Stock Code：1305

Notice to Readers:

The financial statement (Chinese version) of our company is audited 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

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

Address： 12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)

Tel：(886)-2-8751-6888

§Table of Contents§

INDEPENDENT AUDITORS' REPORT

The Board of Directos and Shareholders
China General Plastics Corporation

Opinion

We have audited the accompanying financial statements of China General Plastics Corporation (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Base of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Valuation of Inventory

As of December 31, 2020, the carrying amount of the Company's inventory was NT$626,446 thousand (i.e., the gross amount of inventory of NT$668,534 thousand with a deduction of the allowance for inventory valuation and obsolescence losses of NT$42,088 thousand), representing 5% of the Company's total assets. As the Company's inventory was stated at the lower of cost or net realizable value in accordance with IAS 2 "Inventories", which involved critical judgment and accounting estimates by the management, we identified the valuation of inventory as a key audit matter.

Refer to Notes 4, 5 and 10 to the Company's financial statements for the related accounting policies and disclosures on inventory valuation.

The main audit procedures that we performed for valuation of inventory are as follows:

1. We obtained an understanding of the reasonableness of the Company's policies and methods of the allowance for inventory valuation.
2. We have conducted tests with the inventory cost and net realizable value evaluation statements prepared by the management, including but not limited to validation of logic in the statement, bases adopted for inventory cost carried down and net realizable value, also recalculated and validated related statements.
3. We have obtained inventory aging for evaluation data prepared by the management, spot checked on inventory aging and evaluated the management's base for obsolescence loss of inventory estimates and whether it is reasonable.
4. We also performed the retrospective test to verify the validity of the impairment items and value decline in subsequent period.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche
Taipei, Taiwan, Republic of China

CPA Huang, Hsiu-Chun

Financial Supervisory Commission
Approved Document No. Tai Cai
Zheng Liu Zi No. 0920123784

CPA Chiu, Cheng-Chun

Financial Supervisory Commission
Approved Document No. Jin Guan
Zheng Liu Zi No. 0930160267

March 05, 2021

Notice to Readers:
The financial statement (Chinese version) of our company is audited 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

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

Unit: NT$ thousand

CODE	ASSETS	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 and 6)	$ 245,740	2	$ 196,834	2
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Note 4 and 7)	362,101	3	391,585	4
1150	Notes receivable (Notes 4 & 9)	162,639	1	133,133	1
1170	Trade receivables (Notes 4 and 9)	1,044,989	8	629,762	6
1180	Trade receivables from related parties (Note 4, 9 and 24)	111,124	1	109,470	1
1200	Other receivables (Note 4, 9)	46,206	1	34,716	-
1210	Other receivables from related parties (Notes 4, 9 and 24)	2,265	-	2,298	-
1220	Current tax assets (Note 4, 5 and 20)	15,941	-	5,905	-
1310	Inventories (Note 4, 5 and 10)	626,446	5	711,140	7
1410	Prepayments	13,895	-	27,833	-
1470	Other current assets	1,176	-	1,193	-
11XX	Total current assets	2,632,522	21	2,243,869	21
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	137,731	1	117,882	1
1550	Investments accounted for using the equity method (Notes 4, 5, and 11)	6,096,700	48	4,879,875	45
1600	Property, plant and equipment (Notes 4, 12 and 25)	3,248,517	26	3,082,693	28
1760	Investment properties (Note 4 and 13)	271,158	2	285,298	3
1780	Intangible assets (Note 4)	46	-	137	-
1840	Deferred tax assets (Note 4, 5 and 20)	204,427	2	218,937	2
1990	Other non-current assets (Note 25)	11,166	-	12,115	-
15XX	Total non-current assets	9,969,745	79	8,596,937	79
1XXX	TOTAL	$12,602,267	100	$10,840,806	100

CODE	LIABILITIES AND EQUITY	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	CURRENT LIABILITIES				
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 4 and 7)	$ 2,507	-	$ -	-
2170	Trade payables (Note 14)	256,825	2	249,970	2
2180	Trade payables to related parties (Notes 14 and 24)	1,100,365	9	874,579	8
2200	Other payables (Note 15)	420,564	3	323,197	3
2220	Other payables to related parties (Note 24)	4,779	-	2,166	-
2230	Current tax liabilities (Note 4, 5 and 20)	48,917	1	-	-
2399	Other current liabilities (Notes 18)	45,589	-	66,004	1
21XX	Total current liabilities	1,879,546	15	1,515,916	14
	NON-CURRENT LIABILITIES				
2570	Deferred tax liabilities (Note 4,5 and 20)	484,721	4	485,035	5
2640	Net defined benefit liabilities - non-current (Notes 4 and 16)	530,197	4	584,884	5
2670	Other non-current liabilities	4,288	-	4,159	-
25XX	Total non-current liabilities	1,019,206	8	1,074,078	10
2XXX	Total liabilities	2,898,752	23	2,589,994	24
	EQUITY (Notes 4, 8, 11, 16, 17 and 20)				
3110	Ordinary shares	5,533,814	44	5,270,299	49
3200	Capital surplus	10,338	-	10,060	-
	Retained earnings				
3310	Legal reserve	704,963	6	640,570	6
3320	Special reserve	408,223	3	408,223	4
3350	Unappropriated earnings	2,950,662	23	1,888,394	17
3300	Total retained earnings	4,063,848	32	2,937,187	27
3400	Other equity	95,515	1	33,266	-
3XXX	Total equity	9,703,515	77	8,250,812	76
	TOTAL	$12,602,267	100	$10,840,806	100

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

Notice to Readers:

The financial statement (Chinese version) of our company is audited 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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Unit: NT$ Thousand, except Earnings Per Share

		2020		2019	
Code		Amount	%	Amount	%
4100	NET REVENUE (Notes 4, 18 and 24)	$ 8,268,069	100	$ 8,391,693	100
5110	COST OF REVENUE (Notes 4, 5, 10, 19 and 24)	7,389,155	89	7,676,217	92
5900	GROSS PROFIT	878,914	11	715,476	8
5920	REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	681	-	270	-
5950	REALIZED GROSS PROFIT	879,595	11	715,746	8
	OPERATING EXPENSES (Notes 19 and 24)				
6100	Selling and marketing expenses	382,926	5	352,696	4
6200	General and administrative expenses	135,053	2	154,476	2
6300	Research and development expenses	31,014	-	31,263	-
6000	Total operating expenses	548,993	7	538,435	6
6900	NET PROFIT FROM OPERATIONS	330,602	4	177,311	2
	NON-OPERATING INCOME AND EXPENSES (Notes 4, 5, 7, 11, 13, 19 and 24)				
7100	Interest income	1,434	-	6,843	-
7010	Other income	27,917	-	19,034	-
7020	Other gains and losses	(33,826)	-	4,645	-
7510	Interest expense	(986)	-	(788)	-
7060	Share of profit of subsidiaries and associates	1,361,197	17	482,646	6
7000	Total non-operating income and expenses	1,355,736	17	512,380	6
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,686,338	21	689,691	8
7950	INCOME TAX EXPENSE (Notes 4, 5 and 20)	52,154	1	47,014	-
8200	NET PROFIT FOR THE YEAR	1,634,184	20	642,677	8
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 8, 11, 16, 17 and 20)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	17,376	-	4,309	-
8316	Unrealized gain on investments in equity instruments at FVTOCI	36,272	1	3,726	-
8326	Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method-unrealized loss on investments in equity instruments at FVTOCI	35,473	-	5,461	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method - remeasurement of defined benefit plans	5,606	-	2,539	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(3,475)	-	(862)	-
8310		91,252	1	15,173	-
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(12,122)	-	(20,861)	-
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	203	-	(711)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	2,423	-	3,634	-
8360		(9,496)	-	(17,938)	-
8300	Income tax relating to items that may be reclassified subsequently to profit or loss	81,756	1	(2,765)	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,715,940	21	$ 639,912	8
	EARNINGS PER SHARE (Note 21)				
9750	Basic	$ 2.95		$ 1.16	
9850	Diluted	$ 2.95		$ 1.16	

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

Notice to Readers:

The financial statement (Chinese version) of our company is audited 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
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Unit: NT$ thousand

Code		Share Capital (Note 17)	Capital Surplus (Note 4 and 17)			Retained Earnings (Note 4, 16, 17 and 20)				Other Equity (Note 4, 8, 11, 17 and 20)			
		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 Equity
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
A3	Effect of retrospective restatement	-	-	-	-	-	-	(4,731)	(4,731)	-	-	-	(4,731)
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
	Appropriation of 2018 earnings												
B1	Legal reserve	-	-	-	-	127,616	-	(127,616)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(760,140)	(760,140)	-	-	-	(760,140)
B9	Share dividends distributed by the Company	202,703	-	-	-	-	-	(202,703)	(202,703)	-	-	-	-
C17	Other changes in capital surplus	-	1,124	7	1,131	-	-	-	-	-	-	-	1,131
D1	Net profit for the year ended December 31, 2019	-	-	-	-	-	-	642,677	642,677	-	-	-	642,677
D3	Other comprehensive income for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	5,986	5,986	(17,938)	9,187	(8,751)	(2,765)
D5	Total comprehensive income for the year ended December 31, 2019	-	-	-	-	-	-	648,663	648,663	(17,938)	9,187	(8,751)	639,912
Z1	BALANCE AT DECEMBER 31, 2019	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
	Appropriation of 2019 earnings												
B1	Legal reserve	-	-	-	-	64,393	-	(64,393)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(263,515)	(263,515)	-	-	-	(263,515)
B9	Share dividends distributed by the Company	263,515	-	-	-	-	-	(263,515)	(263,515)	-	-	-	-
C17	Other changes in capital surplus	-	278	-	278	-	-	-	-	-	-	-	278
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	-	1,634,184	1,634,184	-	-	-	1,634,184
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	19,507	19,507	(9,496)	71,745	62,249	81,756
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	1,653,691	1,653,691	(9,496)	71,745	62,249	1,715,940
Z1	BALANCE AT DECEMBER 31, 2020	$5,533,814	$ 10,024	$ 314	$ 10,338	$ 704,963	$ 408,223	$2,950,662	$4,063,848	($ 43,259)	$ 138,774	$ 95,515	$9,703,515

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

Notice to Readers:
The financial statement (Chinese version) of our company is audited 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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Unit: NT$ thousand

Code		2020	2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	$ 1,686,338	$ 689,691
A20010	Adjustments for:		
A20100	Depreciation expenses	209,482	184,536
A20200	Amortization expenses	91	1,503
A20400	Net 1oss (gain) on fair value change on financial assets carried at FVTPL	68,860	(35,516)
A20900	Interest expense	986	788
A21200	Interest income	(1,434)	(6,843)
A21300	Dividend income	(9,192)	(3,983)
A22400	Share of profit of subsidiaries and associates	(1,361,197)	(482,646)
A22500	Net (gain) loss on disposal of property, plant and equipment	(2,027)	73
A23200	Loss (gain) on disposal of investments accounted for using the equity method	173	(2,549)
A23700	Write-down (reversal) of inventories	3,798	(4,770)
A24000	Realized gain on the transactions with subsidiaries	(681)	(270)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at FVTPL	(36,869)	49,327
A31130	Notes receivable	(29,506)	57,247
A31150	Trade receivables	(415,227)	202,935
A31160	Trade receivables from related parties	(1,654)	(7,900)
A31180	Other receivables	(11,500)	(7,750)
A31190	Other receivables from related parties	33	109
A31200	Inventories	80,896	114,451
A31230	Prepayments	13,938	(10,485)
A31240	Other current assets	17	(153)
A32130	Notes payable	-	(288)
A32150	Trade payables	6,925	23,507
A32160	Trade payables to related parties	225,786	97,192
A32180	Other payables	125,368	(57,663)
A32190	Other payables to related parties	2,613	(1,996)

(Continued)

Code		2020	2019
A32230	Other current liabilities	($ 20,415)	$ 4,641
A32240	Net defined benefit liabilities	(37,311)	(38,242)
A33000	Cash generated from operations	498,291	764,946
A33100	Interest received	1,444	6,862
A33300	Interest paid	(986)	(788)
A33500	Income tax paid	(129)	(81,178)
AAAA	Net cash generated from operating activities	498,620	689,842
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00030	Proceeds from capital reduction of financial assets at FVTOCI	16,423	6,891
B02300	Purchase of financial assets at amortized cost	-	78,556
B02700	Payments for property, plant and equipment	(392,253)	(389,412)
B02800	Proceeds from disposal of property, plant and equipment	2,952	3,750
B03700	Increase in refundable deposits	(39,029)	(12,026)
B03800	Decrease in refundable deposits	39,978	2,385
B09900	Proceeds from liquidation of investments accounted for using equity method	1,274	-
B07600	Dividends received	181,958	422,912
BBBB	Net cash (used in) generated from investing activities	(188,697)	113,056
	CASH FLOWS FROM FINANCING ACTIVITIES		
C03000	Proceeds from guarantee deposits received	461	2,988
C03100	Refunds of guarantee deposits received	(330)	(1,844)
C04400	Decrease in other non-current liabilities	(2)	(4)
C04500	Dividends paid	(261,146)	(757,933)
CCCC	Net cash used in financing activities	(261,017)	(756,793)
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	48,906	46,105
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	196,834	150,729
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 245,740	$ 196,834

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

(Concluded)

Notice to Readers:

The financial statement (Chinese version) of our company is audited 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.

Notice to Readers:

The financial statement (Chinese version) of our company is audited 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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

1. GENERAL INFORMATION

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 financial statements of the Company and its subsidiaries (collectively referred to "the Company") are presented in the Company's functional currency, the New Taiwan dollar (NT$).

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 05, 2021.

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 Company's accounting policies.

(2) IFRSs certified by applicable FSC in 2021

New IFRSs/Amendments/Amendment Guidelines and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	Effective during the annual reporting period starting from January 1, 2021
Amendment to IFRS 16 "COVID-19 Related Rent Concession"	Effective during the annual reporting period starting from June 1, 2020

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

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

New IFRSs/Amendments/Amendment Guidelines and Interpretations	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018–2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or 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)
Amendments to IAS1 "Disclosure of Accounting Policy"	January 1, 2023 (Note 6)
Amendments to IAS8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)

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.

Note 6: The amendments are deferred to be applicable to the annual reporting period starting after January 1, 2023.

Note 7: The amendments are applicable to changes on accounting estimates and policies happened during the annual reporting period starting after January 1, 2023.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's 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 financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of preparation

The 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.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the basis were made to “investments accounted for using the equity method”, “share of profit or loss of subsidiaries and associates”, “share of other comprehensive income of subsidiaries and associates” and the related equity items, as appropriate, in these parent company only financial statements.

(3) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the trading purpose;
2. Assets expected to be realized within 12 months after the reporting period; and
3. Cash and cash equivalents (but excluded restricted assets from exchange or use to repay liability for more than 12 months after the balance sheet day).

Current liabilities include:

1. Liabilities held primarily for the trading purpose;
2. Liabilities which are due for repayment within 12 months after the balance sheet day; and
3. Liabilities for which the Company does not have an unconditional right to

defer repayment deadline to at least 12 months after the balance sheet day.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, no longer translation anymore.

In the preparation of financial statements, the functional currencies for assets and liabilities of foreign operations (including subsidiaries or affiliates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar on every balance sheet day. Gains and expense items are translated at the average exchange rates for the period and the resulting currency translation differences are recognized in other comprehensive profit/loss.

On the disposal of all equity of a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset, all of the exchange differences accumulated in equity in respect of that operation which are attributable to the owners of the Company are reclassified to profit or loss.

(5) Inventories

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

(6) Investments in Subsidiary

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the investee. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in these parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

(7) Investments in associates

An associate is an entity over which the Company has significant influence and that is not a subsidiary.

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

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

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

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

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

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

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

(8) Property, plant and equipment

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

Depreciation on property, plant and equipment is recognized using the straight-line method and unit of production method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are audited at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

(9) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

Depreciation is recognized using the straight-line method.

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

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

(10) Intangible assets

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

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

(11) Impairment of tangible and intangible assets other than goodwill
At the end of each reporting period, the Company audit the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable

and consistent basis of allocation.

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

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

(12) Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

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

1). Financial assets

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

I) Measurement categories

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

A. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 23.

B. Financial assets at amortized cost

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

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

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

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

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

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

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

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower, breach of contract, it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization or the disappearance of an active market for that financial asset because of financial difficulties have occurred.

Cash equivalents include time deposits and reverse repurchase agreements collateralized by bonds, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investments in equity instruments at FVTOCI

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

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

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

Ⅱ) Impairment of financial assets

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

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

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

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

A. Internal or external information show that the debtor is unlikely to pay its creditors.

B. When a financial asset is more than specific days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

III) Derecognition of financial assets

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

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

2). Equity Tool

The debt and equity tool was issued by the Company pursuant to the agreement and financial liability and equity tool are defined and classified as financial liability or equity.

It recognizes the amount after acquired prices deducting costs of direct issuance.

3). Financial liabilities

I) Subsequent measurement

Except the derivative instruments, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading.

Financial liabilities held for trading are stated as at fair value with any gains or loss arising on remeasuredment recognized in other gain or loss. For the way of fair price determination, please refer to Note 23.

II) Derecognition of financial liabilities

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

4). Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

(13) Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied. The refund liabilities are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of VCM, chlor-alkali products, PVC resins, PVC compounds and other related products. The sale of goods above is recognized as revenue when the goods are delivered to a customer because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

(14) Leasing

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

1). The Company as Lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2). The Company as Lessee

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

(15) Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(16) Income Tax

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

1) Current income tax

The Company determines proceeds (loss) of current period pursuant to the Law and Regulation prescribed in every income tax declaration region and calculates tax payable (recoverable).

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

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

2) Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

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

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

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

3). Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

(1) Impairment of inventories

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

(2) Income taxes

As of December 31, 2020 and 2019, the carrying amounts of deferred tax assets in relation to unused tax losses were $204,427 thousand and $218,937 thousand, respectively. As of December 31, 2020 and 2019, no deferred tax assets have been recognized on tax losses and deductible temporary differences of $194,452 thousand and $206,969 thousand, respectively, due to the unpredictability of future profit streams. The realizability of deferred tax assets mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profit generated is less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

(3) Associate's estimated damage compensation for Kaohsiung Gas explosions

The Company's associate, China General Terminal & Distribution Corporation ("CGTD"), recognized a provision caused by the Kaohsiung gas explosions. The management estimated the provision based on the progress of civil/criminal judgment, settlement, and the legal advice. However, the difference between the estimated compensation and the actual amount may exist.

6. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	$ 96	$ 219
Checking accounts and demand deposits	157,356	93,184
Cash equivalents		
Time deposits	88,288	103,431
	$ 245,740	$ 196,834

The market rate intervals of time deposits in bank at the end of the balance sheet day were as follows:

	December 31, 2020	December 31, 2019
Bank time deposits	0.10%	1.40%-1.50%

7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	December 31, 2020	December 31, 2019
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
－Foreign exchange forward contracts	$ 3,169	$ 4,104
Non-derivative financial assets		
－Mutual funds	309,014	147,014
－Beneficiary securities	49,918	240,467
	$ 362,101	$ 391,585
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
－Foreign exchange forward contracts	$ 2,507	$ -

At the end of the balance sheet day, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
December 31, 2020			
Sell	USD/NTD	2021.01.04-2021.03.12	USD 22,780/NTD 646,453
December 31, 2019			
Sell	USD/NTD	2020.01.03-2020.03.24	USD 14,100/NTD 427,298

The Company entered into foreign exchange forward contracts to avoid risk of exchange rate fluctuations in foreign currency denominated assets and liabilities. These contracts did not meet the conditions pertinent to hedging effect, hence, not applying to a hedge accounting treatment.

8. FINANCIAL ASSETS AT FVTOCI – NON CURRENT

Investments in Equity Instruments at FVTOCI

	December 31, 2020	December 31, 2019
Domestic equity investments		
Unlisted ordinary shares		
KHL IB Venture Capital Co., Ltd.	$ 137,731	$ 117,882

In order to adjust its capital structure, KHL IB Venture Capital Co., Ltd. resolved at the shareholders' meeting in November 2020, May 2020 and April 2019 to reduce its capital per thousand shares by 59, 165 and 82.5 shares and refund $590, $1,650 and $825 per thousand shares. The Company received capital refunds of $16,423 thousand and $6,891 thousand for the years ended December 31, 2020 and 2019, respectively.

These investments in ordinary shares are held for medium to long-term strategic purposes with expectation of profit through long-term investment. Accordingly, the Management chose to designate these investments as at FVTOCI as it believes that recognizing short-term fluctuations in fair value in profit or loss would not be consistent with the Company's plan of investments for long-term purposes.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2020	December 31, 2019
Notes receivable		
Notes receivable - operating	$ 162,639	$ 133,133
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,055,641	$ 640,414
Less: Allowance for impairment loss	(10,652)	(10,652)
	$ 1,044,989	$ 629,762
Trade receivables from related parties (Note 24)	$ 111,124	$ 109,470
Other receivables		
Tax refund receivables	$ 46,166	$ 34,623
Others	40	93
	$ 46,206	$ 34,716
Other receivables from related parties (Note 24)	$ 2,265	$ 2,298

(1) Trade receivables

The Company'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 Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting a new customer, the Company surveys the customers’ credit history and measures the potential customer’s credit quality to set a credit limit. A customer’s credit limit and rating are audited annually. In addition, the Company audit 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 Company's credit risk was significantly reduced.

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

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

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

December 31, 2020

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ 22,697	$ 311,901	$ 154,374	$ 840,432	$1,329,404
Loss allowance (lifetime ECLs)	-	(4,281)	(3,547)	(2,824)	(10,652)
Amortized cost	$ 22,697	$ 307,620	$ 150,827	$ 837,608	$1,318,752

December 31, 2019

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ 5,507	$ 340,756	$ 154,602	$ 382,152	$ 883,017
Loss allowance (lifetime ECLs)	-	(4,445)	(3,322)	(2,885)	(10,652)
Amortized cost	$ 5,507	$ 336,311	$ 151,280	$ 379,267	$ 872,365

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

	December 31, 2020	December 31, 2019
Not overdue	$ 1,278,454	$ 880,057
Less than and including 60 days	50,886	2,960
Over 60 days	64	-
	$ 1,329,404	$ 883,017

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

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

	For the Years Ended December 31	
	2020	2019
Balance at January 1 and December 31	$ 10,652	$ 10,652

(2) Other receivables

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

10. INVENTORIES

	December 31, 2020	December 31, 2019
Finished goods	$ 305,894	$ 412,590
Work in progress	48,411	36,751
Raw materials	272,141	261,799
	$ 626,446	$ 711,140

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 were $7,389,155 thousand, $7,676,217 thousand respectively. The cost of goods sold for the years ended December 31, 2020 and 2019 included allowance for inventory valuation and obsolescence losses of $3,798 thousand and allowance for reversal inventory valuation and obsolescence losses of $4,770 thousand, respectively. Allowance for reversal inventory valuation and obsolescence losses are caused by destocking.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2020	December 31, 2019
Investment to subsidiary	$ 5,758,472	$ 4,599,106
Investment to associates	338,228	280,769
	$ 6,096,700	$ 4,879,875

(1) Investments in subsidiaries

Name of Subsidiaries	December 31, 2020	December 31, 2019
Unlisted company		
Taiwan VCM Corporation	$ 4,020,390	$ 3,126,135
CGPC Polymer Corporation	1,177,835	931,227
CGPC（BVI）Holding Co., Ltd.	351,935	346,472
CGPC America Corporation	208,312	195,272
	$ 5,758,472	$ 4,599,106

At the balance sheet day, the percentage of ownership and voting rights held by the Company in the subsidiary was as follows:

Name of Subsidiaries	December 31, 2020	December 31, 2019
Taiwan VCM Corporation	87.22%	87.22%
CGPC Polymer Corporation	100%	100%
CGPC（BVI）Holding Co., Ltd.	100%	100%
CGPC America Corporation	100%	100%

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.

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.

CGPC (BVI) invests mainly in Teratech Corporation, SOHOware, Inc., Continental General Plastics (Zhong Shan) Co., Ltd. (“CGPC (ZS)”) and CGPC Consumer Products Corporation (“CGPC (CP)”). The board of directors of the Company resolved to dissolve CGPC (ZS) and CGPC (CP) in October 2011. As of December 31, 2020, the dissolution procedures have not yet been completed.

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.

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

(2) Investments in associates

Associates that are not individually material

	December 31, 2020	December 31, 2019
Listed company		
Acme Electronics Corporation ("ACME")	$ 22,517	$ 21,739
Unlisted company		
China General Terminal & Distribution Corporation (CGTD)	315,711	257,584
Thintec Materials Corporation (TMC)	-	1,446
	$ 338,228	$ 280,769

Aggregate information of associates that are not individually material

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
The Company's share of:		
Gain from continuing operations	$ 23,708	$ 24,740
Other comprehensive income	35,198	4,053
Total comprehensive income for the year	$ 58,906	$ 28,793

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

Company	December 31, 2020	December 31, 2019
ACME	1.74%	1.74%
CGTD	33.33%	33.33%
TMC	-	10.00%

Refer to Table 6 "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 Company with its affiliates jointly held more than 20% of the shareholdings of ACME and TMC and had significant influence over each entity. Therefore, the Company 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:

Company	December 31, 2020	December 31, 2019
ACME	$ 60,027	$ 38,906

All associates are accounted for using the equity method.

Except ACME's financial statement as of and for the year ended December 31, 2020, 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 years ended December 31, 2020 and 2019 were based on the associates' financial statements which have been audited for the same years; The management considered ACME's Financial Statements not yet be audited by CPA might not generate material effect.

12. 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	$ 1,629,671	$ 860,050	$ 4,967,934	$ 50,551	$ 164,103	$ 438,936	$ 8,111,245
Additions	-	-	-	-	-	362,091	362,091
Disposals	-	(14,056)	(47,428)	(3,666)	(4,351)	-	(69,501)
Reclassification	-	47,764	249,946	11,939	8,498	(318,147)	-
Balance at December 31, 2020	$ 1,629,671	$ 893,758	$ 5,170,452	$ 58,824	$ 168,250	$ 482,880	$ 8,403,835
Accumulated depreciation and impairment							
Balance at January 1, 2020	$ -	$ 624,768	$ 4,212,782	$ 37,095	$ 153,907	$ -	$ 5,028,552
Depreciation expenses	-	35,409	150,067	5,095	4,771	-	195,342
Disposals	-	(14,023)	(46,536)	(3,666)	(4,351)	-	(68,576)
Balance at December 31, 2020	$ -	$ 646,154	$ 4,316,313	$ 38,524	$ 154,327	$ -	$ 5,155,318
Carrying amount at December 31, 2020	$ 1,629,671	$ 247,604	$ 854,139	$ 20,300	$ 13,923	$ 482,880	$ 3,248,517
Cost							
Balance at January 1, 2019	$ 1,644,182	$ 961,325	$ 4,941,642	$ 55,950	$ 170,373	$ 297,398	$ 8,070,870
Additions	-	-	-	-	-	374,650	374,650
Disposals	-	(33,246)	(102,582)	(8,821)	(11,730)	-	(156,379)
Reclassification	(14,511)	(68,029)	128,874	3,422	5,460	(233,112)	(177,896)
Balance at December 31, 2019	$ 1,629,671	$ 860,050	$ 4,967,934	$ 50,551	$ 164,103	$ 438,936	$ 8,111,245
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 639,859	$ 4,182,509	$ 40,561	$ 161,518	$ -	$ 5,024,447
Depreciation expenses	-	23,929	137,582	4,797	4,088	-	170,396
Disposals	-	(31,347)	(101,247)	(8,263)	(11,699)	-	(152,556)
Reclassification	-	(7,673)	(6,062)	-	-	-	(13,735)
Balance at December 31, 2019	$ -	$ 624,768	$ 4,212,782	$ 37,095	$ 153,907	$ -	$ 5,028,552
Carrying amounts at December 31, 2019	$ 1,629,671	$ 235,282	$ 755,152	$ 13,456	$ 10,196	$ 438,936	$ 3,082,693

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
Machinery and equipment	
Chemical industry equipment	5 to 8 years
Machinery manufacturing equipment	5 to 8 years
Electrical equipment and tanks	10 to 26 years
Other equipment	2 to 15 years
Transportation equipment	
Cars	2 to 7 years
Forklifts	5 to 7 years
Other vehicles	2 to 15 years
Other equipment	2 to 10 years
Miscellaneous equipment	
General office computers	2 to 5 years
Industrial computers	3 to 15 years
Other miscellaneous equipment	3 to 21 years

The Company set out the property, plant and equipment pledged as collateral for bank borrowings in Note 25.

13. INVESTMENT PROPERTIES

	Land	Building & Improvements	Total
Cost			
Balance at January 1 and December 31, 2020	$ 27,715	$ 292,932	$ 320,647
Accumulated Depreciation			
Balance at January 1, 2020	$ -	$ 35,349	$ 35,349
Depreciation Expense	-	14,140	14,140
Balance at December 31, 2020	$ -	$ 49,489	$ 49,489
Carrying amount at December 31, 2020	$ 27,715	$ 243,443	$ 271,158
Cost			
Balance at January 1, 2019	$ 13,204	$ 129,547	$ 142,751
Reclassification from properties, plant and equipment	14,511	163,385	177,896
Balance at December 31, 2019	$ 27,715	$ 292,932	$ 320,647
Accumulated Depreciation			
Balance at January 1, 2019	$ -	$ 7,474	$ 7,474
Depreciation Expense	-	14,140	14,140
Reclassification from properties, plant and equipment	-	13,735	13,735
Balance at December 31, 2019	$ -	$ 35,349	$ 35,349
Carrying amount at December 31, 2019	$ 27,715	$ 257,583	$ 285,298

The Company's investment properties are located in Toufeng 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 Company determined that the fair value of its investment properties is not reliably measurable.

The lease payments receivable under operating leases of investment properties on December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Year 1	$ 10,336	$ 7,567
Year 2	10,776	6,622
Year 3	10,776	6,622
Year 4	10,776	6,622
Year 5	10,776	6,623
Year 6 onwards	37,716	29,800
	$ 91,156	$ 63,856

The investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	5 to 26 years

14. TRADE PAYABLES

	December 31, 2020	December 31, 2020
Trade payables (including related parties)		
Operating	$ 1,357,190	$ 1,124,549

The average payment period of trade payables was 2 months. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

15. OTHER PAYABLES – CURRENT

	December 31, 2020	December 31, 2019
Payables for salaries or bonuses	$ 219,403	$ 162,743
Payables for freight	71,037	38,450
Payables for purchases of equipment	36,837	30,106
Payables for utilities and fuel fees	36,016	37,055
Others	57,271	54,843
	$ 420,564	$ 323,197

16. RETIREMENT BENEFIT PLANS

(1) Defined Contribution Plans

Under the defined benefit plans adopted by the Company and its subsidiary, TVCM, the Company and TVCM contribute amounts equal to

6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee.

(2) Defined Benefit Plans

The defined benefit plans adopted by the Company and its subsidiary, TVCM, in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of a specific period before retirement. 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. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	$ 1,186,411	$ 1,295,857
Fair value of plan assets	(656,214)	(710,973)
Net defined benefit liabilities	$ 530,197	$ 584,884

Movements in net defined benefit liabilities (assets) were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (Assets)
Balance at January 1, 2019	$ 1,337,890	($ 710,455)	$ 627,435
Service cost			
Current service cost	11,479	-	11,479
Net interest expense (income)	11,460	(6,234)	5,226
Recognized in profit or loss	22,939	(6,234)	16,705
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(25,294)	(25,294)
Actuarial loss - changes in financial assumptions	25,213	-	25,213
Actuarial gain - experience adjustments	(4,228)	-	(4,228)

(Continued)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (Assets)
Recognized in other comprehensive income	$ 20,985	($ 25,294)	($ 4,309)
Contributions from the employer	-	(54,947)	(54,947)
Benefits paid	(85,957)	85,957	-
Balance at December 31, 2019	1,295,857	(710,973)	584,884
Service cost			
Current service cost	11,152	-	11,152
Net interest expense (income)	7,763	(4,284)	3,479
Recognized in profit or loss	18,915	(4,284)	14,631
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(24,832)	(24,832)
Actuarial loss - changes in financial assumptions	22,703	-	22,703
Actuarial gain - experience adjustments	(15,247)	-	(15,247)
Recognized in other comprehensive income	7,456	(24,832)	(17,376)
Contributions from the employer	-	(51,942)	(51,942)
Benefits paid	(135,817)	135,817	-
Balance at December 31, 2020	$ 1,186,411	($ 656,214)	$ 530,197

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Operating cost	$ 11,280	$ 12,995
Selling and marketing expenses	1,546	1,682
General and administrative expenses	1,208	1,333
Research and development expenses	597	695
	$ 14,631	$ 16,705

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1. Investment risk: The plan assets are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is

conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.

2. Interest risk: A decrease in government and corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.375%	0.625%
Expected rate of salary increase	2.500%	2.500%

If possible reasonable changes in each of the significant actuarial assumptions were to occur and all other assumptions were to remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2020	December 31, 2019
Discount rates		
0.25% increase	($ 22,703)	($ 25,212)
0.25% decrease	$ 23,409	$ 26,012
Expected rates of salary increase		
0.25% increase	$ 22,520	$ 25,086
0.25% decrease	($ 21,961)	($ 24,448)

It is unlikely that changes in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2020	December 31, 2019
Expected contribution amounts in the next year	$ 53,502	$ 56,576
Weighted average duration of defined benefit obligation	7.8 years	8 years

17. EQUITY

(1) Ordinary shares

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

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 overdue cash dividends or share dividends that not yet been received in capital surplus is only used to offset a deficit.

The capital surplus arising from investments in associates 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 19-(6).

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 For the Years Ended December 31		Dividends Per Share (NT$) For the Years Ended 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

The proposed appropriation of earnings for 2020 in the Board of Directors Meeting on March 5, 2021 was as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 165,369	
Cash dividends	996,086	$ 1.8
Share dividends	276,691	0.5

The appropriation of earnings for 2020 is submitted to the Shareholders' Meeting for resolution on May 28, 2021.

(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 December 31, 2020, there was no change.

(5) Other equity items

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

	For the Years Ended December 31	
	2020	2019
Balance at January 1	($ 33,763)	($ 15,825)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(12,122)	(18,312)
Related income tax	2,423	3,634
Share of exchange differences of associates accounted for using the equity method	(203)	(711)
Reclassification adjustments		
Disposition of foreign operations	-	(2,549)
Balance at December 31	($ 43,259)	($ 33,763)

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

	For the Years Ended December 31	
	2020	2019
Balance at January 1	$ 67,029	$ 57,842
Recognized during the year		
Unrealized gain(loss) on equity instruments	36,272	3,726
Share of gain (loss) of associates accounted for using the equity method	35,473	5,461
Balance at December 31	$138,774	$ 67,029

18. REVENUE

(1) Revenue from contracts with customers

	For the Years Ended December 31	
	2020	2019
Revenue from the sale of goods		
PVC products	$ 8,268,069	$ 8,391,693

Please refer to Schedule 8 for detailed information about revenue from the sale of goods.

(2) Contract balances

Please refer to Note 9 for information related to notes receivable and trade receivables.

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities (presented in other current liabilities)	$ 20,041	$ 28,507	$ 21,118

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

(3) Refund Liabilities

	December 31, 2020	December 31, 2019
Refundable liabilities (presented in other current liabilities)	$ 8,941	$ 20,389

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.

19. NET PROFIT FROM CONTINUING OPERATIONS

(1) Interest income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Bank deposits	$ 350	$ 941
Financial assets at FVTPL	1,077	5,826
Others	7	76
	$ 1,434	$ 6,843

(2) Other income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Rental income	$ 11,386	$ 8,919
Others	16,531	10,115
	$ 27,917	$ 19,034

(3) Other gains and losses

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Gain (Loss) on disposal of property, plant and equipment	$ 2,027	($ 73)
Gross foreign exchange gains	19,937	21,757
Gross foreign exchange losses	(62,943)	(40,449)
Loss on financial liabilities held for trading (see Note 7)	(4,310)	(10,030)
Gain on financial assets mandatorily classified as at FVTPL (see Note 7)	32,710	49,497
Depreciation expenses from investment properties	(14,140)	(14,140)
Loss on disposal of investments accounted for using equity method (Note 11)	(173)	2,549
Others	(6,934)	(4,466)
	($ 33,826)	$ 4,645

(4) Depreciation and amortization

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Property, plant and equipment	$ 195,342	$ 170,396
Investment properties	14,140	14,140
Intangible assets	91	1,503
	$ 209,573	$ 186,039
An analysis of depreciation by function		
Operating costs	$ 193,359	$ 168,028
Operating expenses	1,983	2,368
Non-operating expenses	14,140	14,140
	$ 209,482	$ 184,536
An analysis of amortization by function		
Operating expense	$ 91	$ 1,503

(5) Employee benefits expense

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Post-retirement benefits (see Note 16)		
Defined contribution plans	$ 17,062	$ 15,938
Defined benefit plans	14,631	16,705
	31,693	32,643
Other employee benefits	851,117	812,572
Total employee benefits expense	$ 882,810	$ 845,215

(Continued)

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
An analysis of employee benefits expense by function		
Operating costs	$ 712,129	$ 678,856
Operating expenses	170,681	166,359
	$ 882,810	$ 845,215

(Concluded)

Please refer to Schedule 12 for related details of employee benefits.

(6) 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 year ended December 31, 2020 and 2019, the employees' compensation and remuneration of directors were determined in the Resolution of the Board of Directors Meeting on March 5, 2021 and 2020 as follows:

Accrual rate

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Employees' compensation	1%	1%
Remuneration of directors	-	-

Amount in cash

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Employees' compensation	$ 17,034	$ 6,967

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the 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 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20. INCOME TAX RELATING TO CONTINUING OPERATIONS

(1) Income tax recognized as profit/loss

Major components of income tax expense are as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Current tax		
In respect of the current year	$ 49,046	$ 1,325
Income tax on unappropriated earnings	-	9,695
Adjustments for prior years	(10,036)	701
	39,010	11,721
Deferred tax		
In respect of the current year	16,030	33,780
Effect of different tax rates	7	3,943
Unrecognized deductible provisional difference	(2,503)	(1,729)
Adjustments for prior years	(390)	(701)
	13,144	35,293
Income tax expense recognized in profit or loss	$ 52,154	$ 47,014

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Profit before tax from continuing operations	$ 1,686,338	$ 689,691
Income tax expense calculated at the statutory rate	$ 337,267	$ 137,937
Domestic investment gains accounted for using the equity method	(266,251)	(95,582)
Domestic disposed loss recognized using Equity method	(910)	-
Unrecognized deductible of investments	(1,636)	-
Others	(3,394)	(7,260)
Taxable difference with basic tax deductible	-	10
Additional income tax on unappropriated earnings	-	9,695
Unrecognized deductible temporary differences	(2,503)	(1,729)
Effect of different tax rates	7	3,943
Adjustments for prior years of tax	(10,426)	-
Income tax expense recognized in profit or loss	$ 52,154	$ 47,014

In accordance with the revised Statute for Industrial Innovation announced in July 2019, it provided that undistributed earnings for construction or procurement of specified assets or technology shall be recognized as deductible for calculation of undistributed earnings starting from 2018. When calculating the additional income tax leviable on undistributed earnings, the Company has only deducted the amount of undistributed earnings that has actually used for reinvestment.

(2) Income tax recognized in other comprehensive income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 2,423	$ 3,634
Remeasurement in the Defined benefit plans	(3,475)	(862)
Income tax recognized in other comprehensive income	($ 1,052)	$ 2,772

(3) Current tax assets and liabilities

	December 31, 2020	December 31, 2019
Current tax assets		
Tax refund receivable	$ 15,941	$ 5,905
Current tax liabilities		
Income tax payable	$ 48,917	$ -

(4) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the years ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation	$ 7,658	$ 760	$ -	$ 8,418
Investments using equity method	73,424	(3,486)	2,423	72,361
Unrealized losses on property, plant and equipment	31	(9)	-	22

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Deferred revenue	$ 9,137	($ 143)	$ -	$ 8,994
Refund liabilities	3,965	(2,176)	-	1,789
Defined benefit plans	115,125	(7,462)	(3,475)	104,188
Payables for annual leave	7,522	795	-	8,317
Unrealized foreign exchange losses	1,740	(1,712)	-	28
Others	335	(25)	-	310
	$218,937	($ 13,458)	($ 1,052)	$204,427
Deferred tax liabilities				
Temporary differences				
Differences on depreciation period between finance and tax	$ 1,002	($ 154)	$ -	$ 848
Financial instruments at FVTPL	820	(688)	-	132
Revaluation increments of land	483,213	-	-	483,213
Others	-	528	-	528
	$485,035	($ 314)	$ -	$484,721

(Concluded)

For the years ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation	$ 8,612	($ 954)	$ -	$ 7,658
Investments using Equity Method	91,430	(21,640)	3,634	73,424
Unrealized losses on property, plant and equipment	31	-	-	31
Deferred revenue	13,134	(3,997)	-	9,137
Refund liabilities	4,666	(701)	-	3,965
Defined benefit plans	123,635	(7,648)	(862)	115,125
Payables for annual leave	6,587	935	-	7,522
Unrealized foreign exchange losses	336	1,404	-	1,740
Others	2,658	(2,323)	-	335
	$251,089	($ 34,924)	$ 2,772	$218,937

(Continued)

Deferred tax liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Differences on depreciation period between finance and tax	$ 1,328	($ 326)	$ -	$ 1,002
FVTPL Financial instruments	125	695	-	820
Revaluation increments of land	483,213	-	-	483,213
	$484,666	$ 369	$ -	$485,035

(Concluded)

(5) Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

As of December 31, 2020 and 2019, the Company's deductible temporary differences for which no deferred income tax assets have been recognized in the balance sheets were NT$194,452 thousand and NT$206,969 thousand respectively.

(6) Income tax assessments

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

21. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Basic earnings per share	$ 2.95	$ 1.16
Diluted earnings per share	$ 2.95	$ 1.16

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

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 1.22	$ 1.16
Diluted earnings per share	$ 1.22	$ 1.16

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

Net Profit for the Year

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Net profit used in the computation of basic and diluted earnings per share	$ 1,634,184	$ 642,677

Ordinary shares outstanding

Unit: thousands of shares

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Weighted average number of ordinary shares used in computation of basic earnings per share	553,381	553,381
Effect of potentially dilutive ordinary shares:		
Employees' compensation	732	449
Weighted average number of ordinary shares used in the computation of diluted earnings per share	554,113	553,830

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

22. CAPITAL MANAGEMENT

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

23. FINANCIAL INSTRUMENTS

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

The management of the Company believes the carrying amounts of financial assets and financial liabilities not measured by fair price all approximated 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

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 3,169	$ -	$ 3,169
Mutual funds	309,014	-	-	309,014
Beneficiary securities	49,918	-	-	49,918
	$ 358,932	$ 3,169	$ -	$ 362,101
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted equity investments	$ -	$ -	137,731	137,731
Financial liabilities at FVTPL				
Derivatives	$ -	$ 2,507	$ -	$ 2,507

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ -	$ 4,104	$ -	$ 4,104
Mutual funds	147,014	-	-	147,014
Beneficiary securities	240,467	-	-	240,467
	$ 387,481	$ 4,104	$ -	$ 391,585
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted equity investments	$ -	$ -	$ 117,882	$ 117,882

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

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

For the Year Ended December 31, 2020

	Financial Assets at FVTOCI
Balance at January 1, 2020	$117,882
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	36,272
Refund of capital reduction	(16,423)
Balance at December 31, 2020	$137,731

For the Year Ended December 31, 2019

	Financial Assets at FVTOCI
Balance at January 1, 2019	$121,047
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	3,726
Refund of capital reduction	(6,891)
Balance at December 31, 2019	$117,882

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

To determine the fair value for Level 3 financial instruments, the Company's 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 (over-the-counter) domestic equity investments, the Company utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value. The unobservable input used was a discount for the lack of marketability of 15% on December 31, 2020 and 2019. When other inputs remain unchanged, the fair value will decrease by $1,620 thousand, and $1,387 thousand, respectively if the discount for lack of marketability increases by 1%.

(3) Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at FVTPL		
Mandatorily classified at FVTPL	$ 362,101	$ 391,585
Financial assets at amortized cost		
Cash and cash equivalents	245,740	196,834
Notes receivable	162,639	133,133
Trade receivables (including related parties)	1,156,113	739,232
Other receivables (including related parties and excluding tax refund receivable)	2,305	2,391
Refundable deposits	11,166	12,115
Financial assets at FVTOCI－Equity instruments	137,731	117,882
Financial liabilities		
Financial liabilities at FVTPL - Held for trading	2,507	-
Financial liabilities measured at amortized cost		
Trade payables (including related parties)	1,357,190	1,124,549
Other payables (Note 1)	205,940	162,620
Refundable deposits	3,963	3,832

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

1) Market risk

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

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

a) Foreign currency risk

The Company conducted foreign currency sales and purchases, which exposed the Company to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Company maintains a balance of hedged net foreign currency denominated assets and liabilities. The Company 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 Company'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 Company engaged in were not for speculation purposes.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency against U.S. dollars, the net income before tax for the years ended December 31, 2020 and 2019 would have decreased/increased by $29,873 thousand and $16,606 thousand, respectively.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign currency risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Company was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Company was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Company's management regularly monitors the fluctuations on market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Company's interest rates more closely approach market rates in response to the interest rate risk.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates on the balance sheet day were as follows:

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
－Financial assets	$ 96,635	$ 111,727
Cash flow interest rate risk		
－Financial assets	122,657	71,477

The Company didn't have the financial liabilities of fair value interest rate risk and cash flow interest rate risk, on December 31, 2020 and 2021.

<u>Sensitivity analysis</u>

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

If interest rates had been 50 points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2020 and 2019 would have decreased/increased by $613 thousand and $357 thousand, respectively.

(3) Other price risk

The Company 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 Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company 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 years ended December 31, 2020 and 2019 would have increased/decreased by $17,947 thousand and $19,374 thousand, respectively as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have increased/decreased by $6,887 thousand and $5,894 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 Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and

b) The maximum amount the Company would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

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

The counterparties of the Company's trade receivable included numerous clients distributed over a variety of areas, and were not centered on a single client or location. Furthermore, the Company continuously assesses the financial condition of its clients, and then the Company's credit risk was limited. As of the end of the reporting period, the Company's largest exposure to credit risk is approximately that of to the carrying amounts of its financial assets.

3) Liquidity risk

The Company 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 Company'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 Company can be required to pay. The table includes both interest and principal cash flows.

December 31, 2020

	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing liabilities	$1,563,130	$ -	$ -

December 31, 2019

	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing liabilities	$1,287,169	$ -	$ -

b) Financing facilities

The Company relies on bank loans as a significant source of liquidity. The unused amounts of bank loan facilities on the balance sheet day were as follows:

	December 31, 2020	December 31, 2019
Bank loan facilities		
－Amount unused	$ 1,778,160	$ 2,071,315

24. TRANSACTIONS WITH RELATED PARTIES

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

(1) Names of related parties and relationship

Related Party Name	Related Party Category
USI Corporation ("USI")	Parent company
Taiwan VCM Corporation ("TVCM")	Subsidiary
CGPC Polymer Corporation ("CGPCPOL")	Subsidiary
CGPC America Corporation ("CGPC America")	Subsidiary
Taita Chemical Company, Limited ("TTC")	Investor with significant influence
Asia Polymer Corporation ("APC")	Investor with significant influence
China General Terminal & Distribution Corporation	Associate
Acme Electronics Corporation	Associate
USI Optronics Corporation ("USIO")	Fellow subsidiary
USI Management Consulting Corporation ("UM")	Fellow subsidiary
Swanson Plastics Corporation	Fellow subsidiary
Taiwan United Venture Management Corporation	Fellow subsidiary
Chong Loong Trading Co., Ltd.	Fellow subsidiary
Dynamic Ever Investments Limited	Fellow subsidiary
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 Year Ended December 31, 2020	For the Year Ended December 31, 2019
Subsidiary	$ 389,006	$ 407,159
Investor with significant influence	2,369	2,964
Fellow subsidiary	661	334
	$ 392,036	$ 410,457

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 Year Ended December 31, 2020	For the Year Ended December 31, 2019
Subsidiary		
TVCM	$ 4,290,414	$ 4,551,682
Others	61,206	32,007
Fellow subsidiary	32,770	2,218
Parent company		
USI	143	111
Investor with significant influence	24	-
	$ 4,384,557	$ 4,586,018

The Company has entered into Supply Contract for Vinyl Chloride Monomer and for price of purchase, please refer to its sales price for the month, Asia Spot Reported Vinyl Chloride Monomer price and Asia prices of Dichloroethane and ethylene.

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

(4) Trade receivables to related parties

Related Party Category/Name	December 31, 2020	December 31, 2019
Subsidiary		
CGPC America	$ 110,613	$ 108,648
Investor with significant influence	511	822
	$ 111,124	$ 109,470

The outstanding trade receivables from related parties were unsecured. For the years ended December 31, 2020 and 2019, no impairment loss was recognized for trade receivables from related parties.

(5) Trade payables to related parties

Related Party Category/Name	December 31, 2020	December 31, 2019
Subsidiary		
TVCM	$ 1,069,615	$ 866,364
Others	19,827	8,215
Fellow subsidiary	10,847	-
Parent company		
USI	76	-
	$1,100,365	$ 874,579

The outstanding trade payables to related parties were unsecured.

(6) Other receivables from related parties

Related Party Category/Name	December 31, 2020	December 31, 2019
Subsidiary		
CGPCPOL	$ 1,545	$ 1,588
Others	41	132
Investor with significant influence		
TTC	637	536
Others	2	2
Fellow subsidiary	28	28
Parent company		
USI	8	8
Associate	3	3
Subsidiary of investor with significant influence	1	1
	$ 2,265	$ 2,298

(7) Other payables to related parties

Related Party Category/Name	December 31, 2020	December 31, 2019
Parent company		
USI	$ 4,028	$ 1,664
Subsidiary	395	197
Investor with significant influence	197	182
Fellow subsidiary	159	123
	$ 4,779	$ 2,166

(8) Endorsements and guarantees

Related Party Category/Name	December 31, 2020	December 31, 2019
Subsidiary		
CGPCPOL	$ 2,450,000	$ 2,200,000

(9) Lease arrangements

Related Party Category/Name	For the year ended December 31, 2020	For the year ended December 31, 2019
Lease expense		
Parent company		
USI	$ 5,109	$ 5,258
Investor with significant influence		
APC	2,186	2,005
	$ 7,295	$ 7,263

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

(10) Management service expenses

Related Party Category/Name	For the year ended December 31, 2020	For the year ended December 31, 2019
Fellow subsidiary		
UM	$ 41,811	$ 51,089
Others	29	114
Parent company		
USI	3,768	4,292
	$ 45,608	$ 55,495

UM and USI provide labor support, equipment and other related services to the Company and its subsidiaries. The Agreement governing related subject matters was put into effect since July 1, 2001 and service expenses were based on the actual quarterly expenses which should be paid in the subsequent quarter following the related service.

(11) Donations

Related Party Category/Name	For the year ended December 31, 2020	For the year ended December 31, 2019
Related party in substance		
USIF	$ 1,000	$ 2,000

(12) Rental income

Related Party Category/Name	For the year ended December 31, 2020	For the year ended December 31, 2019
Fellow subsidiary		
USIO	$ 3,379	$ 5,909
Investor with significant influence	266	216
	$ 3,645	$ 6,125

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.

(13) Other income

Related Party Category	For the year ended December 31, 2020	For the year ended December 31, 2019
Investor with significant influence	$ 1,482	$ 1,925
Subsidiary	116	344
	$ 1,598	$ 2,269

(14) Miscellaneous expense

Related Party Category	For the year ended December 31, 2020	For the year ended December 31, 2019
Subsidiary	$ 503	$ 446

(15) Compensation of key management personnel

	For the year ended December 31, 2020	For the year ended December 31, 2019
Salaries and others	$ 18,240	$ 18,762
Post-employment benefits	181	221
	$ 18,421	$ 18,983

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

25. 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:

	December 31, 2020	December 31, 2019
Pledge deposits (recognized as refund security deposits)	$ 8,347	$ 8,296
Property, plant and equipment		
Land	-	1,517,928
Buildings and improvements, net	-	56,578
	$ 8,347	$ 1,582,802

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; however, the Company has cancelled related credit line and pledge rights of related lands, plant and machinery equipment in November of 2020.

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company on the balance sheet day were as follows:

(1) As of December 31, 2020, and 2019, the Company's unused letters of credit amounted to $6,512 thousand and $2,415 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 second instance of the criminal procedures reached a judgment on April 24, 2020, whereby three employees of CGTD were all sentenced not guilty.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of $227,458 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 February 26, 2021, the provisionally attached property was worth $9,581 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, agreeing to provide preliminary assistance in the compensation to all heirs and parties with claiming rights of 32 victims (hereinafter referred to as "Victim's Families"). 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 February 26, 2021, 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 $46,677 thousand, and the amount of the settlement was $4,519 thousand. Along with the case still under litigation and the above-mentioned compensation, the accumulated amount of compensation is $3,856,447 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately $1,341,128 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault 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 $401,979 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.

27. 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

December 31, 2020

	Foreign Currencies	Exchange Rate (In Single Dollars)	NT$ Carry Amount
Financial Assets			
Monetary items			
USD	$ 35,461	28.480 (USD: NTD)	$1,009,925
AUD	853	21.950 (AUD: NTD)	18,716
EUR	392	35.020 (EUR: NTD)	13,731
Non-Monetary items			
Subsidiaries accounted for using the equity method			
USD	19,672	28.480 (USD: NTD)	560,247
Financial Liabilities			
Monetary items			
USD	497	28.480 (USD: NTD)	14,147

December 31, 2019

	Foreign Currencies	Exchange Rate (In Single Dollars)	NT$ Carry Amount
Financial Assets			
Monetary items			
USD	$ 18,816	29.980(USD: NTD)	$ 564,092
EUR	343	33.590(EUR: NTD)	11,505
AUD	611	21.005(AUD: NTD)	12,835
Non-Monetary items			
Subsidiaries accounted for using the equity method			
USD	18,070	29.980(USD: NTD)	541,744
Financial Liabilities			
Monetary items			
USD	353	29.980(USD: NTD)	10,570

For the years ended December 31, 2020 and 2019, net foreign exchange losses were $43,006 thousand, and $18,692 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.

28. SEPARATELY DISCLOSED ITEMS

(1) Information about significant transactions

1) Financing provided to others: None.

2) Endorsements/guarantees provided: See Note 24 and Table 1 attached.

3) Holding of securities at the end of the period: See Table 2 attached.

4) Same security accumulatively purchased or sold 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.

(2) Information on investees: See Table 6 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 7 attached.

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.

(4) 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 8 attached.

CHINA GENERAL PLASTICS CORPORATION
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 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	$ 5,822,109	$ 2,450,000	$ 2,450,000	$ 14,240	None	25.25%	$ 9,703,515	Yes	No	No

Note 1: The ratio is calculated using the ending balance of equity of the Company as of December 31, 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

MARKETABLE SECURITIES HELD

DECEMBER 31, 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	December 31, 2020				Maximum shares/Units Held During the Year	Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value		
China General Plastics Corporation	Beneficiary security								
	Cathay No. 1 Real Estate Investment Trust	—	Financial assets at FVTPL - current	2,668,000	$ 49,918	-	$ 49,918	4,268,000	1
	Mutual Funds								
	Shin Kong Chi-Shin Money Market Fund	—	Financial assets at FVTPL - current	6,407,463	100,000	-	100,000	6,407,463	1
	Taishin 1699 Money Market Fund	—	Financial assets at FVTPL - current	7,255,248	99,005	-	99,005	10,995,912	1
	Taishin Ta-Chong Money Market Fund	—	Financial assets at FVTPL - current	4,190,295	60,007	-	60,007	4,190,295	1
	CTBC Hua Win Money Market Fund	—	Financial assets at FVTPL - current	4,501,666	50,002	-	50,002	5,409,686	1
	Ordinary shares								
	KHL IB Venture Capital Co., Ltd.	—	Financial assets at FVTOCI - non-current	6,022,353	137,731	5.95%	137,731	7,664,611	1
Taiwan VCM Corporation	Mutual Funds								
	Taishin Ta-Chong Money Market Fund	—	Financial assets at FVTPL - current	6,983,874	100,012	-	100,012	13,979,073	1
	Capital Money Market Fund	—	Financial assets at FVTPL - current	4,611,100	75,001	-	75,001	4,611,100	1
	Taishin 1699 Money Market Fund	—	Financial assets at FVTPL - current	3,664,588	50,006	-	50,006	13,738,244	1
	FSITC Taiwan Money Market Fund	—	Financial assets at FVTPL - current	3,240,147	50,007	-	50,007	12,972,782	1
	FSITC Money Market Fund	—	Financial assets at FVTPL - current	278,042	50,006	-	50,006	446,087	1
	Jih Sun Money Market Fund	—	Financial assets at FVTPL - current	669,954	10,016	-	10,016	6,699,539	1
	Hua Nan Phoenix Money Market Fund	—	Financial assets at FVTPL - current	610,344	10,001	-	10,001	9,155,162	1
	Ordinary shares								
	Asia Polymer Corporation	The major shareholders are the same as the those of the Company	Financial assets at FVTOCI - non-current	127,691	2,746	0.02%	2,746	127,691	1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Maximum shares/Units Held During the Year	Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value		
CGPC Polymer Corporation	Mutual Funds								
	Taishin 1699 Money Market Fund	—	Financial assets at FVTPL - current	15,393,455	$ 210,058	-	$ 210,058	16,213,040	1
	Capital Money Market Fund	—	Financial assets at FVTPL - current	11,991,180	195,041	-	195,041	11,991,180	1
	Taishin Ta-Chong Money Market Fund	—	Financial assets at FVTPL - current	8,941,582	128,047	-	128,047	11,386,536	1
	Hua Nan Phoenix Money Market Fund	—	Financial assets at FVTPL - current	7,629,121	125,009	-	125,009	8,247,993	1
	FSITC Taiwan Money Market Fund	—	Financial assets at FVTPL – current	3,178,916	49,062	-	49,062	3,251,715	1
	FSITC Money Market Fund	—	Financial assets at FVTPL – current	250,312	45,018	-	45,018	334,346	1
	Hua Nan Kirin Money Market Fund	—	Financial assets at FVTPL – current	3,315,451	40,002	-	40,002	5,807,222	1
	Shin Kong Chi-Shin Money-Market Fund	—	Financial assets at FVTPL – current	1,601,866	25,000	-	25,000	6,095,008	1
CGPC（BVI）Holding Co., Ltd.	Ordinary shares								
	Teratech Corporation	—	Financial assets at FVTPL - non-current	112,000	-	0.67%	-	112,000	1, 3
	SOHOware Inc. - preference shares	—	Financial assets at FVTPL - non-current	100,000	-	-	-	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 December 31, 2020, the Company evaluates the fair value of the equity instrument as $0.

CHINA GENERAL PLASTICS CORPORATION

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2020

Table 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	Mutual Funds													
	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	–	–	-	-	72,435,348	987,000	65,180,100	888,173	888,000	173	7,255,248	99,000
Taiwan VCM Corporation	Mutual Funds													
	Taishin 1699 Money Market Fund	Financial assets at FVTPL – current	–	–	-	-	32,094,334	437,000	28,429,746	387,319	387,000	319	3,664,588	50,000
	FSITC Taiwan Money Market Fund	Financial assets at FVTPL – current	–	–	-	-	26,931,036	415,000	23,690,889	365,200	365,000	200	3,240,147	50,000
	Taishin Ta-Chong Money Market Fund	Financial assets at FVTPL – current	–	–	-	-	27,828,581	398,000	20,844,707	298,168	298,000	168	6,983,874	100,000
	Hua Nan Phoenix Money Market Fund	Financial assets at FVTPL – current	–	–	-	-	19,927,441	326,000	19,317,097	316,119	316,000	119	610,344	10,000
	Hua Nan Kirin Money Market Fund	Financial assets at FVTPL – current	–	–	-	-	26,573,708	320,000	26,573,708	320,136	320,000	136	-	-
GPC Polymer Corporation	Mutual Funds													
	Jih Sun Money Market Fund	Financial assets at FVTPL – current	–	–	12,751,358	189,601	24,108,007	359,000	36,859,365	548,936	548,601	335	-	-
	Taishin 1699 Money Market Fund	Financial assets at FVTPL – current	–	–	8,813,848	119,700	52,289,292	712,400	45,709,685	622,428	622,100	328	15,393,455	210,000
	Capital Money Market Fund	Financial assets at FVTPL – current	–	–	2,574,758	41,700	21,415,980	348,000	11,999,558	194,753	194,700	53	11,991,180	195,000
	Hua Nan Phoenix Money Market Fund	Financial assets at FVTPL – current	–	–	-	-	27,420,678	449,000	19,791,557	324,050	324,000	50	7,629,121	125,000

Note: The amounts as of January 1 and December 31, 2020 were accounted for as the original investment cost.

CHINA GENERAL PLASTICS CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 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	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total
China General Plastics Corporation	Taiwan VCM Corporation	Subsidiary	Purchase	$ 4,290,414	74%	45 days	No major difference	No major difference	Trade payables to related parties ($1,069,615)	(79%)
	CGPC America Corporation	Subsidiary	Sale	(389,006)	(5%)	90 days	No major difference	No major difference	Trade receivables from related parties 110,613	8%
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sale	(4,290,414)	(51%)	45 days	No major difference	No major difference	Trade receivables from related parties 1,069,615	42%
	CGPC Polymer Corporation	Fellow subsidiary	Sale	(3,869,633)	(46%)	75 days	No major difference	No major difference	Trade receivables from related parties 1,437,900	57%
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow subsidiary	Purchase	3,869,633	96%	75 days	No major difference	No major difference	Trade payables to related parties (1,437,900)	(98%)
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchase	389,006	85%	90 days	No major difference	No major difference	Trade payables to related parties (110,613)	(97%)

CHINA GENERAL PLASTICS CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2020

Table 5

Unit: In Thousands of New Taiwan Dollars

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
						Amount	Actions Taken		
China General Plastics Corporation	CGPC America Corporation	Subsidiary company	Trade receivables from related parties	$ 110,613	3.55	$ -	—	$ 36,022	(Note 1)
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Trade receivables from related parties	$ 1,069,615	4.43	-	—	1,069,615	(Note 1)
	CGPC Polymer Corporation	Fellow subsidiary	Trade receivables from related parties	$ 1,437,900	3.55	-	—	920,851	(Note 1)

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

Note 2: The subsequent period is between January 1 and February 17, 2021.

CHINA GENERAL PLASTICS CORPORATION

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2020

Table 6

Unit: In Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Business Content	Original Investment Amount		As of December 31, 2020			Net Income of Investee	Share of Profit	Note
				December 31, 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%	$ 4,020,390	$ 1,232,387	$ 1,024,137	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%	1,177,835	283,408	283,408	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%	351,935	4,943	4,943	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%	315,711	69,385	23,128	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%	208,312	25,001	25,001	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%	22,517	33,393	579	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.

CHINA GENERAL PLASTICS CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2020

Table 7

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 December 31, 2020 (Note 1)	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 5)	Carrying Amount as of December 31, 2020 (Notes 1 and 5)	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)") (Note 4)	Manufacturing & marketing of PVC film and consumer products	$ 569,600 (US$20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	$ 569,600 (US$20,000 thousand)	$ -	$ -	$ 569,600 (US$20,000 thousand)	$ 4,270 (US$146 thousand)	100%	$ 4,270 (US$146 thousand)	$ 266,359 (US$9,352 thousand)	$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacturing & marketing of PVC consumer products	42,720 (US$1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	42,720 (US$1,500 thousand)	-	-	42,720 (US$1,500 thousand)	3 (US$ - thousand)	100%	3 (US$ - thousand)	13,519 (US$475 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 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
$ 771,295 (US$ 27,082 thousand)	$ 894,272 (US$ 31,400 thousand)	(Note2)

Note 1: The calculation was based on the spot exchange rate of December 31, 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 $19,480 thousand (US$684 thousand), the investment amount of Union (ZS) of $25,575 thousand (US$898 thousand) and the investment amount of CGPC (SH) of $113,920 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 December 31, 2020, the dissolution procedures have not yet been completed.

Note 5: The investment income recognition in 2020 is based on the financial statements audited by the parent company's CPA.

CHINA GENERAL PLASTICS CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2020

Table 8

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.

§THE CONTENTS OF SCHEDULES OF MAJOR ACCOUNTING ITEMS§

CHINA GENERAL PLASTICS CORPORATION

SCHEDULE OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2020

Schedule 1

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

Item	Description	Amount
Cash on hand and petty cash		$ 96
Cash in bank		
Demand deposits		54,283
Checking accounts		34,699
Foreign currency deposits	US$2,285,920, US$1=NT$28.480 EUR4,090, EUR1=35.020 AUD71,229, AUD1=21.950 GBP34,817, GBP1=NT$38.900 JPY345,363, JPY1=0.2763 HK$31,171, HK$1=3.673	68,374
		157,356
Time deposits		
Foreign time deposits	US$3,100,000, US$1=28.480, expired by 2020.12.30~2021.01.04, interest rate at 0.10%	88,288
		$ 245,740

CHINA GENERAL PLASTICS CORPORATION

SCHEDULE OF FINANCIAL ASSETS AT FVTPL - CURRENT

DECEMBER 31, 2020

SCHEDULE 2

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

Type and Name of Financial Instruments	Number of Shares	Acquisition Cost	Fair Value Unit Price (Dollar)	Fair Value Amount
Financial assets mandatorily classified as at FVTPL				
Non-derivative financial assets				
Mutual Funds				
Shin Kong Chi-Shin Money Market Fund	6,407,463	$100,000	15.61	$100,000
Taishin 1699 Money Market Fund	7,255,248	99,000	13.65	99,005
Taishin Ta-Chong Money Market Fund	4,190,295	60,000	14.32	60,007
CTBC Hua Win Money Market Fund	4,501,666	50,000	11.11	50,002
		309,000		309,014
Beneficiary security				
Cathay No. 1 Real Estate Investment Trust	2,668,000	27,061	18.71	49,918
		$336,061		358,932
Derivative financial instruments				
Foreign exchange forward contracts				3,169
				$362,101
Financial liabilities held for transactions				
Derivative financial instruments				
Foreign exchange forward contracts				$ 2,507

CHINA GENERAL PLASTICS CORPORATION

SCHEDULE OF NOTES RECEIVABLE AND TRADE RECEIVABLES

DECEMBER 31, 2020

SCHEDULE 3

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Notes receivable	
Avatack Co., Ltd.	$ 27,605
Zheng Yi Plastic Co., Ltd.	22,191
Jeng Chi Co., Ltd.	15,126
Globe Industries Corportion	12,355
Yung Hua Te Industry Co., Ltd	9,168
Others (Note)	76,194
	162,639
Trade receivables from unrelated parties	
Tricon Energy UK, Ltd.	157,158
The Supreme Industries Ltd.	102,763
Krona Tubos E Conexoes Ltda.	76,715
Beautiful Window Enterprise（HK）Co., Ltd.	61,446
Jai Gopal International Impex Pvt. Ltd.	59,552
Others (Note)	598,007
	1,055,641
Less: Allowance for impairment loss	(10,652)
	1,044,989
Trade receivables from related parties	
CGPC America Corporation	110,613
Others (Note)	511
	111,124
	$ 1,318,752

Note: The amount of individual client included in others does not exceed 5% of the account balance.

CHINA GENERAL PLASTICS CORPORATION

SCHEDULE OF INVENTORIES

DECEMBER 31, 2020

SCHEDULE 4

Unit: In Thousands of New Taiwan Dollar

Item	Amount	
	Cost	Net Realizable Value (Note1)
Finished goods	$ 329,520	$ 369,094
Work in progress	51,170	48,830
Raw materials	287,844	277,053
	668,534	$ 694,977
Less: Allowance for impairment loss (Note 2)	(42,088)	
	$ 626,446	

Note 1: The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Note 2: The impairment loss on inventory resulted from the obsolete and slow moving items; impairment loss is the excess of cost over net realizable value.

Note 3: The amount of insured inventories is NT$1,193,103 thousand.

CHINA GENERAL PLASTICS CORPORATION

SCHEDULE OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2020

SCHEDULE 5

Unit: In Thousands of New Taiwan Dollar

Investee Company	Balance at January 1, 2020 Shares	Balance at January 1, 2020 Amount	Additions (Decrease) Shares	Additions (Decrease) Amount	Balance at December 31, 2020 Shares	Balance at December 31, 2020 Amount	%	Market Value/ Net Assets Value	Endorsement / Guarantee Collateral	Note
Listed Company										
Acme Electronics Corporation	3,176,019	$ 24,582	-	$ 575	3,176,019	$ 25,157	1.74	$ 60,027	None	Note 2
Unlisted Company										
Taiwan VCM Corporation	226,609,751	3,126,135	13,596,669	894,255	240,206,420	4,020,390	87.22	4,095,701	None	Note 3
CGPC Polymer Corporation	80,000,000	931,227	-	246,608	80,000,000	1,177,835	100	1,177,835	Note 1	Note 4
CGPC（BVI）Holding Co., Ltd.	16,308,258	378,086	-	4,943	16,308,258	383,029	100	351,935	None	Note 5
China General Terminal & Distribution Corporation	18,667,465	257,584	1,250,720	58,127	19,918,185	315,711	33.33	315,711	None	Note 6
CGPC America Corporation	100	198,304	-	25,682	100	223,986	100	251,142	None	Note 7
Thintec Materials Corporation	600,000	1,446	(600,000)	(1,446)	-	-	-	-	None	Note 8
		4,917,364		1,228,744		6,146,108				
Adjustments resulting from translation of the financial statement of foreign operations		(37,489)		(11,919)		(49,408)				
		$ 4,879,875		$ 1,216,825		$ 6,096,700				

Note 1: Refer to Table 1.

Note 2: The changes included changes in share of gain of associates which amounted to $579 thousand, and remeasurement of defined benefit plans of $4 thousand.

Note 3:The increase of shares was due to the appropriation of earnings for distribution of share dividends; the changes mainly included share of profits derived from subsidiaries which amounted to $1,024,137 thousand, unrealized gain on investments in equity investments at FVTOCI which amounted to $719 thousand and remeasurement of defined benefit plans of $5,365 thousand less collection of cash dividends of $135,966 thousand.

Note 4: The changes mainly included the share of profits derived from subsidiaries of $283,408 thousand less collection of cash dividends of $36,800 thousand.

Note 5: The changes resulted from the share of profit of subsidiaries.

Note 6: The changes mainly included share of profits derived from associates which amounted to $23,128 thousand, unrealized gain on investments in equity investments at FVTOCI which amounted of $34,754 thousand and remeasurement of defined benefit plans of $245 thousand

Note 7:The changes mainly included the share of profits derived from subsidiaries of $25,001 thousand and the realized gain on the transactions with subsidiaries of $681 thousand

Note 8:The decrease of shares was due to the completed of liquidation procedures; The changes mainly included share of profits derived from associates which amounted to $1 thousand, less retrieved the residual assets of $1,274 thousand and recognized a loss of $173 thousand on disposal of investment.

CHINA GENERAL PLASTICS CORPORATION

SCHEDULE OF TRADE PAYABLES

DECEMBER 31, 2020

SCHEDULE 6

Unit: In Thousands of New Taiwan Dollar

Item	Amount
Trade payables from unrelated parties	
Nan Ya Plastics Corporation	$ 31,625
Golden Chemical Corp.	12,902
Others (Note)	212,298
	256,825
Trade payables from related parties	
Taiwan VCM Corporation	1,069,615
Others (Note)	30,750
	1,100,365
	$ 1,357,190

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

CHINA GENERAL PLASTICS CORPORATION

SCHEDULE OF OTHER CURRENT LIABILITIES

DECEMBER 31, 2020

SCHEDULE 7

UNIT: In Thousands of New Taiwan Dollar

Item	Amount
Contract Liability	$ 20,041
Withholding Labor Insurance and National Health Insurance	13,977
Refund Liability	8,941
Others (Note)	2,630
	$ 45,589

Note: The amount of each item included in others does not exceed 5% of the account balance.

CHINA GENERAL PLASTICS CORPORATION

SCHEDULE OF NET REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2020

SCHEDULE 8

UNIT: In Thousands of New Taiwan Dollar, Unless Stated Otherwise

Item	Unit (PVC Leather Are Stated in Thousands of YD; Others Are Stated in Tone)	Amount
Revenue		
PVC resin/compound	173,586	$ 4,758,559
PVC film	30,537	1,628,511
Construction products	20,135	752,828
PVC leather	6,667	672,366
Chlor-alkali products	58,400	455,805
		$ 8,268,069

CHINA GENERAL PLASTICS CORPORATION

SCHEDULE OF COST OF REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2020

SCHEDULE 9 | UNIT: In Thousands of New Taiwan Dollars

Item	Amount
Raw materials	
Balance, beginning of year	$ 274,760
Raw materials purchased	5,758,551
Transferred to other accounts	(311,836)
Balance, end of year	(287,844)
Raw materials used in current year	5,433,631
Direct labor	332,822
Production overheads (Schedule 10)	1,543,556
Manufacturing cost	7,310,009
Work in progress, beginning of year	42,207
Other accounts transferred to work in progress	177
Work in progress, end of year	(51,170)
Cost of finished goods	7,301,223
Finished goods, beginning of year	432,463
Other accounts transferred to finished goods	7,170
Finished goods purchased	12,748
Transferred to other accounts	(30,860)
Finished goods, end of year	(329,520)
Cost of revenue before adjustment	7,393,224
Reversals of inventory write-down	3,798
Others	(7,867)
Cost of revenue	$ 7,389,155

CHINA GENERAL PLASTICS CORPORATION

SCHEDULE OF PRODUCTION OVERHEADS

FOR THE YEAR ENDED DECEMBER 31, 2020

SCHEDULE 10

UNIT: In Thousands of New Taiwan Dollars

Item	Amount
Utilities expense	$ 402,355
Payroll and other personnel expense	379,172
Depreciation expense	193,359
Repair and maintenance expense	181,556
Packaging materials	130,225
Fuel expense	90,153
Others (Note)	166,736
	$ 1,543,556

Note: The amount of each item included in others does not exceed 5% of the account balance.

CHINA GENERAL PLASTICS CORPORATION

SCHEDULE OF OPERATING EXPENSE

FOR THE YEAR ENDED DECEMBER 31, 2020

SCHEDULE 11

UNIT: In Thousands of New Taiwan Dollars

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Freight	$ 265,057	$ 5	$ 13
Payroll and personnel expense (Note 1)	77,296	67,062	26,323
Rental expense	1,211	7,097	16
Depreciation expense	115	798	1,070
Management service expense	-	45,580	-
Others (Note 2)	39,247	14,511	3,592
	$ 382,926	$ 135,053	$ 31,014

Note 1: The amount of payroll and personnel expense includes salary, pension, insurance and other personnel expenses.

Note 2: The amount of each item included in others does not exceed 5% of the account balance.

CHINA GENERAL PLASTICS CORPORATION

SCHEDULE OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION BY FUNCTION

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

SCHEDULE 12 UNIT: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

	For the year ended December 31, 2020				For the year ended December 31, 2019			
	Classified as Cost of Revenue	Classified as Operating Expenses	Other gains and losses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Other gains and losses	Total
Employee benefits expense								
Salary	$ 613,946	$ 144,393	$ -	$ 758,339	$ 577,428	$ 133,106	$ -	$ 710,534
Labor and health insurance	47,884	9,468	-	57,352	49,046	9,924	-	58,970
Pension	25,545	6,148	-	31,693	26,209	6,434	-	32,643
Director's remuneration	-	5,052	-	5,052	-	5,572	-	5,572
Other employees' benefit	24,754	5,620	-	30,374	26,173	11,323	-	37,496
	$ 712,129	$ 170,681	$ -	$ 882,810	$ 678,856	$ 166,359	$ -	$ 845,215
Depreciation expense	$ 193,359	$ 1,983	$ 14,140	$ 209,482	$ 168,028	$ 2,368	$ 14,140	$ 184,536
Amortization expense	$ -	$ 91	$ -	$ 91	$ -	$ 1,503	$ -	$ 1,503

Note 1: As of December 31, 2020 and 2019, the Company had 740 and 754 employees, respectively, and the number of directors who did not served concurrently as employees were both 8.

Note 2: The average amount of employee benefits expense of the Company in 2020 was $1,199 thousand. [(The total amount of employee benefits expense in the current year- director’s remuneration in the current year)/(the number of employees in the current year - the number of directors who did not served concurrently as employees in the current year). The average amount of employee benefits expense of the Company in 2019 was $1,126 thousand. [(The total amount of employee benefits expense in the previous year- director’s remuneration in the previous year)/(the number of employees in the previous year - the number of directors who did not served concurrently as employees in the previous year)].

Note 3: The average amount of salary expense of the Company in 2020 was $1,036 thousand. [(The total amount of salary expense in the current year/(the number of employees in current year - the number of directors who did not served concurrently as employees in the current year)]. The average amount of salary expense of the Company in 2019 was $952 thousand, respectively. (The total amount of salary expense in the previous year/(the number of employees in the previous year - the number of directors who did not served concurrently as employees in the previous year)).

Note 4: The average of salary expense adjustment of the Company increased at 9% in 2020. [(The average amount of salary expense in the current year - The average amount of salary expense in the previous year)/The average amount of salary expense in the previous year].

Note 5: The Company's Audit Committee exercised duty and power as a supervisor, no need of disclosing the remuneration for supervisors.

Note 6: The Company's Remuneration Policy for Directors and Managers: a. Remuneration payment shall refer to that of median across peer industry, along with consideration of reasonableness related with personal performance, operating achievements of company and future risks. b. Directors and managers should not be guided to behave beyond the risk of company for higher remuneration. c. The proportion of employee remuneration on short-term performance basis and the payment time of partial change on remuneration shall be determined by considering characteristic of industry and business nature; Employee remuneration & salary policy was formulated by referring to the government laws and regulations, salary price and trend on market across peer industry, overall economy and change of business conditions , as well as organization chart of company, wherein the Company's formulated "Measures on Salary Management", "Measures of Employee Performance Assessment", "Measures of Allowance for Supervisor and Personal Staff" and other regulations as the criteria of issuance and the Company also has formulated "Management Measures of Year-end Bonus" which appropriates year-end bonus to employee depending on profit and reviewing result of employee performance (included employee remuneration).

Description:
1. In this note, the calculation method corresponding to the number of employee should be consistent with that for employee benefits and salary expenses on the average number of employee.
2. In accordance with the regulation No. 19 of International Accounting Guideline, an employee may provide services in full-time, part-time, permanent, irregular or provisional mode, including directors and other managers, hence, the 'employee' referred here includes but not limited to directors, managers, ordinary employee and staffs hired by contract, however, supervisors, assigned labor, personnel contracted for labor and service or business outsourced are excluded.
3. The "Remuneration of Directors" refers to the remuneration paid to all directors, pension, remuneration to directors and for business practices etc., however, except for the salary, labor and healthcare insurance, pension and other benefits for employee who concurrently takes other positions etc.
4. The "remuneration of supervisors" refers to remuneration, salary and business operating expenses etc. that all supervisors received.