Overseas unlisted equity investments	-	-	-
	<u>\$ 1,265,508</u>	<u>\$ 776,077</u>	<u>\$ 620,200</u>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
– Foreign exchange forward contracts	\$ 2,482	\$ 1,227	\$ 1,450

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

	Currency	Maturity Date	Contract Amount (In Thousands)	
<u>September 30, 2020</u>				
Buy	NTD/USD	2020.10.19-2020.11.23	NTD	265,688 /USD 9,060
Sell	USD/NTD	2020.10.05-2021.01.04	USD	20,160 /NTD 589,564
<u>December 31, 2019</u>				
Buy	NTD/USD	2020.01.13-2020.03.04	NTD	259,075 /USD 8,590
Sell	USD/NTD	2020.01.03-2020.03.24	USD	23,740 /NTD 719,887
<u>September 30, 2019</u>				
Buy	NTD/USD	2019.12.04	NTD	47,260 /USD 1,520
Sell	USD/NTD	2019.10.02-2020.01.06	USD	30,560 /NTD 948,357

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply a hedge accounting treatment for these contracts.

8. FINANCIAL ASSETS AT FVTOCI – NON CURRENT

Investments in Equity Instruments at FVTOCI

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Domestic equity investments			
Listed ordinary shares			
Asia Polymer Corporation	\$ 2,260	\$ 1,921	\$ 1,818
Unlisted ordinary shares			
KHL IB Venture Capital Co., Ltd.	<u>156,735</u>	<u>117,882</u>	<u>118,573</u>
	<u>\$ 158,995</u>	<u>\$ 119,803</u>	<u>\$ 120,391</u>

In order to adjust its capital structure, KHL IB Venture Capital Co., Ltd. resolved at the shareholders' meeting in May 2020 and April 2019 to reduce its capital per thousand shares by 165 and 82.5 shares and refund \$1,650 and \$825 per thousand shares, respectively, resulting in the cancellation of 21,246 thousand shares and 11,578 thousand shares, with capital reduction ratios of 16.5% and 8.25%, respectively. In August 2020 and May 2019, the Company received \$12,647 thousand and \$6,891 thousand, respectively, for capital refunds.

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 it believes 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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Domestic investments			
Pledged time deposits	<u>\$ 269,202</u>	<u>\$ 269,103</u>	<u>\$ 269,052</u>

As of September 30, 2020, December 31, 2019, and September 30, 2019, the interest rates for pledged time deposits ranged from 0.040% to 1.015%, 0.090% to 1.015% and 0.090% to 1.015%, respectively.

Refer to Note 30 for information related to financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 140,390</u>	<u>\$ 209,990</u>	<u>\$ 284,201</u>
<u>Trade receivables (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 1,228,286	\$ 1,282,410	\$ 1,472,367
Less: Allowance for impairment loss	(13,515)	(13,600)	(13,702)
	<u>\$ 1,214,771</u>	<u>\$ 1,268,810</u>	<u>\$ 1,458,665</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 87,626	\$ 68,620	\$ 104,797
Lend raw materials receivables	38,488	-	-
Interest receivables	537	811	648
Others	3,519	4,314	3,667
Less: Allowance for impairment loss	(242)	(244)	(249)
	<u>\$ 129,928</u>	<u>\$ 73,501</u>	<u>\$ 108,863</u>
Other receivables from related parties (Note 29)	<u>\$ 1,552</u>	<u>\$ 14,315</u>	<u>\$ 1,587</u>

(1) Trade receivables

The Group's credit period for the sale of goods ranges from 10 days to 60 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting a new customer, the Group surveys the customers' credit history and measures the potential customer's credit quality to set a credit limit. A customer's credit limit and rating are reviewed annually. In addition, the Group reviews the recoverable amount of trade

debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk 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 an allowance matrix by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

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

The following table details the loss allowance of trade receivables based on the Group's allowance matrix.

September 30, 2020

	<u>Credit Rating A</u>	<u>Credit Rating B</u>	<u>Credit Rating C</u>	<u>Others</u>	<u>Total</u>
Gross carrying amount	\$ 31,246	\$ 335,472	\$ 115,843	\$ 745,725	\$1,228,286
Loss allowance (lifetime ECLs)	-	(3,266)	(2,701)	(7,548)	(13,515)
Amortized cost	<u>\$ 31,246</u>	<u>\$ 332,206</u>	<u>\$ 113,142</u>	<u>\$ 738,177</u>	<u>\$1,214,771</u>

December 31, 2019

	<u>Credit Rating A</u>	<u>Credit Rating B</u>	<u>Credit Rating C</u>	<u>Others</u>	<u>Total</u>
Gross carrying amount	\$ 103,172	\$ 479,961	\$ 127,041	\$ 572,236	\$1,282,410
Loss allowance (lifetime ECLs)	-	(3,864)	(2,863)	(6,873)	(13,600)
Amortized cost	<u>\$ 103,172</u>	<u>\$ 476,097</u>	<u>\$ 124,178</u>	<u>\$ 565,363</u>	<u>\$1,268,810</u>

September 30, 2019

	<u>Credit Rating A</u>	<u>Credit Rating B</u>	<u>Credit Rating C</u>	<u>Others</u>	<u>Total</u>
Gross carrying amount	\$ 49,802	\$ 392,246	\$ 231,300	\$ 799,019	\$1,472,367
Loss allowance (lifetime ECLs)	-	(3,105)	(5,212)	(5,385)	(13,702)
Amortized cost	<u>\$ 49,802</u>	<u>\$ 389,141</u>	<u>\$ 226,088</u>	<u>\$ 793,634</u>	<u>\$1,458,665</u>

The aging of notes receivable and trade receivables was as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Not past due	\$ 1,345,741	\$ 1,448,401	\$ 1,687,043
Less than and including 60 days	20,721	40,017	66,601
Over 60 days	<u>2,214</u>	<u>3,982</u>	<u>2,924</u>
	<u>\$ 1,368,676</u>	<u>\$ 1,492,400</u>	<u>\$ 1,756,568</u>

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

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Nine Months Ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 13,600	\$ 13,735
Less: Amounts written off	-	(63)
Foreign exchange gains and losses	(85)	<u>30</u>
Balance at September 30	<u>\$ 13,515</u>	<u>\$ 13,702</u>

(2) Other receivables

As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group assessed the impairment loss of other receivables using expected credit losses.

11. INVENTORIES

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Finished goods	\$ 585,109	\$ 722,447	\$ 821,552
Work in progress	37,131	37,077	33,948
Raw materials	<u>566,352</u>	<u>709,688</u>	<u>771,512</u>
	<u>\$ 1,188,592</u>	<u>\$ 1,469,212</u>	<u>\$ 1,627,012</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019 were \$2,511,263 thousand, \$3,301,095 thousand, \$7,555,667 thousand, and \$10,079,231 respectively. The cost of goods sold for the three months ended September 30, 2020 and for the nine months ended September 30, 2020 included allowance for inventory valuation and obsolescence losses of \$9,642 thousand and \$2,634 thousand, respectively. The cost of goods sold for the three months ended September 30, 2019 and for the nine months ended September 30, 2019 included reversals of allowance for inventory valuation and obsolescence losses of \$7,261 thousand and \$233 thousand, respectively. The reversals of allowance for inventory valuation and obsolescence losses are due to the recovery of inventory prices and inventory closeout, respectively.

12. DISCONTINUED OPERATIONS

On October 24, 2011, the Company's board of directors approved to dispose of Continental General Plastics (Zhong Shan) Co., Ltd. and CGPC Consumer Products Corporation. The details of profit from discontinued operations and the related cash flows information were as follows:

The operating performances of the discontinued operations included in the consolidated comprehensive income statement were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Administrative expenses	(\$ 5,142)	(\$ 7,469)	(\$ 15,312)	(\$ 19,853)
Loss from operations	(5,142)	(7,469)	(15,312)	(19,853)
Non-operating income	5,793	6,676	17,419	23,457
Net profit from discontinued operations	\$ 651	(\$ 793)	\$ 2,107	\$ 3,604

For the nine months ended September 30, 2020 and 2019, the cash flows from the discontinued operations were as follows:

	For the Nine Months Ended September 30	
	2020	2019
Net cash generated from operating activities	\$ 12,403	\$ 8,144
Effect of exchange rate changes	(367)	(1,670)
Net cash inflow	\$ 12,036	\$ 6,474

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Nature of Activities	Proportion of Ownership (%)			Note
			September 30, 2020	December 31, 2019	September 30, 2020	
The Company	CGPC Polymer Corporation ("CGPCPOL")	Manufacturing and marketing of PVC resins	100.00%	100.00%	100.00%	Subsidiary (Note a)
The Company	Taiwan VCM Corporation ("TVCM")	Manufacturing and marketing of VCM	87.22%	87.22%	87.22%	Subsidiary (Note b)
The Company	CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	Reinvestment	100.00%	100.00%	100.00%	Subsidiary
The Company	CGPC America Corporation ("CGPC America")	Marketing of PVC film and leather products	100.00%	100.00%	100.00%	Subsidiary
The Company	Krystal Star International Corporation ("Krystal Star")	Marketing of PVC film and consumer products	-	-	100.00%	Subsidiary (Note d)
CGPC (BVI)	Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)")	Manufacturing and marketing of PVC film and consumer products	100.00%	100.00%	100.00%	Subsidiary of CGPC (BVI)(Note c)
CGPC (BVI)	CGPC Consumer Products Corporation ("CGPC (CP)")	Manufacturing and marketing of PVC consumer products	100.00%	100.00%	100.00%	Subsidiary of CGPC (BVI)(Note c)

- a. On May 24, 2019, the board of directors of CGPCPOL, on behalf of the shareholders, resolved to increase its capital by declaring a share dividend of \$11,407 thousand, representing 1,141 thousand shares. The record date of the capital increase was July 5, 2019.

- b. On May 6, 2020 and May 6, 2019, the TVCM shareholders in their meeting passed a resolution to increase TVCM's capital by declaring a share dividend of \$155,892 thousand and \$236,200 thousand, representing 15,589 thousand shares and 23,620 thousand shares, respectively. The record date of the capital increase was July 3, 2020 and July 5, 2019 respectively.
- c. In October 2011, the board of directors of the Company resolved to dissolve CGPC (ZS) and CGPC (CP). As of September 30, 2020, the dissolution procedures have not yet been completed.
- d. Krystal Star was dissolved in December 2019. The Company collected repayment of shares which amounted to \$78,556 thousand and recognized profit of \$2,549 thousand.

Except for the financial statements of TVCM and CGPCPOL, other non-significant subsidiaries included in the consolidated financial statements were not reviewed by the auditors.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates that are not individually material

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Listed company			
Acme Electronics Corporation ("ACME")	\$ 22,124	\$ 21,739	\$ 23,223
Unlisted company			
China General Terminal & Distribution Corporation ("CGTD")	290,058	257,584	249,625
Thintec Materials Corporation ("TMC")	-	1,446	1,444
	<u>\$ 312,182</u>	<u>\$ 280,769</u>	<u>\$ 274,292</u>

Aggregate information of associates that are not individually material

	<u>For the Three Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
The Group's share of:				
Gain from continuing operations	\$ 3,306	\$ 3,215	\$ 18,688	\$ 19,922
Other comprehensive income (loss)	<u>10,630</u>	<u>948</u>	<u>14,174</u>	<u>2,394</u>
Total comprehensive income for the period	<u>\$ 13,936</u>	<u>\$ 4,163</u>	<u>\$ 32,862</u>	<u>\$ 22,316</u>

At the end of the reporting periods, the percentage of ownership and voting rights held by the Group in the associates were as follows:

<u>Name of Associates</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
ACME	1.74%	1.74%	1.74%
CGTD	33.33%	33.33%	33.33%
TMC	-	10.00%	10.00%

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

On April 12, 2019, the board of directors of TMC approved the proposal for dissolution and liquidation of the Company starting from the dissolution date of May 25, 2019. TMC have been completed dissolution procedures on July 22, 2020. The Company retrieved the residual assets of \$1,274 thousand in May 2020 and recognized a loss of \$173 thousand on disposal of investment.

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

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

<u>Name of Associate</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
ACME	<u>\$ 48,117</u>	<u>\$ 38,906</u>	<u>\$ 40,018</u>

Except for the nine months ended September 30, 2020 and 2019 of ACME and the nine months ended September 30, 2020 of TMC, the Group’s investments accounted for using the equity method and its share of profit or loss and other comprehensive income or loss as of and for the nine months ended September 30, 2020 and 2019 were not reviewed by auditors for the same periods.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Machinery in Transit	Total
Cost							
Balance at January 1, 2020	\$ 2,090,707	\$ 2,004,298	\$ 10,218,539	\$ 58,694	\$ 343,686	\$ 763,535	\$ 15,479,459
Additions	-	-	-	-	123	811,330	811,453
Disposals	-	(11,969)	(86,650)	(2,895)	(4,763)	-	(106,277)
Reclassification	-	49,422	297,633	10,160	42,174	(406,721)	(7,332)
Effect of foreign currency exchange differences	-	(1,771)	(305)	(54)	(134)	(3)	(2,267)
Balance at September 30, 2020	<u>\$ 2,090,707</u>	<u>\$ 2,039,980</u>	<u>\$ 10,429,217</u>	<u>\$ 65,905</u>	<u>\$ 381,086</u>	<u>\$ 1,168,141</u>	<u>\$ 16,175,036</u>
Accumulated depreciation and impairment							
Balance at January 1, 2020	\$ -	\$ 1,158,717	\$ 7,827,294	\$ 43,683	\$ 284,379	\$ 7,811	\$ 9,321,884
Depreciation expenses	-	55,498	371,620	4,199	14,717	-	446,034
Disposals	-	(11,935)	(84,336)	(2,895)	(4,763)	-	(103,929)
Effect of foreign currency exchange differences	-	(1,195)	(262)	(25)	(94)	(2)	(1,578)
Balance at September 30, 2020	<u>\$ -</u>	<u>\$ 1,201,085</u>	<u>\$ 8,114,316</u>	<u>\$ 44,962</u>	<u>\$ 294,239</u>	<u>\$ 7,809</u>	<u>\$ 9,662,411</u>
Balance at December 31, 2019 and January 1, 2020	<u>\$ 2,090,707</u>	<u>\$ 845,581</u>	<u>\$ 2,391,245</u>	<u>\$ 15,011</u>	<u>\$ 59,307</u>	<u>\$ 755,724</u>	<u>\$ 6,157,575</u>
Carrying amounts at September 30, 2020	<u>\$ 2,090,707</u>	<u>\$ 838,895</u>	<u>\$ 2,314,901</u>	<u>\$ 20,943</u>	<u>\$ 86,847</u>	<u>\$ 1,160,332</u>	<u>\$ 6,512,625</u>
Cost							
Balance at January 1, 2019	\$ 2,105,218	\$ 2,102,358	\$ 9,750,059	\$ 64,478	\$ 341,757	\$ 719,920	\$ 15,083,790
Additions	-	-	181	-	509	482,460	483,150
Disposals	-	(32,554)	(152,674)	(6,114)	(14,888)	-	(206,230)
Reclassification	(14,511)	(110,540)	458,581	1,869	9,959	(557,682)	(212,324)
Effect of foreign currency exchange differences	-	(6,247)	(594)	(20)	9	(157)	(7,009)
Balance at September 30, 2019	<u>\$ 2,090,707</u>	<u>\$ 1,953,017</u>	<u>\$ 10,055,553</u>	<u>\$ 60,213</u>	<u>\$ 337,346</u>	<u>\$ 644,541</u>	<u>\$ 15,141,377</u>
Accumulated depreciation and impairment							
Balance at January 1, 2019	\$ -	\$ 1,142,183	\$ 7,595,905	\$ 46,767	\$ 280,977	\$ 8,069	\$ 9,073,901
Depreciation expenses	-	54,586	347,962	4,329	13,794	-	420,671
Disposals	-	(30,655)	(150,883)	(5,556)	(14,838)	-	(201,932)
Reclassification	-	(14,757)	(5,845)	-	-	-	(20,602)
Effect of foreign currency exchange differences	-	(4,331)	(614)	(37)	14	(156)	(5,124)
Balance at September 30, 2019	<u>\$ -</u>	<u>\$ 1,147,026</u>	<u>\$ 7,786,525</u>	<u>\$ 45,503</u>	<u>\$ 279,947</u>	<u>\$ 7,913</u>	<u>\$ 9,266,914</u>
Carrying amounts at September 30, 2019	<u>\$ 2,090,707</u>	<u>\$ 805,991</u>	<u>\$ 2,269,028</u>	<u>\$ 14,710</u>	<u>\$ 57,399</u>	<u>\$ 636,628</u>	<u>\$ 5,874,463</u>

The additions of construction in progress and machinery in transit during the nine months ended September 30, 2020 and 2019 are mainly due to the Company's machinery and equipment system construction, and subsidiary TVCM's terminal facilities and its turbine assembly construction of petrochemical oil storage center in Kaohsiung Intercontinental Container Terminal (Phase II).

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

Buildings and improvements

Dormitories, restaurants and office buildings	26 to 60 years
Cell room and improvements	5 to 21 years
General plants and improvements	3 to 45 years

(Continued)

(2) Lease liabilities

	September 30, 2020	December 31, 2019	September 30, 2019
Carrying amounts			
Current	\$ <u>36,059</u>	\$ <u>36,082</u>	\$ <u>36,228</u>
Non-current	\$ <u>155,641</u>	\$ <u>181,459</u>	\$ <u>190,266</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Land	1.0392%	1.0392%	1.0392%
Buildings	1.0392%	1.0392%	1.0392%
Machinery	1.0392%	1.0392%	1.0392%

(3) Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Expenses relating to short-term leases	\$ <u>3,017</u>	\$ <u>2,931</u>	\$ <u>9,205</u>	\$ <u>8,754</u>
Expenses relating to low-value asset leases	\$ <u>153</u>	\$ <u>146</u>	\$ <u>454</u>	\$ <u>438</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ <u>7,538</u>	\$ <u>8,704</u>	\$ <u>28,974</u>	\$ <u>35,518</u>
Total cash outflow for leases			(\$ <u>65,766</u>)	(\$ <u>72,059</u>)

17. INVESTMENT PROPERTIES

	September 30, 2020	December 31, 2019	September 30, 2019
Land	\$ <u>107,715</u>	\$ <u>27,715</u>	\$ <u>27,715</u>
Building and improvements, net	<u>246,979</u>	<u>257,583</u>	<u>261,117</u>
	\$ <u>354,694</u>	\$ <u>285,298</u>	\$ <u>288,832</u>

The Group's investment properties are located in Toufen Industrial District. Due to the characteristics of the district, the market for comparable properties is inactive and alternative reliable measurements of fair value were not available. Therefore, the Group determined that the fair value of its investment properties is not reliably measurable.

The maturity analysis of lease payments receivable under operating leases of investment properties in 2020 and 2019 were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Year 1	\$ 8,377	\$ 7,567	\$ 8,801
Year 2	6,622	6,622	6,622
Year 3	6,622	6,622	6,622
Year 4	6,622	6,622	6,622
Year 5	6,623	6,623	6,622
Year 6 onwards	<u>24,833</u>	<u>29,800</u>	<u>31,456</u>
	<u>\$ 59,699</u>	<u>\$ 63,856</u>	<u>\$ 66,745</u>

Except for the recognition of depreciation expense, the Group's investment properties did not experience significant disposals and impairments for the nine months ended September 30, 2020 and 2019. The investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements 5 to 26 years

18. BORROWINGS

(1) Short-term borrowings

	September 30, 2020	December 31, 2019	September 30, 2019
Unsecured borrowings			
Bank loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>

As of September 30, 2019, the interest rates of the revolving bank loan was 0.94% (as of September 30, 2020 and December 31, 2019: None).

(2) Long-term borrowings

	September 30, 2020	December 31, 2019	September 30, 2019
Line of credit borrowings	\$ 550,000	\$ -	\$ 200,000
Secured loans	<u>-</u>	<u>500,000</u>	<u>500,000</u>
	<u>\$ 550,000</u>	<u>\$ 500,000</u>	<u>\$ 700,000</u>
The range of interest rate	<u>0.82-0.94%</u>	<u>1.05%</u>	<u>1.04%-1.05%</u>

In order to enrich the medium and long-term working capital, the Company entered into a medium and long-term credit contract with a bank, with a total credit limit of \$1,000,000 thousand. The credit contract will expire in July 2023, and the total credit amount will be revolved to utilize within the validity period. As of September 30, 2020, the Company has not yet used its credit.

In order to enrich the medium and long-term working capital, CGPCPOL entered into a medium and long-term credit contract with a bank, with a total credit limit of \$1,500,000 thousand. The credit contract will expire before August 2022, and the total credit amount will be revolved to utilize within the validity period. As of September 30, 2020, the utilized credit amounted to \$500,000 thousand.

In order to enrich the medium and long-term working capital, TVCM entered into a medium and long-term credit contract with a bank, with a total credit limit of \$1,100,000 thousand. The credit contract will expire before May 2023, and the total credit amount will be revolved to utilize within the validity period. As of September 30, 2020, the utilized credit amounted to \$50,000 thousand.

With part of contracts under the credit agreement, the current ratio and debt ratio in the financial statements of the Group shall not be lower than the specified ratio. If there is any discrepancy, improvement measures must be reported to the bank. As of September 30, 2020, the Group has not violated the above-mentioned terms. The Group set out the assets as pledged collateral for bank borrowings in Note 30.

19. TRADE PAYABLES

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Trade payables (including related parties)</u>			
Operating	<u>\$ 796,052</u>	<u>\$ 838,312</u>	<u>\$ 748,918</u>

The average payment period of trade payables was 2 months. 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 – CURRENT

	September 30, 2020	December 31, 2019	September 30, 2019
Payables for salaries or bonuses	\$ 270,562	\$ 236,794	\$ 213,184
Payables for utilities and fuel fees	104,065	128,454	72,011
Payables for borrowed raw materials	89,908	-	-
Payables for freight	73,577	79,446	67,498
Payables for purchases of equipment	72,075	66,160	80,095
Payables for purchases of land	41,339	-	-
Payables for dividends	9,697	7,212	8,432
Others	<u>80,991</u>	<u>112,374</u>	<u>162,044</u>
	<u>\$ 742,214</u>	<u>\$ 630,440</u>	<u>\$ 603,264</u>

21. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group's defined benefit retirement plans was calculated using the actuarially determined pension cost rate at the end of the prior financial year which was stated in the respective 2019 and 2018 actuarial report; the employee benefits expense for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019 were \$4,595 thousand, \$5,269 thousand, \$13,974 thousand, and \$15,809 thousand, respectively. Under the defined benefit plans adopted by the Company and its subsidiary, TVCM, the Company and TVCM contribute amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee.

The Group contributed \$53,552 thousand and \$67,101 thousand for the nine months ended September 30, 2020 and 2019, respectively, to the pension fund which was designated by the Supervisory Committee of Workers' Pension Preparation Fund.

22. EQUITY

(1) Ordinary shares

	September 30, 2020	December 31, 2019	September 30, 2019
Number of shares authorized (in thousands)	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>
Shares authorized	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>553,381</u>	<u>527,030</u>	<u>527,030</u>
Shares issued	<u>\$ 5,533,814</u>	<u>\$ 5,270,299</u>	<u>\$ 5,270,299</u>

The holders of issued ordinary shares with a par value of \$10 are entitled to the right to vote and to receive dividends.

(2) Capital surplus

The capital surplus generated from donations and the excess of the issuance price over the par value of share capital (including the shares issued from new capital) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or share dividends up to a certain percentage of the Company's paid-in capital.

The capital surplus arising from investments accounted for using the equity method may not be used for any purpose.

(3) Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company made a net income in a fiscal year, the profit shall be used first for offsetting losses of previous years, setting aside as 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. The industry that the Company operates in is in the maturity stage. Consequently, in order to take R&D needs and diversification into consideration, shareholders' dividends shall 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 of the year are less than \$0.1 per share, it shall not be distributed. For the policies on the distribution of employees' compensation and remuneration of directors after amendment, refer to "Employees' compensation and remuneration of directors" in Note 24-(7).

The appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018 as approved in the Company's shareholders' meeting on May 28, 2020 and June 21, 2019, respectively, was as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2019	2018	2019	2018
Legal reserve	\$ 64,393	\$ 127,616		
Cash dividends	263,515	760,140	\$ 0.5	\$ 1.5
Share dividends	263,515	202,703	0.5	0.4

(4) Special reserve

The Company appropriated a special reserve in the amount of \$408,223 thousand after offsetting a deficit of \$428,727 thousand, which was from the net increase of retained earnings arising from the initial adoption of IFRSs. As of September 30, 2020, there was no change.

(5) Other equity items

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

	For the Nine Months Ended September 30	
	2020	2019
Balance at January 1	(\$ 33,763)	(\$ 15,825)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	(11,076)	(3,939)
Share of exchange differences of associates accounted for using the equity method	(255)	(345)
Related income tax	<u>2,215</u>	<u>789</u>
Balance at September 30	(\$ <u>42,879</u>)	(\$ <u>19,320</u>)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2020	2019
Balance at January 1	\$ 67,029	\$ 57,842
Recognized during the period		
Unrealized gain(loss) on equity instruments	51,796	4,612
Share of gain (loss) of associates accounted for using the equity method	<u>14,429</u>	<u>2,739</u>
Balance at September 30	<u>\$133,254</u>	<u>\$ 65,193</u>

23. REVENUE

(1) Revenue from contracts with customers

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Revenue from the sale of goods				
PVC products	\$ 3,255,246	\$ 3,642,822	\$ 8,944,437	\$ 10,719,748
VCM products	<u>7,062</u>	<u>182,064</u>	<u>196,141</u>	<u>687,416</u>
	<u>\$ 3,262,308</u>	<u>\$ 3,824,886</u>	<u>\$ 9,140,578</u>	<u>\$ 11,407,164</u>

Revenue from the sale of goods comes from the sale of VCM, chlor-alkali products, PVC resins, PVC compounds and other related products.

Refer to Note 34 for information about revenue from contracts with customers.

(2) Contract balances

Please refer to Note 10 for information related to notes receivable and trade receivables.

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>	<u>January 1, 2019</u>
Contract liabilities (presented in other current liabilities)	<u>\$ 30,372</u>	<u>\$ 32,763</u>	<u>\$ 31,823</u>	<u>\$ 23,211</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customers' payment.

(3) Refund Liabilities

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Refundable liabilities (presented in other current liabilities)	<u>\$ 11,817</u>	<u>\$ 21,412</u>	<u>\$ 17,546</u>

The refund liability for product returns and discounts is based on the historical experience, the judgment made by the management and other known reasons, and is recognized as a deduction from the operating income in the year the product is sold.

24. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Owners of the Company	<u>\$ 356,967</u>	<u>\$ 170,942</u>	<u>\$ 611,362</u>	<u>\$ 400,304</u>
Non-controlling interests	<u>30,672</u>	<u>17,771</u>	<u>58,826</u>	<u>22,708</u>
	<u>\$ 387,639</u>	<u>\$ 188,713</u>	<u>\$ 670,188</u>	<u>\$ 423,012</u>

(1) Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Interest income				
Bank deposits	\$ 224	\$ 1,943	\$ 1,802	\$ 7,115
Financial assets at FVTPL	-	-	1,077	4,393
Financial assets at amortized cost	103	124	348	366
Others	<u>29</u>	<u>53</u>	<u>84</u>	<u>281</u>
	<u>\$ 356</u>	<u>\$ 2,120</u>	<u>\$ 3,311</u>	<u>\$ 12,155</u>

(2) Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Rental income	\$ 2,905	\$ 1,200	\$ 8,544	\$ 5,710
Others	<u>3,369</u>	<u>13,756</u>	<u>11,029</u>	<u>32,070</u>
	<u>\$ 6,274</u>	<u>\$ 14,956</u>	<u>\$ 19,573</u>	<u>\$ 37,780</u>

(3) Other gains and losses

	For the Three Months Ended September. 30		For the Nine Months Ended September. 30	
	2020	2019	2020	2019
Gain (Loss) on disposal of property, plant and equipment	\$ 410	(\$ 2,298)	(\$ 115)	(\$ 2,157)
Gross foreign exchange gains	2,352	30,064	46,218	72,532
Gross foreign exchange losses	(19,438)	(35,089)	(60,968)	(52,201)
Loss on financial liabilities held for trading (see Note 7)	(4,035)	(7,751)	(9,140)	(20,682)
Gain on financial assets mandatorily classified as at FVTPL (see Note 7)	14,000	9,907	27,186	36,014
Depreciation expenses from investment properties	(3,534)	1,246	(10,604)	3,737
Loss on disposal of investments accounted for using equity method	(173)	-	(173)	-
Others	(<u>1,500</u>)	(<u>7,710</u>)	(<u>6,216</u>)	(<u>17,075</u>)
	<u>(\$ 11,918)</u>	<u>(\$ 11,631)</u>	<u>(\$ 13,812)</u>	<u>\$ 20,168</u>

(4) Interest expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Interest on bank loans	\$ 1,345	\$ 2,542	\$ 4,939	\$ 7,345
Interest on lease liabilities	513	604	1,607	1,877
Less: Capitalized interest (included construction in progress)	(1)	(11)	(32)	(34)
	<u>\$ 1,857</u>	<u>\$ 3,135</u>	<u>\$ 6,514</u>	<u>\$ 9,188</u>

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Capitalized interest	\$ 1	\$ 11	\$ 32	\$ 34
Capitalization rate	0.85%	0.78%	0.76%	0.67%

(5) Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Property, plant and equipment	\$ 147,112	\$ 139,308	\$ 437,568	\$ 411,669
Right-of-use assets	8,675	8,707	26,065	26,065
Investment properties	3,534	1,246	10,604	3,737
Intangible assets	30	465	91	2,279
Others	11,337	7,650	31,178	21,560
	<u>\$ 170,688</u>	<u>\$ 157,376</u>	<u>\$ 505,506</u>	<u>\$ 465,310</u>
An analysis of depreciation by function				
Operating costs	\$ 151,690	\$ 144,216	\$ 451,131	\$ 425,829
Operating expenses	4,097	3,799	12,502	11,905
Non-operating expenses	3,534	1,246	10,604	3,737
	<u>\$ 159,321</u>	<u>\$ 149,261</u>	<u>\$ 474,237</u>	<u>\$ 441,471</u>
An analysis of amortization by function				
Operating costs	\$ 11,337	\$ 7,650	\$ 31,178	\$ 21,983
General and administrative expenses	30	465	91	1,856
	<u>\$ 11,367</u>	<u>\$ 8,115</u>	<u>\$ 31,269</u>	<u>\$ 23,839</u>

(6) Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Post-employment benefits				
Defined contribution plans	\$ 7,187	\$ 6,925	\$ 21,578	\$ 20,449
Defined benefit plans (see Note 21)	<u>4,595</u>	<u>5,269</u>	<u>13,974</u>	<u>15,809</u>
	11,782	12,194	35,552	36,258
Other employee benefits	<u>328,325</u>	<u>280,077</u>	<u>889,994</u>	<u>832,043</u>
Total employee benefits expense	<u>\$ 340,107</u>	<u>\$ 292,271</u>	<u>\$ 925,546</u>	<u>\$ 868,301</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 269,989	\$ 226,628	\$ 727,736	\$ 678,432
Operating expenses	<u>70,118</u>	<u>65,643</u>	<u>197,810</u>	<u>189,869</u>
	<u>\$ 340,107</u>	<u>\$ 292,271</u>	<u>\$ 925,546</u>	<u>\$ 868,301</u>

(7) Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, the employees' compensation and remuneration of directors were as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2020	2019
Employees' compensation	1%	1%
Remuneration of directors	-	-

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Employees' compensation	<u>\$ 3,694</u>	<u>\$ 1,773</u>	<u>\$ 6,427</u>	<u>\$ 4,520</u>

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.

The employees' compensation and remuneration of directors for 2019 and 2018, which have been approved by the Company's board of directors on March 5, 2020 and March 6, 2019, respectively, were as follows:

Amount

	<u>2019</u>	<u>2018</u>
Employees' compensation	\$ 6,967	\$ 13,975

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX RELATING TO CONTINUING OPERATIONS

(1) Major components of income tax expense recognized in profit or loss

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Current tax</u>				
In respect of the current period	\$ 64,581	\$ 42,800	\$ 130,217	\$ 71,181
Income tax on unappropriated earnings	2	-	2,627	14,390
Adjustments for prior periods	<u>-</u>	<u>-</u>	<u>(9,216)</u>	<u>703</u>
	<u>64,583</u>	<u>42,800</u>	<u>123,628</u>	<u>86,274</u>
<u>Deferred tax</u>				
In respect of the current period	3,080	347	8,901	12,384
Adjustments for prior periods	<u>-</u>	<u>-</u>	<u>(390)</u>	<u>(700)</u>
	<u>3,080</u>	<u>347</u>	<u>8,511</u>	<u>11,684</u>
Income tax expense recognized in profit or loss	<u>\$ 67,663</u>	<u>\$ 43,147</u>	<u>\$ 132,139</u>	<u>\$ 97,958</u>

When calculating the additional income tax leviable on undistributed earnings, the Group has deducted the amount of undistributed earnings that has actually used for reinvestment in accordance with the revised Statute for Industrial Innovation announced in July 2019.

(2) Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
<u>Deferred tax</u>				
In respect of the current year				
– Translation of foreign operations	<u>(\$ 97)</u>	<u>\$ 2,202</u>	<u>\$ 2,215</u>	<u>\$ 789</u>

(3) Income tax assessments

The income tax returns of the Company, CGPCPOL and TVCM through 2018 have been assessed by the tax authorities.

(4) Income tax related to subsidiaries

CGPC (BVI) had no income tax expense for the nine months ended September 30, 2020 and 2019 due to relevant tax exemptions in compliance with the regulations of the location where the entities were established. CGPC-America's applicable state tax rate is 9% and the federal rate is 21%.

26. EARNINGS PER SHARE

	Unit: NT\$ Per Share			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Basic earnings per share				
From continuing operations and discontinued operations	\$ 0.65	\$ 0.31	\$ 1.11	\$ 0.73
From discontinued operations	(0.01)	-	(0.01)	(0.01)
From continuing operations	<u>\$ 0.64</u>	<u>\$ 0.31</u>	<u>\$ 1.10</u>	<u>\$ 0.72</u>
Diluted earnings per share				
From continuing operations and discontinued operations	\$ 0.65	\$ 0.31	\$ 1.11	\$ 0.73
From discontinued operations	(0.01)	-	(0.01)	(0.01)
From continuing operations	<u>\$ 0.64</u>	<u>\$ 0.31</u>	<u>\$ 1.10</u>	<u>\$ 0.72</u>

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 three months ended September 30, 2019 and for the nine months ended September 30, 2019 were as follows:

	Unit: NT\$ Per Share			
	Before		After	
	Retrospective Adjustment		Retrospective Adjustment	
	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Basic earnings per share				
From continuing and discontinued operations	\$ 0.32	\$ 0.77	\$ 0.31	\$ 0.73
From discontinued operations	-	(0.01)	-	(0.01)
From continuing operations	<u>\$ 0.32</u>	<u>\$ 0.76</u>	<u>\$ 0.31</u>	<u>\$ 0.72</u>
Diluted earnings per share				
From continuing and discontinued operations	\$ 0.32	\$ 0.77	\$ 0.31	\$ 0.73
From discontinued operations	-	(0.01)	-	(0.01)
From continuing operations	<u>\$ 0.32</u>	<u>\$ 0.76</u>	<u>\$ 0.31</u>	<u>\$ 0.72</u>

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

Net Profit for the Period

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2020	2019	2020	2019
Profit for the period attributable to owners of the Company [earnings used in computation of basic and diluted earnings per share]	\$ 357,618	\$ 170,149	\$ 613,469	\$ 403,908
Less: (Profit) losses for the period from discontinued operations	(651)	793	(2,107)	(3,604)
Earnings used in the computation of basic and diluted earnings per share from continuing operations	<u>\$ 356,967</u>	<u>\$ 170,942</u>	<u>\$ 611,362</u>	<u>\$ 400,304</u>

Ordinary shares outstanding

	For the Three Months Ended		Unit: thousands of shares	
	September 30		For the Nine Months Ended	
	2020	2019	2020	2019
Weighted average number of ordinary shares used in computation of basic earnings per share	553,381	553,381	553,381	553,381
Effect of potentially dilutive ordinary shares:				
Employees' compensation	<u>331</u>	<u>228</u>	<u>414</u>	<u>380</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>553,712</u>	<u>553,609</u>	<u>553,795</u>	<u>553,761</u>

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation would be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

28. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments not measured at fair value

The management of the Group believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair value or their fair value cannot be reliably measured.

(2) Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 3,860	\$ -	\$ 3,860
Mutual funds	1,212,343	-	-	1,212,343
Beneficiary securities	49,305	-	-	49,305
Investments in equity instruments				
– Overseas unlisted equity investments	-	-	-	-
	<u>\$ 1,261,648</u>	<u>\$ 3,860</u>	<u>\$ -</u>	<u>\$ 1,265,508</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
– Domestic listed equity investments	\$ 2,260	\$ -	\$ -	\$ 2,260
– Domestic unlisted equity investments	-	-	156,735	156,735
	<u>\$ 2,260</u>	<u>\$ -</u>	<u>\$ 156,735</u>	<u>\$ 158,995</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 2,482	\$ -	\$ 2,482

December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 7,446	\$ -	\$ 7,446
Mutual funds	528,164	-	-	528,164
Beneficiary securities	240,467	-	-	240,467
Investments in equity instruments				
– Overseas unlisted equity investments	-	-	-	-
	<u>\$ 768,631</u>	<u>\$ 7,446</u>	<u>\$ -</u>	<u>\$ 776,077</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
– Domestic listed equity investments	\$ 1,921	\$ -	\$ -	\$ 1,921
– Domestic unlisted equity investments	-	-	117,882	117,882
	<u>\$ 1,921</u>	<u>\$ -</u>	<u>\$ 117,882</u>	<u>\$ 119,803</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 1,227	\$ -	\$ 1,227

September 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 2,762	\$ -	\$ 2,762
Mutual funds	389,650	-	-	389,650
Beneficiary securities	227,788	-	-	227,788

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in equity instruments				
— Overseas unlisted equity investments	\$ -	\$ -	\$ -	\$ -
	<u>\$ 617,438</u>	<u>\$ 2,762</u>	<u>\$ -</u>	<u>\$ 620,200</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
— Domestic listed equity investments	\$ 1,818	\$ -	\$ -	\$ 1,818
— Domestic unlisted equity investments	-	-	118,573	118,573
	<u>\$ 1,818</u>	<u>\$ -</u>	<u>\$ 118,573</u>	<u>\$ 120,391</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 1,450	\$ -	\$ 1,450

(Concluded)

There were no transfers between Levels 1 and 2 for the nine months ended September 30 of 2020 and 2019.

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

For the Nine Months Ended September 30, 2020

	<u>Financial Assets at FVTOCI</u>
Balance at January 1, 2020	\$117,882
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	51,500
Refund of capital reduction	(12,647)
Balance at September 30, 2020	<u>\$156,735</u>

For the Nine Months Ended September 30, 2019

	<u>Financial Assets at FVTOCI</u>
Balance at January 1, 2019	\$121,047
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	4,417
Refund of capital reduction	(6,891)
Balance at September 30, 2019	<u>\$118,573</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
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 financial department conducts independent fair value verification using independent 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 September 30, 2020, December 31, 2019, and September 30, 2019. When other inputs remain unchanged, the fair value will decrease by \$1,844 thousand, \$1,387 thousand, and \$1,395 thousand, respectively if the discount for lack of marketability increases by 1%.

(3) Categories of financial instruments

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified at FVTPL	\$ 1,265,508	\$ 776,077	\$ 620,200
Financial assets at amortized cost			
Cash and cash equivalents	698,914	653,347	721,923
Pledge time deposits	269,202	269,103	269,052
Notes receivable	140,390	209,990	284,201
Trade receivables (including related parties)	1,214,771	1,268,810	1,458,665
Other receivables (including related parties and excluding tax refund receivable)	43,303	19,196	5,653
Refundable deposits	25,757	26,636	20,527
Financial assets at FVTOCI—Equity instruments	158,995	119,803	120,391
<u>Financial liabilities</u>			
Financial liabilities at FVTPL - Held for trading			
	2,482	1,227	1,450
Financial liabilities measured at amortized cost			
Short-term borrowings	-	-	200,000
Trade payables (including related parties)	796,052	838,312	748,918
Other payables (Note 1)	475,445	406,998	395,277
Long-term borrowings	550,000	500,000	700,000
Guarantee deposits	19,230	4,240	5,041

Note 1: Other payables (including related parties) do not include the amount of salary payable and business tax payable.

(4) Financial risk management objectives and policies

The Group's conduct of risk controlling and hedging strategy is influenced by the operational environment. The Group monitors and manages the financial risk by business nature and risk dispersion. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's operating activities exposed itself primarily to the market risks of changes in foreign currency exchange rates and interest rates.

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

a) Foreign currency risk

The Group 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 maintains a balance of hedged net foreign currency denominated assets and liabilities. The Group also utilizes foreign exchange forward contracts to hedge the currency exposure. 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 foreign exchange forward contracts that the Group engaged in were not for speculation purposes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 32.

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 nine months ended September 30, 2020

and 2019 would have decreased/increased by \$24,704 thousand and \$40,711 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 amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Fair value interest rate risk			
— Financial assets	\$ 676,647	\$ 724,184	\$ 671,967
— Financial liabilities	191,700	217,541	426,494
Cash flow interest rate risk			
— Financial assets	249,030	187,120	271,231
— Financial liabilities	550,000	500,000	700,000

Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Group are not included in the analysis as they are all measured at amortized cost. For floating rate assets and liabilities, the analysis was prepared assuming that the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 point fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2020 and 2019 would have decreased/increased by \$1,129 thousand and \$1,608 thousand, respectively.

(3) Other price risk

The Group was exposed to the equity price risk through its investments in domestic listed shares, domestic unlisted shares, mutual fund beneficiary certificates and other equity securities investments. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor price risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to securities price risk at the end of the reporting period.

If marketable equity securities prices had fluctuated by 5%, the pre-tax profit for the nine months ended September 30, 2020 and 2019 would have increased/decreased by \$63,082 thousand and \$30,872 thousand, respectively as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the nine months ended September 30, 2020 and 2019 would have increased/decreased by \$7,950 thousand and \$6,020 thousand, respectively as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- b) The maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The counterparties of the Group's trade 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 of the end of the reporting period, the Group's largest exposure to credit risk is approximately that of to the carrying amounts of its financial assets.

3) Liquidity risk

The Group managers mitigate liquidity risk by maintaining a level of cash and cash equivalents and financing facilities deemed adequate.

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. 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. The table includes both interest and principal cash flows.

September 30, 2020

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$1,295,825	\$ 2,755	\$ -
Lease liabilities	1.04%	36,254	86,201	77,562
Floating interest rate liabilities	0.93%	-	550,000	-
		<u>\$1,332,079</u>	<u>\$ 638,956</u>	<u>\$ 77,562</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>
Lease liabilities	<u>\$ 36,254</u>	<u>\$ 86,201</u>	<u>\$ 73,410</u>	<u>\$ 4,152</u>

December 31, 2019

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$1,254,777	\$ 5,228	\$ -
Lease liabilities	1.04%	36,318	102,707	88,573
Floating interest rate liabilities	1.05%	-	<u>500,000</u>	-
		<u>\$1,291,095</u>	<u>\$ 607,935</u>	<u>\$ 88,573</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
Lease liabilities	<u>\$ 36,318</u>	<u>\$ 102,707</u>	<u>\$ 73,410</u>	<u>\$ 15,163</u>

September 30, 2019

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,156,559	\$ 9,677	\$ -
Lease liabilities	1.04%	36,456	108,439	92,244
Floating interest rate liabilities	1.04%	-	700,000	-
Fixed interest rate liabilities	0.94%	<u>200,000</u>	-	-
		<u>\$1,393,015</u>	<u>\$ 818,116</u>	<u>\$ 92,244</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
Lease liabilities	<u>\$ 36,456</u>	<u>\$ 108,439</u>	<u>\$ 73,410</u>	<u>\$ 18,834</u>

b) Financing facilities

The Group relies on bank loans as a significant source of liquidity. As of September 30, 2020, December 31, 2019, and September 30, 2019, the unused amounts of bank loan facilities were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Bank loan facilities			
– Amount unused	<u>\$ 7,681,291</u>	<u>\$ 5,724,081</u>	<u>\$ 6,529,942</u>

29. TRANSACTIONS WITH RELATED PARTIES

As of September 30, 2020, December 31, 2019, and September 30, 2019, USI Corporation held through its subsidiary, Union Polymer Int'l Investment Corporation, 24.97% of the Company's outstanding ordinary shares.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed below.

(1) Names of related parties and categories

Name of Related Party	Related Party Category
USI Corporation ("USI")	Parent company
Taita Chemical Company, Limited ("TTC")	Investor with significant influence
Asia Polymer Corporation ("APC")	Investor with significant influence
China General Terminal & Distribution Corporation ("CGTD")	Associate
Acme Electronics Corporation	Associate
USI Optronics Corporation ("USIO")	Fellow subsidiary
USI Management Consulting Corporation ("UM")	Fellow subsidiary
Swanson Plastics Corporation ("SPC")	Fellow subsidiary
Taiwan United Venture Management Corporation	Fellow subsidiary
Chong Loong Trading Co., Ltd.	Fellow subsidiary
Dynamic Ever Investments Limited	Fellow subsidiary
INOMA Corporation ("INOMA")	Fellow subsidiary
Taita Chemical (Zhong Shan) Co., Ltd. ("TTC (ZS)")	Subsidiary of investor with significant influence
APC Investment Corporation	Subsidiary of investor with significant influence
USI Educational Foundation ("USIF")	Related party in substance

(2) Sales of goods

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Investor with significant influence	\$ 467	\$ 783	\$ 1,560	\$ 2,181
Fellow subsidiary	284	165	661	334
	\$ 751	\$ 948	\$ 2,221	\$ 2,515

The sales of goods to related parties had no material differences from those of general sales transactions.

(3) Purchase of goods

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Fellow subsidiary	\$ 10,071	\$ 2,631	\$ 20,456	\$ 5,029
Parent company				
USI	17	-	70	111
Investor with significant influence	<u>24</u>	<u>-</u>	<u>24</u>	<u>-</u>
	<u>\$ 10,112</u>	<u>\$ 2,631</u>	<u>\$ 20,550</u>	<u>\$ 5,140</u>

Purchases from related parties had no material differences from those of general purchase transactions.

(4) Trade receivables

Related Party Category	September 30, 2020	December 31, 2019	September 30, 2019
Fellow subsidiary	\$ 298	\$ -	\$ -
Investor with significant influence	<u>-</u>	<u>822</u>	<u>822</u>
	<u>\$ 298</u>	<u>\$ 822</u>	<u>\$ 822</u>

The outstanding trade receivables from related parties were unsecured. For the nine months ended September 30, 2020 and 2019, no impairment loss was recognized for trade receivables from related parties.

(5) Trade payables to related parties

Related Party Category/Name	September 30, 2020	December 31, 2019	September 30, 2019
Parent company			
USI	\$ 30,024	\$ 155,788	\$ 135,816
Fellow subsidiary	<u>8,252</u>	<u>551</u>	<u>738</u>
	<u>\$ 38,276</u>	<u>\$ 156,339</u>	<u>\$ 136,554</u>

TVCM appointed USI to import ethylene, and the trade payables to USI are to be paid off when USI makes a payment.

The outstanding trade payables to related parties were unsecured.

(6) Other receivables from related parties

Related Party Category/Name	September 30, 2020	December 31, 2019	September 30, 2019
Parent company			
USI	\$ 884	\$ 727	\$ 917
Investor with significant influence			
APC	262	13,019	276
Others	350	537	337
Fellow subsidiary	52	28	53
Associate	3	3	3
Subsidiary of investor with significant influence	<u>1</u>	<u>1</u>	<u>1</u>
	<u>\$ 1,552</u>	<u>\$ 14,315</u>	<u>\$ 1,587</u>

(7) Other payables to related parties

Related Party Category/Name	September 30, 2020	December 31, 2019	September 30, 2019
Associate	\$ 6,004	\$ 12,550	\$ 5,210
Parent company			
USI	2,498	1,993	2,011
Fellow subsidiary	309	128	229
Investor with significant influence	291	376	1,163
Subsidiary of investor with significant influence	<u>30</u>	<u>37</u>	<u>60</u>
	<u>\$ 9,132</u>	<u>\$ 15,084</u>	<u>\$ 8,673</u>

(8) Acquisitions of property, plant and equipment

Related Party Category/Name	Purchase Price	
	For the Nine Months Ended September 30	
	2020	2019
Fellow subsidiary	\$ -	\$ 743
Parent Company		
USI	<u>-</u>	<u>345</u>
	<u>\$ -</u>	<u>\$ 1,088</u>

(9) Lease arrangements

Related Party Category/Name	September 30, 2020	December 31, 2019	September 30, 2019
<u>Lease liabilities</u>			
Investor with significant influence			
APC	\$ 140,021	\$ 149,693	\$ 152,900
TTC	23,909	30,918	33,243
Associate			
CGTD	<u>17,535</u>	<u>23,289</u>	<u>25,197</u>
	<u>\$ 181,465</u>	<u>\$ 203,900</u>	<u>\$ 211,340</u>

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
<u>Interest expense</u>				
Investor with significant influence				
APC	\$ 369	\$ 402	\$ 1,133	\$ 1,233
TTC	67	90	217	289
Associate				
CGTD	<u>49</u>	<u>69</u>	<u>162</u>	<u>221</u>
	<u>\$ 485</u>	<u>\$ 561</u>	<u>\$ 1,512</u>	<u>\$ 1,743</u>
<u>Lease expense</u>				
Parent company				
USI	\$ 1,965	\$ 1,777	\$ 5,912	\$ 5,343
Investor with significant influence				
	<u>784</u>	<u>892</u>	<u>2,352</u>	<u>2,538</u>
	<u>\$ 2,749</u>	<u>\$ 2,669</u>	<u>\$ 8,264</u>	<u>\$ 7,881</u>

The Company leases offices in Neihu from USI and APC. The rentals are paid on a monthly basis.

The factory belonging to the Company's subsidiaries located on the land in Linyuan was rented from APC. The original lease term expired in December 2011. However, if neither counterparties argued, the lease term would automatically extend one more year.

The Company's subsidiaries leased storage tanks for vinyl chloride monomer from TTC. The original lease term expired in December 2010 and renewed at both parties' discretion.

The Company's subsidiary leased land for their warehouses from APC. The lease term will expire in May 2026. The lease contract is renewable, and the rental is paid on a monthly basis.

(10) Storage tank operating expenses

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Associate				
CGTD	<u>\$ 15,072</u>	<u>\$ 20,628</u>	<u>\$ 53,592</u>	<u>\$ 75,738</u>

The Company's subsidiaries appointed CGTD to handle the storage tank used to transport, store and load vinyl chloride monomer, ethylene and dichloroethane. The storage tank operating expenses are due by the end of next month.

(11) Management service revenue

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Parent company				
USI	\$ 834	\$ 810	\$ 2,454	\$ 1,829
Investor with significant influence	<u>38</u>	<u>-</u>	<u>38</u>	<u>-</u>
	<u>\$ 872</u>	<u>\$ 810</u>	<u>\$ 2,492</u>	<u>\$ 1,829</u>

(12) Management service expenses

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Fellow subsidiary				
UM	\$ 16,980	\$ 22,996	\$ 55,297	\$ 65,819
Others	-	29	29	86
Parent company				
USI	<u>965</u>	<u>934</u>	<u>2,842</u>	<u>3,698</u>
	<u>\$ 17,945</u>	<u>\$ 23,959</u>	<u>\$ 58,168</u>	<u>\$ 69,603</u>

UM and USI provide labor support, equipment and other related services to the Company and its subsidiaries. The service expenses were based on the actual quarterly expenses which should be paid in the subsequent quarter following the related service.

(13) Donations

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Related party in substance				
USIF	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,250</u>	<u>\$ 2,500</u>

(14) Rental income

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Fellow subsidiary				
USIO	\$ 845	\$ 845	\$ 2,535	\$ 5,064
Investor with significant influence	<u>66</u>	<u>69</u>	<u>199</u>	<u>148</u>
	<u>\$ 911</u>	<u>\$ 914</u>	<u>\$ 2,734</u>	<u>\$ 5,212</u>

USIO signed a factory lease contract with the Company with lease term until April 15, 2021. The Company collects fixed rental amount on a monthly basis. USIO does not have bargain purchase option to acquire the leased factory at the expiry of the lease period.

(15) Other income

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Investor with significant influence	<u>\$ 470</u>	<u>\$ 284</u>	<u>\$ 1,084</u>	<u>\$ 1,560</u>

(16) Compensation of key management personnel

The compensation of directors and key executives for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Salaries and others	\$ 3,345	\$ 3,684	\$ 11,318	\$ 11,427
Post-employment benefits	<u>76</u>	<u>76</u>	<u>228</u>	<u>239</u>
	<u>\$ 3,421</u>	<u>\$ 3,760</u>	<u>\$ 11,546</u>	<u>\$ 11,666</u>

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and the tariffs of imported raw materials and performance security of using fuel:

	September 30, 2020	December 31, 2019	September 30, 2019
Pledge deposits (classified as debt investments with no active market or other non-current assets)	\$ 288,532	\$ 288,275	\$ 282,104
Property, plant and equipment			
Land	1,650,957	1,650,957	1,650,957
Buildings and improvements, net	465,313	486,815	493,993
Machinery and equipment, net	<u>455,232</u>	<u>511,933</u>	<u>536,271</u>
	<u>\$ 2,860,034</u>	<u>\$ 2,937,980</u>	<u>\$ 2,963,325</u>

By setting the land and plants as collateral, the Company signed a medium and long term secured loan contract with a credit limit of \$1,000,000 thousand with a bank to enrich working capital. The total credit amount will be revolved to utilize within the validity period.

The Company's subsidiary, CGPCPOL, pledged its land, plants, machinery and equipment as collateral for a medium and long term credit contract with a Bank.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of the end of the reporting period were as follows:

(1) As of September 30, 2020, December 31, 2019, and September 30, 2019, the Group's unused letters of credit amounted to \$603,951 thousand, \$574,076 thousand and \$431,654 thousand, respectively.

(2) Description of Kaohsiung gas explosions:

Regarding the associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), who was commissioned to operate the LCY Chemical Corp.'s propylene pipeline resulting in a gas explosion on July 31, 2014, the first instance of the criminal procedures reached a first instance judgment on May 11, 2018, whereby three employees of CGTD were each sentenced to four years and six months of imprisonment, and CGTD assisted the employees to appeal against the judgment. The secured instance and judgment was pronounced on April 24, 2020, and all three employees of were innocent.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of \$227,396 thousand, interests included, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan ("CPC"). Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. CGTD had deposited \$99,207 thousand in cash to the court to be exempted from provisional attachment. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and

March 2, 2017. As of October 30, 2020, the provisionally attached property was worth \$8,437 thousand.

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

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

As of October 30, 2020, victims and their families have filed civil (including supplementary civil action) lawsuits against LCY Chemical Corp., CGTD and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim of \$26,890 thousand, and the amount of the settlement was \$4,019 thousand. Along with the case still under litigation and the above-mentioned compensation, the accumulated amount of compensation is \$3,876,234 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately \$1,360,916 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is around \$406,679 thousand. In particular, CGTD was exempted to pay \$6,194 thousand according to the court's judgment. CGTD has appealed some civil cases which were announced but were not yet settled and gradually entered into the second-instance trials. CGTD has signed settlement agreements with insurance companies, and has estimated the amount of settlement and civil litigation compensation for the victims of casualties and serious injuries according to the proportion of fault liability announced in the first-instance judgment, after deducting the upper limit of insurance claims (including settled cases). The total amount that CGTD estimated

and recognized is \$136,375 thousand. However, the actual payment still depends on the judgments of the remaining civil cases in the future.

- (3) TVCM signed a dichloroethane purchase contract with CPC Corporation, Formosa Plastics Corporation and Mitsui Corp. The purchase price was negotiated by both parties according to a pricing formula.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The group entities' significant financial assets and liabilities denominated in foreign currencies and aggregated by foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

Unit: Except for the exchange rate, all in thousands

September 30, 2020

	Foreign Currencies	Exchange Rate (In Single Dollars)	Functional Currencies	NT\$
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD	\$ 42,122	29.100 (USD : NTD)	\$ 1,225,762	\$ 1,225,762
AUD	742	20.715 (AUD : NTD)	15,365	15,365
EUR	363	34.150 (EUR : NTD)	12,408	12,408
USD	293	6.8101 (USD : CNY)	1,992	8,512
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD	14,117	29.100 (USD : NTD)	410,801	410,801

December 31, 2019

	Foreign Currencies	Exchange Rate (In Single Dollars)	Functional Currencies	NT\$
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD	\$ 41,131	29.980 (USD : NTD)	\$ 1,233,097	\$ 1,233,097
AUD	611	21.005 (AUD : NTD)	12,835	12,835
EUR	343	33.590 (EUR : NTD)	11,505	11,505
USD	292	6.9762 (USD : CNY)	2,040	8,769
GBP	60	39.360 (GBP : NTD)	2,371	2,371
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD	11,406	29.980 (USD : NTD)	341,947	341,947

September 30, 2019

	<u>Foreign Currencies</u>	<u>Exchange Rate (In Single Dollars)</u>	<u>Functional Currencies</u>	<u>NT\$</u>
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD	\$ 49,788	31.040 (USD : NTD)	\$ 1,545,406	\$ 1,545,406
AUD	677	20.965 (AUD : NTD)	14,186	14,186
EUR	502	33.950 (EUR : NTD)	17,055	17,055
USD	296	7.0729 (USD : CNY)	2,097	9,201
GBP	59	38.200 (GBP : NTD)	2,238	2,238
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD	6,365	31.040 (USD : NTD)	197,581	197,581

For the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, net foreign exchange gains (losses) were (\$17,086) thousand, (\$5,025) thousand, (\$14,750) thousand, and \$20,331 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

33. SEPARATELY DISCLOSED ITEMS

(1) Information about significant transactions

- 1) Financing provided to others: None;
- 2) Endorsements/guarantees provided: See Table 1 attached;
- 3) Marketable securities held: See Table 2 attached;
- 4) Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: See Table 3 attached;
- 5) Acquisitions of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None;
- 6) Disposals of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None;
- 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: See Table 4 attached;

- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: See Table 5 attached;
 - 9) Trading in derivative instruments: See Note 7;
 - 10) Intercompany relationships and significant intercompany transactions: See Table 6 attached; and
- (2) Information on investees: See Table 7 attached.

(3) 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: See Table 8 attached; and
- 2) The following information on 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: None.
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - 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.

- (3) Information of major shareholders: List of all shareholders with ownership of 5% or greater showing the names and the number shares and percentage of ownership held by each shareholder: See Table 9 attached.

34. 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. Specifically, the Group's reportable segments, including departments of VCM products and PVC products, under IFRS 8 "Operating Segments" were as follows:

Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments.

For the Nine Months Ended September 30, 2020

	<u>VCM Products</u>	<u>PVC Products</u>	<u>Total</u>
Revenue from external customers	\$ 196,141	\$ 8,944,437	\$ 9,140,578
Inter-segment revenue	<u>5,279,916</u>	<u>314,661</u>	<u>5,594,577</u>
Segment revenue	<u>\$ 5,476,057</u>	<u>\$ 9,259,098</u>	14,735,155
Eliminations			(<u>5,594,577</u>)
Consolidated revenue			<u>\$ 9,140,578</u>
Segment income	<u>\$ 20,001</u>	<u>\$ 761,080</u>	\$ 781,081
Interest income			3,311
Other income			19,573
Other gains and losses			(13,812)
Share of gain of associates accounted for using the equity method			18,688
Interest expense			(<u>6,514</u>)
Profit before tax from continuing operations			<u>\$ 802,327</u>

For the Nine Months Ended September 30, 2019

	<u>VCM Products</u>	<u>PVC Products</u>	<u>Total</u>
Revenue from external customers	\$ 687,416	\$ 10,719,748	\$ 11,407,164
Inter-segment revenue	<u>6,703,460</u>	<u>332,196</u>	<u>7,035,656</u>
Segment revenue	<u>\$ 7,390,876</u>	<u>\$ 11,051,944</u>	18,442,820
Eliminations			(<u>7,035,656</u>)
Consolidated revenue			<u>\$ 11,407,164</u>
Segment income	<u>\$ 19,014</u>	<u>\$ 421,119</u>	\$ 440,133
Interest income			12,155
Other income			37,780
Other gains and losses			20,168
Share of gain of associates accounted for using the equity method			19,922
Interest expense			(<u>9,188</u>)
Profit before tax from continuing operations			<u>\$ 520,970</u>

Segment profit represented the profit before tax earned by each segment without the share of profit (loss) of associates, interest income, rental income, gain(loss) on disposal of property, plant and equipment, foreign exchange gains(losses), gain(loss) arising on financial instruments held for trading, and interest expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. However, the measure of segment assets and liabilities was not provided to the chief operating decision maker.

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Table 1

Unit: In Thousands of New Taiwan Dollars

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	China General Plastics Corporation	CGPC Polymer Corporation	Subsidiary	\$ 5,194,724	\$ 2,200,000	\$ 2,150,000	\$ 514,550	None	24.83%	\$ 8,657,873	Yes	No	No

Note 1: The ratio is calculated using the ending balance of equity of the Company as of September 30, 2020.

Note 2: The total amount of guarantee that may be provided by the Company shall not exceed 100% of the Company's net worth in the latest financial statements; The amount of guarantee that may be provided by the Company to any individual entity shall not exceed 60% of the Company's net worth in the latest financial statements.

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2020

Table 2

Unit: In Thousands of New Taiwan Dollars

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
China General Plastics Corporation	<u>Beneficiary security</u>							
	Cathay No. 1 Real Estate Investment Trust	—	Financial assets at FVTPL - current	2,668,000	\$49,305	-	\$49,305	1
	<u>Mutual Funds</u>							
	Prudential Financial Money Market Fund	—	Financial assets at FVTPL - current	3,137,157	50,007	-	50,007	1
	TCB Money Market Fund	—	Financial assets at FVTPL - current	4,594,241	47,000	-	47,000	1
	<u>Ordinary shares</u>							
	KHL IB Venture Capital Co., Ltd.	—	Financial assets at FVTOCI - non-current	6,399,950	156,735	5.95%	156,735	1
Taiwan VCM Corporation	<u>Mutual Funds</u>							
	Taishin Ta-Chong Money Market Fund	—	Financial assets at FVTPL - current	13,979,073	200,028	-	200,028	1
	Hua Nan Kirin Money Market Fund	—	Financial assets at FVTPL - current	12,443,073	150,022	-	150,022	1
	FSITC Taiwan Money Market Fund	—	Financial assets at FVTPL - current	8,758,598	135,052	-	135,052	1
	Jih Sun Money Market Fund	—	Financial assets at FVTPL - current	6,699,539	100,057	-	100,057	1
	Prudential Financial Money Market Fund	—	Financial assets at FVTPL - current	3,140,723	50,063	-	50,063	1
	Taishin 1699 Money Market Fund	—	Financial assets at FVTPL - current	2,349,905	32,038	-	32,038	1
	<u>Ordinary shares</u>							
Asia Polymer Corporation	The major shareholders are the same as the those of the Company		Financial assets at FVTOCI - non-current	127,691	2,260	0.02%	2,260	1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
CGPC Polymer Corporation	<u>Mutual Funds</u>							
	Taishin 1699 Money Market Fund	—	Financial assets at FVTPL - current	16,213,040	\$ 221,043	-	\$ 221,043	1
	TCB Money Market Fund	—	Financial assets at FVTPL - current	6,940,408	71,002	-	71,002	1
	FSITC Taiwan Money Market Fund	—	Financial assets at FVTPL - current	3,178,916	49,017	-	49,017	1
	Hua Nan Kirin Money Market Fund	—	Financial assets at FVTPL - current	3,899,141	47,011	-	47,011	1
	Hua Nan Phoenix Money Market Fund	—	Financial assets at FVTPL - current	2,137,796	35,003	-	35,003	1
	FSITC Money Market Fund	—	Financial assets at FVTPL - current	139,118	25,000	-	25,000	1
CGPC (BVI) Holding Co., Ltd.	<u>Ordinary shares</u>							
	Teratech Corporation	—	Financial assets at FVTPL - non-current	112,000	-	0.67%	-	1, 3
	SOHWARE, Inc. - preference shares	—	Financial assets at FVTPL - non-current	100,000	-	-	-	1, 2, and 3

(Concluded)

Note 1: The marketable securities were not pledged as guarantees or collateral for borrowings and are not subject to restrictions.

Note 2: The preference shares are not used in the calculation of the shareholding ratio and net worth.

Note 3: As of September 30, 2020, the Group evaluates the fair value of the equity instrument as \$0.

CHINA GENERAL PLASTICS CORPORATION 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 NINE MONTHS ENDED SEPTEMBER 30, 2020

Table 3

Unit: In Thousands of New Taiwan Dollars

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Number of Shares	Amount (Note)	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount (Note)
China General Plastics Corporation	<u>Mutual Funds</u>													
	Jih Sun Money Market Fund	Financial assets at FVTPL – current	–	–	6,722,102	\$ 100,000	18,056,905	\$ 269,000	24,779,007	\$ 369,113	\$ 369,000	\$ 113	-	\$ -
	Taishin 1699 Money Market Fund	Financial assets at FVTPL – current	–	–	-	-	39,517,507	538,000	39,517,507	538,119	538,000	119	-	-
Taiwan VCM Corporation	<u>Mutual Funds</u>	Financial assets at FVTPL – current	–	–	-	-	24,764,192	337,000	22,414,287	305,272	305,000	272	2,349,905	32,000
	Taishin 1699 Money Market Fund	Financial assets at FVTPL – current	–	–	-	-	26,573,708	320,000	14,130,635	170,095	170,000	95	12,443,073	150,000
	Hua Nan Kirin Money Market Fund	Financial assets at FVTPL – current	–	–	-	-	19,476,705	300,000	10,718,107	165,096	165,000	96	8,758,598	135,000
	FSITC Taiwan Money Market Fund	Financial assets at FVTPL – current												
CGPC Polymer Corporation	<u>Mutual Funds</u>													
	Jih Sun Money Market Fund	Financial assets at FVTPL – current	–	–	12,751,358	189,601	24,108,007	359,000	36,859,365	548,937	548,601	336	-	-
	Taishin 1699 Money Market Fund	Financial assets at FVTPL – current	–	–	8,813,848	119,700	31,763,053	432,400	24,363,861	331,300	331,200	100	16,213,040	220,900

Note: The amounts as of September 30, 2020 were accounted for as the original investment cost.

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Table 4

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		
			Purchase/Sale	Amount (Note)	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance (Note)		% of Total
China General Plastics Corporation	Taiwan VCM Corporation	Subsidiary	Purchase	\$ 2,779,416	72%	45 days	No major difference	No major difference	Trade payables to related parties	(\$695,203)	(77%)
	CGPC America Corporation	Subsidiary	Sale	(281,369)	(5%)	90 days	No major difference	No major difference	Trade receivables from related parties	91,395	10%
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sale	(2,779,416)	(51%)	45 days	No major difference	No major difference	Trade receivables from related parties	695,203	51%
	CGPC Polymer Corporation	Fellow subsidiary	Sale	(2,500,204)	(46%)	75 days	No major difference	No major difference	Trade receivables from related parties	664,112	49%
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow subsidiary	Purchase	2,500,204	96%	75 days	No major difference	No major difference	Trade payables to related parties	(664,112)	(96%)
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchase	281,369	86%	90 days	No major difference	No major difference	Trade payables to related parties	(91,395)	(92%)

Note: All the transactions were written off when preparing the consolidated financial statements

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2020

Table 5

Unit: In Thousands of New Taiwan Dollars

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance (Note 3)	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Trade receivables from related parties <u>\$ 695,203</u>	4.75	\$ -	—	\$ 370,162	(Note 1)
	CGPC Polymer Corporation	Fellow subsidiary	Trade receivables from related parties <u>\$ 664,112</u>	4.73	-	—	-	(Note 1)

Note 1: There is no allowance for impairment loss after an impairment assessment.

Note 2: The subsequent period is between October 1 and October 26, 2020.

Note 3: All the transactions were written off when preparing the consolidated financial statements.

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Table 6

Unit: In Thousands of New Taiwan Dollars

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount	Transaction Terms	% of Total Sales or Assets (Note 3)
0	China General Plastics Corporation	Taiwan VCM Corporation	1	Trade payables to related parties	\$ 695,203	No major difference	5%
			1	Purchases	2,779,416	No major difference	30%
		CGPC America Corporation	1	Trade receivables from related parties	91,395	No major difference	1%
			1	Other current liabilities	3,619	No major difference	-
			1	Sales revenue	281,369	No major difference	3%
		CGPC Polymer Corporation	1	Other receivables from related parties	1,149	No major difference	-
			1	Trade payables to related parties	9,524	No major difference	-
			1	Purchases	33,292	No major difference	-
		1	CGPC Polymer Corporation	Taiwan VCM Corporation	3	Trade payables to related parties	664,112
3	Other payables to related parties				16,510	No major difference	-
3	Purchases				2,500,204	No major difference	27%
3	Rent incomes				730	No major difference	-

Note 1: The information correlation between the numeral and the entity are stated as follows:

- a. The parent company: 0.
- b. The subsidiaries: 1 onward.

Note 2: The direction of the investment is as follows:

- a. The parent company to its subsidiary: 1.
- b. The subsidiary to the parent company: 2.
- c. Between subsidiaries: 3.

Note 3: The ratio of transactions related to total sales revenue or assets is calculated as follows:

- a. Assets or liabilities: The ratio was calculated based on the ending balance of total consolidated assets; and
- b. Income or loss: The ratio was calculated based on the midterm accumulated amount of total consolidated sales revenue.

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Table 7

Unit: In Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Business Content	Original Investment Amount		As of September 30, 2020			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				September 30, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
China General Plastics Corporation	Taiwan VCM Corporation	No. 1, Gongye 1st Rd., Linyuan Dist., Kaohsiung City 832, Taiwan (R.O.C.)	Manufacturing & marketing of VCM	\$ 2,930,995	\$ 2,930,995	240,206,420	87.22%	\$ 3,388,919	\$ 460,218	\$ 398,451	Subsidiary
	CGPC Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing & marketing of PVC resins	800,000	800,000	80,000,000	100%	973,353	79,127	79,127	Subsidiary
	CGPC (BVI) Holding Co., Ltd.	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Reinvestment	1,073,906	1,073,906	16,308,258	100%	345,520	2,809	2,809	Subsidiary
	China General Terminal & Distribution Corporation	No. 1, Jianji St., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	Warehouse & transportation of petrochemical raw materials	41,106	41,106	19,918,185	33.33%	290,058	54,134	18,045	Associate accounted for using the equity method
	CGPC America Corporation	1181 California Ave., Suite 235 Corona, CA 92881, U.S.A.	Marketing of PVC film and leather products	648,931	648,931	100	100%	202,272	13,567	13,567	Subsidiary
	Acme Electronics Corporation	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing & marketing of Mn-Zn and Ni-Zn ferrite cores.	33,995	33,995	3,176,019	1.74%	22,124	36,961	642	Associate accounted for using the equity method
	Thintec Materials Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing & marketing of reinforced plastic products	-	15,000	-	-	-	15	1	Associate accounted for using the equity method (Note 1)

Note 1: On April 12, 2019, the board of directors of Thintec Materials Corporation (TMC) resolved to dissolve the company from May 25, 2019. TMC has been completed dissolution procedures on July 22, 2020. The Company retrieved the residual assets of \$1,274 thousand in May 2020 and recognized a loss of \$173 thousand on disposal of investment.

Note 2: All the transactions were written off when preparing the consolidated financial statements.

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Table 8

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee Company	Business Content	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 1)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2020 (Note 1)	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 5)	Carrying Amount as of Sept. 30, 2020 (Notes 1 and 5)	Accumulated Repatriation of Investment Income as of September 30, 2020
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)") (Note 4)	Manufacturing & marketing of PVC film and consumer products	\$ 582,000 (US\$20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	\$ 582,000 (US\$20,000 thousand)	\$ -	\$ -	\$ 582,000 (US\$20,000 thousand)	\$ 2,115 (US\$71 thousand)	100%	\$ 2,115 (US\$71 thousand)	\$ 258,639 (US\$8,888 thousand)	\$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacturing & marketing of PVC consumer products	43,650 (US\$1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	43,650 (US\$1,500 thousand)	-	-	43,650 (US\$1,500 thousand)	(8) (US\$ - thousand)	100%	(8) (US\$ - thousand)	13,224 (US\$454 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2020 (Notes 1 and 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 788,086 (US\$ 27,082 thousand)	\$ 913,740 (US\$ 31,400 thousand)	(Note2)

Note 1: The calculation was based on the spot exchange rate of September 30, 2020.

Note 2: As the Company has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10920426850 on September 08, 2020, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note 3: QuanZhou Continental General Plastics Co., Ltd. ("CGPC (QZ)") and Union (Zhong Shan) Co., Ltd. ("Union (ZS)") completed dissolution procedures, and CGPC (BVI) retrieved the residual assets. The shares of Continental General Plastics (San He) Co., Ltd. ("CGPC (SH)") were fully sold, and CGPC (BVI) retrieved the residual assets. However, the amount of capital has not been wired back to Taiwan. The accumulated amount includes the investment amount of CGPC (QZ) of \$19,904 thousand (US\$684 thousand), the investment amount of Union (ZS) of \$26,132 thousand (US\$898 thousand) and the investment amount of CGPC (SH) of \$116,400 thousand (US\$4,000 thousand).

Note 4: The board of directors of the Company passed a resolution to dissolve CGPC (ZS) and CGPC (CP) on October 24, 2011. As of September 30, 2020, the dissolution procedures have not yet been completed.

Note 5: All the transactions were written off when preparing the consolidated financial statements. The investment income (loss) recognition was based on the financial statements which were not reviewed by auditors. See Note 13.

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2020

Table 9

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Union Polymer Int'l Investment Corporation	138,170,701	24.97%
Asia Polymer Corporation	44,653,510	8.06%

Note 1:

The information in this table refers to a total of holding shares of more than 5 percent of the Company's non-physical shares of common stock and preferred stock that have completed registration and delivery (including treasury shares), in accordance with the last business day of the end of the quarter of the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's consolidated financial report and the actual number of non-physical shares that have been registered and delivered may be different due to the different calculation basis.