Common Stock Code: 1718

CHINA MAN-MADE FIBER CORPORATION

2020 Financial Statements

Date published: March 2021

Inquiry of annual reports available at:

Market Observation Post System of the Taiwan Stock Exchange Corporation at http://mops.twse.com.tw

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One. A Message to the Shareholders

I. The 2020 Business result

(I) Business plan execution and achievement

In 2020, the individual operating income amounted to NT$7,476,601,000, the non-operating income amounted to NT$3,980,376,000, the operating costs and expenses amounted to NT$9,554,133, the non-operating expenses amounted to NT$838,985,000, and the pre-tax profit amounted to NT$1,063,859,000. Profit for 2020 is NT$$942,047 thousand.

In 2020, the consolidated revenue is $30,816,399 thousand, the expense is $25,895,694 thousand and the profit before tax is $4,920,705 thousand. The 2020 consolidated profit for 2018 is NT$4,048,708 thousand.

(II) Budget implementation situation

* The Company

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company does not need to disclose the financial forecast of 2020, so there is no analysis of budgeting of 2020.

* Consolidated companies

1. Pan Asia Oil & Chemical Corporation: The 2020 budgeting does not require the disclosure of financial forecasts.
2. Taichung Commercial Bank: Budgeting in 2020:
   (1) In 2020, the average balance of New Taiwan dollar and foreign currency deposit amounted to NT$627.903 million, respectively, an increase by NT$42.896 million, accounting for 8.33% growth.
   (2) In 2020, the average balance of New Taiwan dollar and foreign currency loans amounted to NT$466.088 million, an increase by NT$16.996 million, accounting for 4.30% growth.
   (3) In 2020, the foreign currency transactions amounted to US$20.657 million, an increase by US$3.485 million, accounting for 20.29% growth.

(III) Financial income and expense and profitability analysis (individual information)

Item			2020	2019
Financial structure (%)	Debt to assets ratio		35.59	41.45
	Ratio of long-term capital to property, plant and equipment		280.36	247.21
Solvency analysis	Current ratio (%)		48.77	66.03
	Liquid ratio (%)		33.56	49.23
	Interest coverage ratio		7.14	(4.92)
Profitability analysis	Return on assets (%)		2.95	(1.52)
	Return on equity (%)		4.19	(3.29)
	As a percentage of paid up capital (%)	Operating profit	(12.81)	(14.68)
		Income before taxation	6.56	(6.81)
	Net profit rate (%)		12.60	(5.37)
	Earnings per share (NTD)		0.73	(0.57)

Financial income and expense and profitability analysis (consolidated information)

Item		2020	2019
Financial structure (%)	Debt to assets ratio	91.3	91.49
Profitability analysis	Return on assets (%)	0.99	0.95
	Return on equity (%)	6.38	4.34
	Pre-tax profits to paid-up capital ratio (%)	30.35	19.22
	Net profit rate (%)	33.93	14.39
	Earnings per share (NTD)	0.73	(0.57)

(IV) Research and development

* The Company

1. In the condensed recovery pump of the petrochemical plant, the G-9713B has been changed into a frequency conversion control to minimize the power consumption and to accomplish the effects of energy savings and carbon reduction.
2. The efforts to reduce the pressure of the reactor system in EG3 Plant would minimize the power consumed for the C-9210 circulating gas compressor motor and accomplish the power saving effect.
3. We have temporarily disabled the 69KV main switch(GIS) of the Air Plant and got it disconnected from the Taiwan Power Company. Through such efforts, we virtually reduced the iron loss in the main transformer and, in turn, minimized power consumption.
4. By adopting recycled PET bottle flakes for granulation, we virtually minimized waste, saved on energy and reduced carbon emission to be friendly toward the global environment and increase sources of raw materials.
5. The eco-friendly pellets we produced can be used by the current spinning section and the false twist section to manufacture eco-friendly yarns to meet the rising demand for eco-friendly yarns in the market and, in turn, to boost the added values.
6. We developed functional fibers with high added values to activate production for a variety of products to satisfy specific needs, *e.g.,* improvement in moisture absorption.
7. Our efforts toward refurbishment of double-suction pumps for cooling water circulation and the ceramic coating projects would significantly save on power, boost efficiency and minimize power consumption.
8. Our entire polyester plant has been replaced with energy-saving LED lighting fixtures to minimize power consumption.
9. Update of cooling discharge and enhancement of the heat exchange rate for the AC and process cooling facilities in the polyester plant to reduce the number of condensing units in operation and thereby greatly reducing power consumption.

* Consolidated companies

1. Pan Asia Oil & Chemical Corporation:
   (1) Development of POY/SDY spinning oil agent
   (2) Development of esterified nonionic surfactants
   (3) Development of anionic and cationic surfactants
   (4) Development of nonionic surfactants for special products
   (5) Development of esterified products and surfactants for cosmetics and personal cleansing products
   (6) Development of esterified products for a variety of purposes
2. Taichung Commercial Bank:

   In the advent of the generation of financial ecosystem, the ban has actively developed digital finance. The “financial technology development strategy meeting” is regularly held to continue to realize financial creativity and discuss digital financial development strategies and project development directions. Customers are provided with innovative, and diversified financial services, thereby creating people-based digital finance.

   With “user experience based” as the starting point of the bank’s digital financial development blueprint, the bank moves towards the dual-track development of “physical branch optimization” and “a new type of digital bank.” Combining partners (TSP third-party proprietors or other cross-industry companies), the Open Banking mechanism is adopted to operate O2O (online or offline) or OMO (online and offline integration).

II. Summary of business plan 2021

(I) Operation strategies

* The Company

1. Reduce costs and inventory and improve operational efficiency.

2. Research and develop value-added products, accelerate the vertical integration of products and improve competitiveness.
3. Computerize the operations management, inspect various operating procedures, strengthen internal control and improve efficiency.
4. Strengthen marketing efforts and market development, and improve service quality and customer satisfaction.
5. Actively and prudently assess various investments and adjust the portfolios in a timely manner.
6. Control customers' credit line to reduce the occurrence of bad debts.
7. Pay attention to employee welfare, promote labor-management coordination, emphasize occupational safety and fulfill social responsibilities.

* Consolidated companies

1. Pan Asia Chemical Corporation
   (1) Focus on core businesses, improve quality and enhance customer service.
   (2) Improve operational performance, integrate resources, study value-added products and improve competitiveness in the market.
   (3) Strengthen organizational operations, promote labor-management coordination and improve advantages for the Company's sustainability.
2. Taichung Commercial Bank: Please see page 4 for key production and sales policies.

(II) 2021 operational objectives and prospects.

* The Company

The U.S.-China trade war tension eased in late 2019. That was supposed to help global trade recover in 2020. Unexpectedly, with the outbreak of the COVID-19 over the world, all countries of the entire world adopted border control, quarantine and other pandemic prevention measures, causing a direct impact upon consumption, investment and production activities with a very severe impact upon the global economy, a disastrous impact even worse than the Financial Crisis that took place in 2008. As a natural result, our overall business operations and profit last year became worse than our anticipation. Looking forward to the current year while the U.S.-China war has slowed down, the COVID-19 vaccines have been launched in quite a number of countries coupled with the stimulus effect brought about by the maintenance of loose fiscal and monetary policies, the global economy is expected to begin accelerating in the second quarter. In turn, the economic growth rate of some major economies in the world is expected to tremendously pick up. Accordingly, the Company's business operation is believed to turn better simultaneously. On the other hand, nevertheless, the current international economy is still subject to a good number of risk variables which call for our continuous watchfulness, including notably the penetration rate of vaccines, the potential follow-up development of the second round in the pandemic, inflation, fiscal policies, U.S.-China conflicts, geopolitical risks in other regions, changes in international crude oil and commodity prices, fluctuations in global financial markets, stocks and foreign exchange markets as well as trade protectionism. Any and all such factors would significantly affect the prospects of the international economy. We shall, therefore, still be extremely cautious in our business operations in the current year.

In terms of ethylene glycol (EG), we faced an unsatisfactory performance in the first half of last year due to, on the one hand, the oil prices that hit an all-time low and, on the other, the COVID-19 that discouraged consumption, leading to an extremely ominous performance in ethylene glycol operations. Starting from the second half of the year while orders for inspection and repairs abroad increased, consumption in Europe recovered and the operations for ethylene glycol picked up significantly, especially with the concentrated outbreak of orders in early October, the pattern of supply and demand changed and the stock inventory was gradually digested. Meanwhile, as the pandemic seems to be under better control the world over, oil prices risk continuously. Boosted by the double bullish factors in supply/demand and costs, the price of ethylene glycol has bottomed out and the price has risen even stronger after the Chinese New Year. Overall, in the present year amidst the overhaul of multiple fixture installations abroad, the freezing weather in North America leading to multiple fixtures there to be shut down and a strong oil price, the ethylene glycol business will be better off. In the long-run, nevertheless, while the foreign installations gradually recover and more than one million tons of newly increased production capacity will be put into sound production successively one after another, with a large amount of ethylene glycol to be put into formal production in China as well, we shall still face tough prospects.

With regard to polyester yarn, the COVID-19 broke out abruptly early last year, leading to a delay in our start of business operations in China and the logistics control, greatly reducing the demand for textile raw materials. Meanwhile, quite many Taiwan-based textile factories and many factories that had been relocated to Southeast Asian countries (*e.g.,* Vietnam and Cambodia) also faced a dilemma amidst raw materials interruption and inability to start business operations because of the business shutdowns in China. After mid-March, with the pandemic spread to Europe and the United States, a very good number of apparel brands shut down their local retail outlets and asked suppliers successively one after another to postpone shipments, suspend production and simply cancel purchase orders. In some cases, the brand owners even cut and cancelled all purchase orders in full that were scheduled to hit markets in the spring and summer of this year. Such phenomenon virtually impacted the potential purchase orders of the second quarter last year and such negative impact would even extend to the first, second quarters of the current year. Furthermore, the OPEC failed to reach an accord to halt oil production and, instead, even triggered a price war, leading the oil price to fall into an all-time low in 18 years. Amidst the falling oil prices and sluggish terminal demand, our business continued to decline in the first three quarters last year. Starting from the fourth quarter last year, nevertheless, the brands decreased their inventory and the garment manufacturers greeted their boom in purchase orders, leading to a rising demand for polyester yarn, coupled with a gradual rise in oil prices in the second half last year, driving an upward adjustment in polyester prices and the economy gradually bottomed out. In the present year, notwithstanding the existence of lots of uncertainties in the market, after the advent of vaccines, the entire industrial ambiance is moving toward a positive trend. We, therefore, anticipate to see a better performance this year than last year. Besides, the long-term development trend of industry is still significantly subject to the impact of consumer awareness and environment-friendly and functional products tend to be favored (Cf. Note 1, Note 2). Our Company, therefore, we positively and actively developed certain product lines into environment-friendly yarns in the present year. We anticipate to turn trial production into official operations shortly after the middle of the present year. Hopefully we may successfully launch official mass production by the end of the year to enhance our revenue and profit and to successfully evade the price disadvantage in mass specifications and the competition from Mainland China and the Association of Southeast Asian Nations ASEAN and further to minimize the impact of oil price fluctuations.

In 2021, we expect to sell 200,680 tons of ethylene glycol (EG), 20,655 tons of ethylene oxide (EO), 19,507 tons of non-phenol (NP), 28,230 tons of partially oriented yarn (POY), 19,277 tons of spin draw yarn (SDY), 20,506 tons of draw texturized yarn (DTY) and 7,655 tons of polyester chips, for a total of 316,510 tons.

Note 1: Currently all brand name manufacturers pay significant attention to the sustainability of fibers and in some cases, they would be in an overcritical demand for 40%~50% renewable and recyclable fibers to be contained within their products. In the Year 2018, total output of renewable fibers came to 5 million tons. In the Year 2019, the total output came to approximately 5.5 million. These facts suggest that the recyclable fibers will play the role as the backbone in the entire textile industry.

Note 2: Against the backdrop of environmental agreements, renowned international brands such as Nike and Adidas have announced their decision to adopt eco-friendly, recyclable materials exclusively for all their textiles and fabrics starting in 113 to honor their commitment to sustainability and environmental protection.

* Consolidated companies

1. Pan Asia Chemical Corporation

   EOD plant makes petrochemical EOD, esterification plant transforms them into new products, and the total expected sales is about 39,000 tons.

2. Taichung Commercial Bank

Item	2021 objectives
Deposits (including foreign currencies)	NT$634.216 billion
Lending (including foreign currencies)	NT$472.416 billion
Foreign Exchanges Operations	Annual amount USD18,000 million

(III) Important production and marketing policy

* The Company

1. Ethylene glycol: Continuous increase in the added production volume results in oversupply. Strictly monitor the prices of raw materials and products.
2. Ethylene oxide: Maintain quality and steady production supply.
3. Nonylphenol: Due to environmental awareness, some countries have limited the use of this product. It is difficult to explore new markets. The demands from the existing users continue to drop. Focus on maintaining steady sales.
4. (1) Will gradually enter the peak season of polyester yarn demand. Focus on production in full capacity and make timely price adjustments to achieve a balance between production and sales.
   (2) Reduce batch quantity to decrease batch inventory.
   (3) Flexibly adjust the product mix to quickly respond to market demands

* Consolidated companies

1. Pan Asia Chemical Corporation
   (1) Retain old customers, explore potential customers to co-develop new products and expand sales volume.
   (2) Esterification plant continues to develop and transform to develop products and markets which offer better return to improve the overall efficiency.
   (3) Continue to develop the market for spinning oil agents.
   (4) Coordinate the bargaining of purchase price of raw materials to reduce cost.
2. Taichung Commercial Bank
   (1) Implementing the top-down fair treatment of customers' corporate culture, continue to strengthen corporate governance and information security protection competency. Link the intellectual wealth concept to the overall operational structure and accelerate money laundering prevention digitalization operation promotion, thereby implementing the financial supervision system.
   (2) In order to enhance operational endurance and innovative actions, import agile development to become the new norm of organizational culture. The three aspects of ESG are gradually incorporated into daily operations to fulfill corporate social responsibility and sustainable symbiosis in the natural environment.
   (3) Continue to execute highly rigorous monitoring and focus on the capital adequacy ratio. Strengthen the capital structure through two policies: "make good use of risk reduction" and "increase the value of capital use." In addition, carefully monitor credit risk changes, enhance review and pre-warning management strength, and accelerate the clearance of bad debts to stabilize and improve asset quality.
   (4) With customers' needs as the core and technology as the accelerator, optimize financial service processes, focus on various application scenes, and develop

online and offline channels, thereby incorporating them into daily life and creating a beautiful financial experience.

(5) Deepen the various core niche businesses and product innovation competency. Seek equal development of profitability and quality in order to enhance overall competitiveness. In order to develop multiple income sources, expand the proportion of handling fee income, and make good use of financial investment operations to ensure steady growth in profitability.

(6) Keep abreast of business opportunities from global industrial chains, continue to integrate cross-industry sales platforms, and promote trading and financial business development momentum. In conjunction with government policies, move towards new southbound overseas market expansion. Provide customers with professional, convenient, high-quality, and complete financial services to serve as the basis for stabilizing overseas development operations.

(7) Through the grouped operational mechanism and a comprehensive professional financial management consultancy team, layout diversification has been deployed through professional consultancy. Financial hedging, financial investment, financial planning, and other operational tools, as well as the most appropriate investment recommendations are provided to meet customers' financial management expectations.

(8) In order to implement inclusive financing, in cooperation with customers' needs in all aspects of life, and in response to the trend of aging and low birth rates, provide customers with one-stop high quality financial services to develop diversified trust markets.

(IV) Development strategy of the Company in the future

* The Company

1. Investment in the manufacturing of products related to the upstream and downstream industries.
2. Improve the integration of upstream, midstream and downstream products.

* Consolidated companies

1. Pan Asia Chemical Corporation
   (1) EOD plant continues to promote value-added products.
   (2) Strengthen long-term collaboration with foreign customers to retain partners and expand sales channels to increase product sales.
   (3) Maintain the domestic market share. Increase the sales of specialized products and indirectly cultivate customers' export market. Co-develop products with downstream customers.
   (4) Vertical industry development. Continue to develop markets for esterification products, spinning oil agents and cleaning agents to improve revenue and standards and image of the industry and technologies.
2. Taichung Commercial Bank

In the face of the treacherous and unpredictable global economies and the risk of financial market uncertainty, in the critical phase of domestic pure online banking businesses that commence one after another, the bank deems market reform as a booster of advancement. Taking both risk control and asset quality into account and adhering to the principles of "stable operation, friendly innovation, and sustainable development," ESG is incorporated into every detail. With the five objectives of "optimizing financial supervision, strengthening operational constitution, improving organizational resilience, accelerating digital transformation, and implementing inclusive financing, the bank continues to innovate products and services, propel diversified profitability, and create sustainable value.

(V) Subject to competition of external environment.

* The Company

1. The market supply of EG is expected to gradually increase as a result of the large-scale construction and commissioning of new plants in China. This competitive advantage is further aggravated by the current shortage of Ethylene

in Taiwan coupled with limitations in the field of transportation.

2. More and more textile firms are moving to Vietnam and other ASEAN countries. In the future, the industry and supply chain may be affected. It is necessary to pay attention to the movements of downstream clients and respond to them early.

* Consolidated companies

1. Pan Asia Chemical Corporation

   Faced with the continuing expansion of production capacity by both the foreign and domestic competitors, we will continue to develop new products and maintain quality to remain competitive and offer product diversification.

2. Taichung Commercial Bank

   In recent years, the Central Bank and the Financial Supervisory Commission, R.O.C. (Taiwan) have continued to amend such policies as domestic bank risk control, information security, internal control (including money laundering prevention), financial technology, opening up of overseas markets, etc. Assistance is given to bank systems, from internal control of the constitution to overseas market extension, with sound financial constitution and risk control ability. Since the outbreak of COVID-19 in 2020, the world has confronted many detrimental factors. They include a global economic downturn and intense financial market volatility, which have promoted domestic and foreign central banks to carry out interest rate cuts and monetary easing policies in order to alleviate the impacts on economic activities and investments markets. The important incomes of banks have also been compressed. On top of it, the US–China Tech War, the geopolitical situation once again tense, US election, and other interference factors have led to escalating uncertainty. While the economy is under the impacts of the COVID-19 pandemic, the banking industry plays an important role in financial relief, in order to aid enterprises in overcoming difficulties and maintain economic stability. In order to encourage banks to engage in relief and revitalization measures, the Financial Supervisory Commission, R.O.C. (Taiwan) has released considerable favorable policies. Moreover, credit risks are under the government's guarantee in order to enhance the bank industry's willingness to cooperate in relief. However, while the volume of relief continues to increase, the banking industry is also facing considerable risks, including one's own profitability and maintenance of asset quality. Although the pandemic has caused damage on the industrial economy and people's lives, it does not just have negative impacts on the banking industry. This is because the outbreak of the pandemic has resulted in consumers' substantively increased zero-contact digital financial services. The development of digital financial services has been accidentally catalyzed. The Financial Supervisory Commission, R.O.C. (Taiwan) has also released the "financial technology development path" as the reference for promotions in the next three years. Since the government has a clearer development blueprint, the banking industry not only needs to enhance its own competitiveness, but it also has to provide diversified digital financial services and grasp new business opportunities in the future.

(VI) Impact of regulatory environment and overall business environment.

* The Company

1. Rising base salaries lead to increasing labor costs and generate pressure and new challenges in the field of corporate management.
2. Domestic environmental awareness and the related regulations still have many restrictions on enterprises investing in new equipment. Communication with the neighboring residents often faces great resistance.
3. The overall business environment, including the acquisition of land, investment in environmental equipment and other external environment factors is what all enterprises need to face in the domestic development.
4. Rapid expansion of capacities in the field upstream raw materials (PX, PTA) for chemical fiber in China in recent years has led to price pressures for downstream processed products. Competitive disadvantages generated by factors such as

aging chemical fiber technologies and management talent, high tariffs, and anti-dumping pose numerous challenges for the industry.

5. The RCEP (Regional Comprehensive Economic Partnership Agreement) was successfully signed in late 2020 and anticipated to come into effect by the second half of 2021. While the FTA signed by and between The ASEAN and other member countries has entered into force with the degree of openness reaching as significantly as 90%, the degree of further of openness for RCEP over the existing FTA would be virtually limited. Our concern should be aimed at the potential impact upon our country of facing unfair competitions in the relevant markets. Another pact known as CPTPP (Comprehensive and Progressive Trans-Pacific Partnership) already came into effect on December 30, 2018 where more than 70% of products have been reduced to zero tariffs. Taiwan has lodged applications with the expression of desire to join CPTPP. At the moment, CPTPP accounts for 25% of Taiwan’s foreign trade value while RCEP accounts for 59%. Excluding the overlapping countries, the two multilateral free trade agreements virtually cover nearly 70% of Taiwan’s foreign trade value. If Taiwan is excluded out of such regional economic integration, this would mean a very significant impact upon Taiwan in trade development or participation in the regional industry competition.
6. Affected by the COVID-19 spread, oil prices plummeted to around US$45/barrel in 2020. In an attempt to control the spread of the pandemic, governments of quite a few countries the world over issued a variety of bans and pandemic prevention measures which, in turn, led to a slowdown in global economic activities. The entire industry, as well, faced threats amidst severe global economic slowdown into a decline and loss in business operations. Once the COVID-19 is put under proper control, the global economy is expected to recover in the second half of the year while the market demand is believed to rebound.
7. Competitors in those emerging countries that have always taken advantage of economies of scale in the competitions. Notably the competitors in Mainland China have, as well, begun to differentiate their products. The companies in Taiwan should continually develop high-end specific products, in a small number of diverse, environmentally-friendly and functional products with high-level functionality to deal with the challenges. Under such policies, we should be able to continually maintain the advantages in the global polyester filament industry supply chains.
8. The participation rate of the workforce has generally fallen. Amidst the COVID-19, foreign migrant laborers could not fully fill up our need. Such tough problems could not be resolved in a short period of time. This is another impact on manpower development and production capacity.

* Consolidated companies

1. Pan Asia Chemical Corporation

   The domestic product control policies on NP/NPEDO affect the Company's domestic sales of NPEOD. Attempt the development of NPEOD substitutes to maintain customer relationship and increase the development and sales of other new products to maintain a balance between production and sales.

   Applying the terms of ECFA, the tariff on Taiwan's export of nonionic surfactants is reduced to 0% (excluding PEG solid products), and China re-opened the foreign import of NP and NPE in early 2018, further increasing the Company's export to China and continuing the co-development of specialized products with customers to compensate for the lack of sales.
2. Taichung Commercial Bank: Please see page 6 for external competitive environment.

Chairman Kuei-Hsien Wang

Two. Company Profile

I. Date of establishment: May 11, 1955

II. Company History:

* The Company

1955 Factory set up in Toufen Township, with a paid-in capital of NT$40 million.

1957 The factory in Toufen produced its first man-made rayon fiber. With the technical support from Wanco of the US, the plant had a daily production rate of 4 ton in a total of 22 spinning machines.

1961 Added 2 spinning machines.

1962 The cellophane plant purchased a set of equipment from Chemtex of the US. The original design was at a spinning rate of 100M/m to have a daily output of 5 tons, but the larger factor control system resulted in operating only at 70M/m.

1966 Added 6 spinning machines.

1967 Added 10 spinning machines.

1970 Added 6 spinning machines and the cellophane plant added an addition set of equipment.

1971 In order to improve the quality of cellophane and increase production, collaborated with Mr. Watanabe of Japan to replace defoamer machine.

1973 In line with the government's policies on developing petrochemical industry, the Company constructed its first ethylene glycol (EG) plant in Dashe District in Kaohsiung, with an annual output of 50,000 tons.

1974 The cellophane plant formed a technical collaboration with Olin of the US.

1976 The construction of the ethylene glycol plant was completed, officially starting the production. Rebuilt #1 cellophane machine.

1977 Rebuilt the #2 cellophane machine. Focused on the synchronized motor, #1 tank for flume type, PVC and three stainless steel lines, cluster roll, steam water heating roll and width control roll equipped with tension control.

1979 Planned an expansion to offer an annual production of 40,000 tons of ethylene oxide. Immediately startd the construction and signed purchase contracts with HRI of the US and Mitsubishi from Japan.

1980 The air separation machinery supplied by HRI arrived at the plant in Kaohsiung. The delivery of EO machinery supplied by Mitsubishi reached more than 85%.

1982 CMFC and Japan's Asia Corp. co-invested in Pan Asia Oil & Chemical Corporation, which mainly produced ethylene oxide derivatives (EOD), and the production started at the end of 1984 upon the completion of the plant construction.

1984 The installation of EOD machinery was completed, and trial production began.

1990 To diversify the risks of selling a single product and expand into a more diversified business, the Company adopted an additional cash capital increase and invested NT$550 million in construction of a nonylphenol facility which can offer an annual production capacity of 25,000 tons and invested NT$1.2 billion in construction of a cogeneration facility which can generate 41,700KWH, both within the Kaohsiung plant.

1992 Formed a joint venture with Hung Chou Fiber Industry and Shan Fong Construction to build commercial buildings.

1993 Raised additional cash capital to construction a polyester product plant which can produce 120,000 ton per year.

1994 The construction of nonylphenol factory was completed and signed an agreement with UHDE of Germany to provide patent manufacturing technologies.

1996 The petrochemical plant in Kaohsiung obtained its ISO 9002 certification.

1997 The cogeneration facility was completed and started generating power. The polyester facility was completed and started mass production and sales.

1998 Raised additional cash capital to invest in Nan-Chung Petrochemical Corp. and Nan Ya Plastic Corp. to manufacture petrochemical products.

2000 Completed phase 2 expansion of polyester fiber facility, and began trial production of Nan-Chung Petrochemical.

2001 Toufen factory stopped production starting Q3 due to business efficiency considerations.

2004 Raised additional cash capital to construction an ethylene glycol plant with an annual production capacity of 400,000 tons.

2009 Petrochemical plant in Kaohsiung expanded production capacity for high-purity EO.

2010 Collaborated with Toyota Tsusho Corporation to co-invest in Taiwan Green Alcohols to venture into bio-energy business.

2011 Built a new ethylene glycol facility and false-twisting facility within the Kaohsiung plant zone.

2013 Built a cogeneration facility No. 2, completed the construction of false-twisting facility and began its production and completed the trial production of ethylene glycol facility.

2014 Capital reduction through treasury stocks at NT$388.97 million, and the total capital was reduced to NT$13,716,932,460.

2015 Capital reduction through treasury stocks at NT$100 million, and the total capital was reduced to NT$13,616,932,460.

2016 Recapitalization of earnings at NT$678,002,120, and the total capital was increased to NT$14,294,934,580.

2018 Recapitalization of earnings at NT$929,170,740, and the total capital was increased to NT$15,224,105,320.

2019 Recapitalization of earnings at NT$989,566,850, and the total capital was increased to NT$16,213,672,170.

- ➢ Mergers and acquisitions and reorganization of the Company: Not applicable.
- ➢ Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, or the changes in ownership: Not applicable.
- ➢ Significant change in the mode of operations or business content: None
- ➢ Major events affecting the rights and privileges of the shareholders and the effect on the Company: None.
- ➢ Affiliates through re-investment: Please refer to page 259 of the annual report for information on affiliates.

* Consolidated companies

1. Pan Asia Chemical Corporation

1982 Joint venture of China Man-Made Fiber, Japan's Asia Corp. and the Bank of Communications invested in Pan Asia Oil & Chemical Corporation, with a total capital of NT$100 million.

1984 Completed the construction of the ethylene oxide derivatives (EOD) facility in Dashe Industrial Park, and completed the trial testing.

1985 Established an in-house brand, Pannox, and completed license registration with the Bureau of Standards, Metrology and Inspection under the Ministry of Economic Affairs.

1987 After the Bank of Communications completed the counseling program, the equity was transferred.

1990 Japan Asia Group EOD transferred its equity.

1991 The Company name was changed to Pan Asia Oil & Chemical Corporation.
Cash capital increase of NT$530 million. The total paid-in capital became NT$630 million.

1992 Completed the plant expansion. The production capacity was increased to 52,000 tons and DCS automatic computerized control was adopted.

1993 Established Research and Development Section to be committed to developing new products.

1996 Obtained the ISO-9002 international quality certification.

1997 Applied for OTC trading with the Taipei Exchange.

1998 The Company was officially listed on the OTC for trading on May 20.

2002 Obtained ISO9001:2000 international quality certification

(NO.4850-1996-AQ-RGC-RvA) through DNV of the Netherlands.

2004 Recapitalization of earnings at NT$295 million, and the total capital was increased to NT$862.13 million.

2005 Capital reduction through treasury stocks at NT$3.2 million and recapitalization of earnings at NT$334 million, and the total capital was reduced to NT$1,189,510,000.

2006 Capital reduction through treasury stocks at NT$13.11 million, cash capital increase at NT$600 million and recapitalization of earnings at NT$140,512,000 and the total capital was increased to NT$1,916,912,000.

2007 Capital reduction through treasury stocks at NT$20 million, and the total capital was reduced to NT$1,896,912,000.

2008 Recapitalization of earnings at NT$181,625,200, and the total capital was increased to NT$2,078,537,200.

2009 Recapitalization of earnings at NT$196,587,720, and the total capital was increased to NT$2,275,124,920.

2010 Capital reduction through treasury stocks at NT$20.66 million, and the total capital was reduced to NT$2,254,464,920.

2011 Capital reduction through treasury stocks at NT$16.25 million, and the total capital was reduced to NT$2,238,214,920.

2012 Capital reduction through treasury stocks at NT$15.75 million, and the total capital was reduced to NT$2,222,464,920.

2014 Capital reduction through treasury stocks at NT$46.31 million, and the total capital was reduced to NT$2,176,154,920.

2015 Capital reduction through treasury stocks at NT$26.4 million, and the total capital was reduced to NT$2,149,754,920.

2016 Recapitalization of earnings at NT$106,334,740, and the total capital was increased to NT$2,256,089,660.

2017 Recapitalization of earnings at NT$200,972,660 and the total capital was increased to NT$2,457,062,320.

2018 Recapitalization of earnings at NT$221,135,600, and the total capital was increased to NT$2,678,197,920.

2019 Recapitalization of earnings at NT$187,473,850, and the total capital was increased to NT$2,865,671,770.

2020 Recapitalization of earnings at NT$157,611,940, and the total capital was increased to NT$3,023,283,710.

- Mergers and acquisitions and reorganization of the Company: Not applicable.
- Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, or the changes in ownership: Not applicable.
- Significant change in the mode of operations or business content: None
- Major events affecting the rights and privileges of the shareholders and the effect on the Company: None.
- Affiliates through re-investment: Taichung Commercial Bank, Taichung Securities Investment Trust.

2. Taichung Commercial Bank

Formerly a cooperative savings company in Taichung established in April 1953, the predecessor of Taichung Bank started its operation in savings and loans in August 1st of the same year. The scope of business then covered Taichung City, Taichung County, Chang Hwa County before restructuring and Nantou County. In 1978, the Bank was reorganized as the “Taichung Small and Medium Business Bank” in responding to the promulgation of the Bank Act and business development needs. On May 15 1984, the Bank publicly offered its shares at the centralized market for broaden the base of operation and public participation in equity. Since then, the Bank has laid down a solid foundation for development in the future.

The Taipei branch was set up in September 1995. The business scope spans regional operation restrictions to enter a new milestone. The business locations concentrated in central Taiwan were subsequently relocated to northern and southern regions, extending the business locations to the western half of Taiwan. With the collaborated efforts of all the employees, the business scale became increasingly robust. In December 1998, it was restructured into "Taichung Commercial Bank," officially entering the lineup of national commercial banks. For the purpose of internationalization, the Company established its first overseas branches in October 2018, the Labuan branch and Kuala Lumpur Marketing Services Office in Malaysia, opening a new chapter in its global planning.

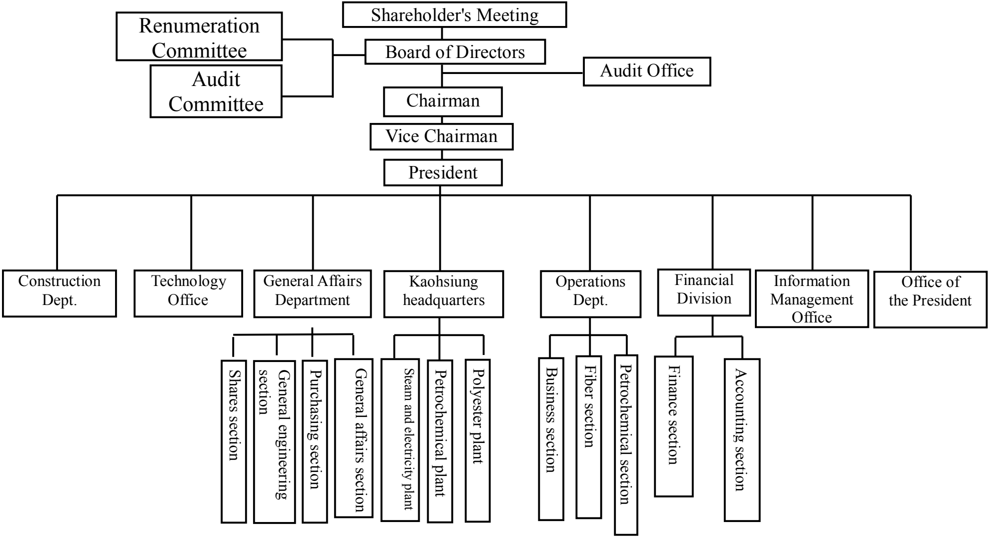
By the end of 2020, the paid-in capital of the bank had risen from NT$ 500,000 at its inception to NT$ 41.517 billion. The number of business locations had also seen an increase from five branches in the early stages to 83 domestic and overseas branches and one offshore banking unit. For the upgrade of the competitive advantage in "local banking", "SME financing", "diversified banking", the Bank has invested to established the "Taichung Bank Insurance Agency Co., Ltd.", "Taichung Commercial Bank Lease Enterprise", "Taichung Commercial Bank Leasing (Suzhou) Ltd.", "Taichung Bank Securities Co., Ltd. " and "Taichung Bank Venture Capital Co., Ltd.", which in turn jointly invested to establish the "Taichung Bank Securities Investment Trust Co., Ltd." so as to build up the framework of diversified banking for the accomplishment of the mission of sustainable corporate development and for the vision of establishing overseas business territories. The scope and volume of business of the Bank multiplied over the years. The variety and size of the operation far exceeded that at the time of its establishment as a cooperative saving company. The achievement was the feedback of the whole-hearted operation of the Bank. The growth and the excellence in operation of Taichung Commercial Bank have been witnessed by the public.

- The bank is without events of mergers and reorganization. The bank currently has seven reinvestment conglomerates, including three subsidiaries: Taichung Bank Insurance Brokers, Taichung Bank Securities Inv. Trust Co., Ltd., and Taichung Bank Leasing Co., Ltd. The TCCBL CO., LTD. is a 100% shareholding reinvestment of Taichung Commercial Bank Co., Ltd.; Taichung Bank Finance Leasing (Suzhou) Ltd. and Taichung Bank Securities Co., Ltd. with 100% shareholding reinvestment in Taichung Bank Venture Capital," three sub-subsidiaries.
- The reinvestment conglomerate Taichung Bank Securities Inv. Trust Co., Ltd.
- Subordination to particular financial holding company: Nome.
- Any massive transfer or replacement of equity by directors or as required for declaration under Article 25-III of the Banking Act in the most recent year to the date this report was printed.
- Change in the management, mode of operation, or significant change in the content of business and any other that significantly affected the equity of shareholders: None.

Three. Corporate Governance

I. Organizational structure

(I) Organizational structure



(II) The responsibilities of various divisions

1. President's Office: Assists the President in the business planning, personnel administration and human resources planning of the Company.
2. Information Dept.: Administer the planning, configuration and operation of IT system and banking information package software. Also responsible for the purchase and maintenance of hardware and software related to the Company's computers.
3. Finance Department: Responsible for the Company's investments, capital allocation, assets custody, accounting, cost accounting and other related matters.
4. Operations Department: Responsible for preparation of production and marketing plans, execution of domestic and overseas sales, market research, storage and transportation and other related matters.
5. Kaohsiung headquarters: Responsible for production and inspection of petrochemical, polyester and cogeneration products, maintenance and improvement of manufacturing equipment, factory affairs, environmental protection, occupational safety and other safety-related issues.
6. General Affairs Department: Responsible for procurement of raw materials, property management, leasing and general affairs.
7. Technology Office: Responsible for improvement of manufacturing technologies and processes and other research and development issues.
8. Construction Department: Responsible for construction of public housing, renting and leasing of commercial building, land investment and development and other related matters.
9. Auditing Office: Internal audit.
10. Audit Committee: A functional committee established under the board of directors. Every member has different specialization, and the independence of the Committee helps the board in governing the Company and strengthening the occupational competence of the board.
11. Remuneration Committee: Assists the board in reviewing salary and remuneration and provides recommendations.

II. Background information of the Director, President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

(I) Profiles of Directors

February 28, 2021

Title	Nationality or place of registration	Name or Legal Persons	Gender	Date elected	Duration	Inauguration date	Shares at Election		Current shareholding		Current Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Current duties in The Company and in other companies	Other Chief or Directors with a Spousal or Other Immediate Relative			Remark
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Affiliation	
Institutional Director	Taiwan R.O.C.	China Man-Made Fiber Investment Co., Ltd.	N/A	2019.6.5	3 years	2007.06.21	39,661,820	2.60%	42,239,838	2.61%	0	0	0	0	Director of PACC	Director of PACC	N/A	N/A	N/A	N/A
Institutional Director	Taiwan R.O.C.	Pan Asia Investment Co., Ltd.	N/A	2019.6.5	3 years	2007.06.21	47,303,844	3.11%	50,378,593	3.11%	0	0	0	0	Director of PACC	N/A	N/A	N/A	N/A	N/A
Chairman	Taiwan R.O.C.	Pan Asia Investment Co., Ltd. Representative: Kuei-Hsien Wang	Male	2019.6.5	3 years	2004.06.25	0	0	0	0	0	0	0	0	Chairman of Taichung Securities Investment Trust and CMFC, vice chairman of Taichung Commercial Bank. Department of Finance at Boston University and Department of Finance at New York University.	The Pan Asia Chemical Corporation, Chou-Chin Industrial Co., Ltd., Pan Asia Investment, Yu Hwei Technology Co., Ltd., DaFa Investment, Greenworld Food Co., Ltd., Jeou Chang Precision Mold Co., Ltd., Formosa Imperial Wineseller Corp., China Man-Made Fiber Corporation investment chairman, Nan Chung Petrochemical Corporation. Director.	Director	Kuei-Fong Wang	Second degree of kinship	N/A
Vice Chairman	Taiwan R.O.C.	China Man-Made Fiber Investment Co., Ltd. Representative: Ming-Shan Chuang	Male	2019.6.5	3 years	2011.5.6	4,398	0.00%	4,683	0.00%	759	0.00%	0	0	Vice chairman of Pan Asia ITOCHU Taiwan Corporation National Taiwan University	The Company's President Chairman of Mélasse	N/A	N/A	N/A	N/A
Managing Director (Independent Director)	Taiwan R.O.C.	Te-Wei Li	Male	2019.6.5	3 years	2013.6.19	0	0	0	0	0	0	0	0	Director of Hong Ying Investment, president of the Taiwan branch of the World Youth Alliance, president of Taipei Youth Labor Alliance, lecturer of Hsuan Chuang University. The Department of Political Science at the University of Northern Iowa	The current legislator, the Company remuneration committee members.	N/A	N/A	N/A	N/A
Independent director	Taiwan R.O.C.	Li-Yeh Hsu	Male	2019.6.5	3 years	2016.6.8	0	0	0	0	0	0	0	0	Researcher of J.P. Morgan Chase's Hong Kong branch Bachelor's degree from the Department of Business Management, Tatung University	Vice President of Limax International Inc., the Company remuneration committee members.	N/A	N/A	N/A	N/A
Independent director	Taiwan R.O.C.	Chih-Ming Shih	Male	2020.6.2	3 years	2020.6.2	0	0	0	0	0	0	0	0	The KGI Commercial Bank Co., Ltd. Audit Office and branch manager; Aletheia University Department of Accounting and	The Company remuneration committee members.	N/A	N/A	N/A	N/A

															Statistics. 。					
Director	Taiwan R.O.C.	Pan Asia Investment Co., Ltd. Representative: Kuei-Hsien Wang	Male	2019.6.5	3 years	2010.9.10	26,838	0.00%	28,582	0.00%	0	0	0	0	Chairman of CMFC, director of Taichung Commercial Bank, chairman of PACC. VP, Corporate Financing Dept., BNP Paribas Hong Kong; MBA of NYU	Chairman of Taichung Commercial Bank, director of PACC, Chou Chin Industrial Co., Ltd., Pan Asia Investment, Dah-Fa Investment and supervisor of Shu Tian Investment.	**Chairman**	Kuei-Hsien Wang	**Second degree of kinship**	N/A
Director	Taiwan R.O.C.	Pan Asia Investment Co., Ltd. Representative: Ming-Hsiung Huang	Male	2019.6.5	3 years	2011.5.6	34,665	0.00%	36,918	0.00%	0	0	0	0	Assistant president of Cosmos Bank. Department of International Trade at Tamkang University.	Vice chairperson of Taichung Bank Securities Investment, Managing Director of Taichung Commercial Bank, Director of Chou Chin Industrial Co., Ltd., Bomy, and JeouChang Co., Ltd..	N/A	N/A	N/A	N/A
Director	Taiwan R.O.C.	China Man-Made Fiber Investment Co., Ltd. Representative: Kuo-Ching Chen	Male	2019.6.5	3 years	2011.6.15	164,067	0.01%	174,731	0.01%	0	0	0	0	The Company's Vice President Department of Chemical Engineering at National Taiwan University	Vice President of Pan Asia Chemical Corporation	N/A	N/A	N/A	N/A
Director	Taiwan R.O.C.	China Man-Made Fiber Investment Co., Ltd. Representative: Hung-Yang Wu	Male	2019.11.19	3 years	2011.5.6	0	0	0	0	0	0	0	0	Assistant VP of CHINA MAN-MADE FIBER CORPORATION ; Department of Agricultural Machinery Engineering at National Chung Hsing University	Assistant VP of the Company; Director of Pan Asia Chemical Corporation, Nan-Chung Petrochemical Corp., Formosa Imperial Wineseller Corp. and Deh Hsing Investment Co., Ltd..	N/A	N/A	N/A	N/A

Remarks: Where the chairperson of the board of directors and the President or person of an equivalent post of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto in the remarks column: NA

Major shareholders of legal person directors and supervisors

February 28, 2021

Corporate shareholder Name	Major shareholder of corporate shareholder and shareholding Ratio of Shareholding thereof
Chung Chien Investment Co., Ltd.	Ta Fa Investment Co., Ltd. (28.08%); Pan Asia Investment Co., Ltd. (17.67%); Tung Hao Enterprises Corp. (15.64%); Chin-Yuan Huang (14.72%); Yu Hui Limited (10.52%); Hsu Tian Investment Co., Ltd. (9.57%); Kuei-Hsien Wang (1.75%); Kuei-Fong Wang (1.55%); Sheng Jen Knitted Textiles Co., Ltd. (0.44%); Tsai-Lien Cheng (0.06%).
Pan Asia Investment Co., Ltd.	Yu Hui Limited (47.42%), Ta Fa Investment Co., Ltd. (42.63%), Tsung Hao Enterprise Co., Ltd. (9.44%), Kuei-Hsien Wang (0.51%).

Major Shareholders of Major Corporate Shareholder:

February 28, 2021

Corporate shareholder Name	Major shareholder of corporate shareholder and shareholding Ratio of Shareholding thereof
Da Fa Investment Company	Yu Hui Limited (42.93%), Pan Asia Investment Co., Ltd. (33.59%), Tsung Hao Enterprise Co., Ltd. (22.73%), Kuei-Hsien Wang (0.75%).
Pan Asia Chemical Corporation	China Man-Made Fiber Co., Ltd. (44.40%), Sheng Jen Knitted Textiles Co., Ltd. (6.20%), Chung Chien Investment Co., Ltd. (5.12%), Yu Hui Limited (0.88%),Yu Hui Limited (0.87%), Pan Asia Employee Welfare Committee (0.60%), Yu-Sheng Li (0.22%), Chao-Ju Chen (0.20%), Wen-Chung Chung (0.19%), Li-Chiu Tsai (0.18%)
General Pride Enterprise Co., Ltd.	Yu Hui Limited (40.40%), Chung Chien Investment Co., Ltd. (53.47%), Pan Asia Investment Co., Ltd. (17.30%), Chao-Chang Wang (5.16%), Kuei-Hsien Wang (1.12%), Ku-Yeh Wang (0.51%)
Yu Hwei Technology Co., LTD.	Kuei-Hsien Wang (99.99%), Chia-Ying Chen (0.01%)
Hsu Tian Investment Co., Ltd.	Chia-Chun Chiang (50%), Kuei-Fong Wang (50%).
Shen-Ren Knitting Factory Co., Ltd. Company limited by shares	Chung Chien Investment Co., Ltd. (53.47%), Yu Hui Limited (40.40%), Chao-Chang Wang (5.57%), Kuei-Hsien Wang (0.3%), Shang-Jr Chiang (0.15%), Shi-Yi Chiang (0.10%).

2. Information on the directors

Condition / Name	Have more than 5 years of experience and the following professional qualifications			Status of independence (note 2)												Number of public companies where the person holds the title as independent director
	Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the Company's operations in a public or private tertiary institution	Passed the qualification examination with proper licensing by the national Government Apparatus as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	11	12	
Kuei-Hsien Wang			ˇ			ˇ		ˇ	ˇ	ˇ		ˇ		ˇ		N/A
Ming-Shan Chuang			ˇ			ˇ		ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ		N/A
Te-Wei Li			ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	N/A
Li-Yeh Hsu			ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	N/A
Chih-Ming Shih			ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	N/A
Kuei-Fong Wang			ˇ			ˇ		ˇ	ˇ	ˇ		ˇ		ˇ		N/A
Ming-Hsiung Huang			ˇ			ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ		N/A
Kuo-Ching Chen			ˇ			ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ		N/A
Hung-Yang Wu			ˇ			ˇ	ˇ	ˇ	ˇ	ˇ		ˇ	ˇ	ˇ		N/A
Chin-Tsai Li (Note 1)			ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	1

Note 1:Independent director Chin-Tsai Li dismissed on January 9, 2020

Note 2:
- (1) Not employed by the Company or any of its affiliated companies.
- (2) Not a director or supervisor of this Company or its affiliates (these restrictions shall not apply to independent directors appointed in accordance with the Act or applicable laws and regulations of the local country, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).
- (3) Does not hold more than 1% of the Company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the Company.
- (4) Not a spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship, of any of the managers stated in preceding paragraph (1) or the persons in preceding paragraph (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act (these restrictions shall not apply to independent directors appointed in accordance with the Act or applicable laws and regulations of the local country, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).
- (6) Not a director, supervisor, or employee of another company in which a majority of the director seats or voting shares are controlled by the same person as in this Company (these restrictions shall not apply to independent directors appointed in accordance with the Act or applicable laws and regulations of the local country, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).
- (7) Not a director, supervisor, or employee of another company or institution if the chairperson, President, or person holding an equivalent position of the Company and a person in any of those positions at the other company or institution are the same person or are spouses (these restrictions shall not apply to independent directors appointed in accordance with the Act or applicable laws and regulations of the local country, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (these restrictions shall not apply where said specified company or institution holds between 20% and 50% percent of the total number of issued shares of the Company or to independent directors appointed in accordance with the Act or applicable laws and regulations of the local country, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT$ 500,000, or a spouse thereof. Provided that this restriction does not apply to a member of the remuneration Committee, public tender offer review Committee or special Committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchanges Act, the Business Mergers and Acquisitions Act, or related law and regulations.
- (10) Not a spouse or relative of second degree or closer to any other directors.
- (11) Does not meet any descriptions stated in Article 30 of the Company Act.
- (12) Not elected as a government or corporate representative according to Article 27 of The Company Act.

(II) Background information of the President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

February 28, 2021

Title	Nationality	Name	Gender	Election Date	Quantity of Shares		Current Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Positions with other companies	Other Chief, Supervisors or Directors with a Spousal or Other Immediate Relative			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Affiliation	
President	Taiwan R.O.C.	Ming-Shan Chuang	Male	107.7.16	4,683	0.00%	759	0.00	0	0	Vice chairman of Pan Asia ITOCHU Taiwan Corporation National Taiwan University	Chairman of Mélasse	N/A	N/A	N/A	N/A
VP Production Services Department	Taiwan R.O.C.	Jeh-Yi Wang	Male	2020.1.13	15,369	0.00%	0	0	0	0	Project manager of the Production Services Department of this Company Department of Business Administration, Fu Jen Catholic University	President of Pan Asia Chemical Corporation, Director of Pan Asia and Nan Chung Petrochemical Corp., and supervisor of Technic Investment (International) Ltd.	N/A	N/A	N/A	N/A
Director of General Affairs Department	Taiwan R.O.C.	Hung-Yang Wu	Male	98.09.01	0	0	0	0	0	0	Department of Agricultural Machinery Engineering at National Chung Hsing University	Director of Pan Asia Chemical Corporation, Nan-Chung Petrochemical, Formosa Imperial Wineseller and Taiwan Silk Development	N/A	N/A	N/A	N/A
Chief Internal Auditor	Taiwan R.O.C.	Lai-Hsiang Tsai	Female	99.10.04	1,190	0.00%	0	0	0	0	Cosmos Bank auditor Department of Business Administration, National Taiwan University	N/A	N/A	N/A	N/A	N/A
Chief financial officer	Taiwan R.O.C.	Po-Nien Lin	Male	94.04.01	30,124	0.00%	0	0	0	0	Department of Economics, National Taiwan University	The Taichung Bank Securities Inv. Trust Co., Ltd. directors and Nan Chung Petrochemical Corporation supervisors.	N/A	N/A	N/A	N/A
Chief accountant	Taiwan R.O.C.	Kuo Hua Lin	Female	106.06.19	37	0.00%	0	0	0	0	PACC chief accountant Accounting Department of Soochow University	N/A	N/A	N/A	N/A	N/A

(III) Remuneration paid to Directors, the President, and the Vice President in the most recent year

1. Remuneration of directors and independent directors

Unit: NT$ thousand/ thousand shares

Title	Name	Remuneration to Directors								The sum of A, B, C and D in proportion to Earnings		Remuneration in the capacity as employees								The sum of A, B, C, D, E, F and G in proportion to Earnings (%)		Remuneration received from the invested companies other than the subsidiaries and the parent company
		Director fees (A)		Pension (B)		Remuneration to directors (C)		For services (D)				Salaries, bonus and special subsidies (E)		Pension (F)		Remuneration to employees (G)						
		The Bank	All companies mentioned in the financial statements	The Bank	All companies mentioned in the financial statements	The Bank	All companies mentioned in the financial statements	The Bank	All companies mentioned in the financial statements	The Bank	All companies mentioned in the financial statements	The Bank	All companies mentioned in the financial statements	The Bank	All companies mentioned in the financial statements	The Bank		All companies mentioned in the financial statements		The Bank	All companies mentioned in the financial statements	
																Cash	Stock	Cash	Stock			
Institutional Director	China Man-Made Fiber Investment Co., Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Pan Asia Investment Co., Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Director	Kuei-Hsien Wang	3,667	3,667	0	0	0	0	0	0	0.39	0.39	0	0	0	0	0	0	0	0	0.39	0.39	0
	Ming-Shan Chuang	1,239	1,239	0	0	0	0	0	34	0.13	0.14	0	0	0	0	0	0	0	0	0.13	0.14	0
	Kuei-Fong Wang	0	7,412	0	0	0	0	0	2,217	0	1.02	0	0	0	0	0	0	0	0	0	1.02	0
	Ming-Hsiung Huang	0	5,680	0	0	0	0	0	335	0	0.64	0	0	0	0	0	0	0	0	0	0.64	0
	Hung-Yang Wu	0	0	0	0	0	0	0	0	0	0	1,634	1,634	63	63	53	0	53	0	0.19	0.19	0
	Kuo-Ching Chen	0	0	0	0	0	0	0	0	0	0	0	2,062	0	87	0	0	78	0	0	0.24	0
Independent director	Te-Wei Li	450	672	0	0	0	0	0	0	0.05	0.07	0	0	0	0	0	0	0	0	0.05	0.07	0
	Li-Yeh Hsu	450	672	0	0	0	0	0	0	0.05	0.07	0	0	0	0	0	0	0	0	0.05	0.07	0
	Chin-Tsai Li	39	78	0	0	0	0	0	0	0.004	0.001	0	0	0	0	0	0	0	0	0.004	0.01	0
	Chih-Ming Shih	229	229	0	0	0	0	0	0	0.02	0.02	0	0	0	0	0	0	0	0	0.02	0.02	0

1. Please describe the policy, systems, standards and structure of remuneration of independent directors; also, describe the relationship with the amount of remuneration according to the responsibilities, risks and invested time:
   Pursuant to the provisions set forth in Article 40 of the Articles of Incorporation, the Company shall appropriate 1% to 5% of its profits of the respective year as employee compensations. The board of directors shall determine the distribution ratios and methods (stocks or cash) and may appropriate a sum not exceeding 0.03 % of the aforementioned profits as director compensations. The amount of director compensations shall be adjusted in line with variations in pre-tax income. No director compensations were paid out due to a recorded loss this year. Directors therefore only received their fixed salaries, which is deemed reasonable.
2. Pay for services (such as non-employee consultant) specified in the financial statements provided by directors in the previous year not specified above: Not applicable.

2. Remuneration to the President and Vice President

Unit: NT$ thousand/ thousand shares

Title	Name	Salary (A)		Pension (B)		Bonuses and allowances etc (C)		Remuneration to the employees (D)				The sum of A, B, C, and D as a percentage of after-tax net profit (%)		Remuneration received from the invested companies other than the subsidiaries and the parent company
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
								Cash	Stock	Cash	Stock			
President	Ming-Shan Chuang (Note1)	1,239	1,239	0	0	0	0	0	0	0	0	0.13	0.13	0
Executive Vice President	Jeh-Yi Wang (Note2)	0	1,308	0	0	0	415	0	0	71.5	0	0	0.19	0

Note1: Ming-Shang Chuang, Vice Chairperson and President of this Company only received salary payments for his position as Vice Chairperson.

Note2: Vice President Wang Chie-Yi held the post in office on January 13, 2020.

3. Individual remuneration paid to each of the top five management personnel

Unit: NT$ thousand/ thousand shares

Title	Name	Salary (A)		Pension (B)		Bonuses and allowances etc (C)		Remuneration to the employees (D)				The sum of A, B, C, and D as a percentage of after-tax net profit (%)		Remuneration received from the invested companies other than the subsidiaries and the parent company
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
								Cash	Stock	Cash	Stock			
Executive Vice President	Jeh-Yi Wang	0	1,308	0	0	0	415	0	0	71.5	0	0	0.19	0
Assistant VP	Hung-Yang Wu	1,006	1,006	63	63	628	628	53	0	53	0	0.19	0.19	0
President	Ming-Shan Chuang	1,239	1,239	0	0	0	0	0	0	0	0	0.13	0.13	0
Chief financial officer	Po-Nien Lin	770	770	48	48	276	276	32	0	32	0	0.12	0.12	0
Chief accountant	Kuo Hua Lin	863	863	58	58	356	356	48	0	48	0	0.14	0.14	0

Name of the managers received remuneration and the distribution of remuneration

Unit: NT$ thousand/ thousand shares

	Title	Name	Stock	Cash	Total	As a percentage of net profit after tax (%)
Manager	Assistant VP	Hung-Yang Wu	0	133	133	0.014%
	Chief accountant	Kuo Hua Lin				
	Chief financial officer	Po-Nien Lin				

4. Compare and disclose remunerations paid in the last 2 years by The Company and all companies included in the consolidated financial statements to The Company's Directors, Supervisors, President and Vice Presidents as a percentage of after-tax net profit. Describe the remuneration policy, standards and packages, the procedures for determining remuneration, and their link to business performance.
   (1) 2018 remuneration of all directors was NT$7,824 thousand, accounting for 0.831% of the after-tax profit margin of 2020. The 2019 remuneration was NT$9,423 thousand, accounting for 1.2913% of the after-tax profit margin.
   (2) 2020 remuneration of the President and assistant presidents was NT$3,187 thousand, accounting for 0.32% of the after-tax profit margin of 2020. The 2019 remuneration was NT$4,343 thousand, accounting for 0.595% of the after-tax profit margin.
   (3) 2019 remuneration of all directors of all companies on the consolidated statements was NT$26,108 thousand, accounting for -3.5% of the after-tax profit margin. 2019 remuneration of the President and assistant presidents was NT$4,343 thousand, accounting for -0.59% of the after-tax profit margin. Please refer to the table above for the 2020 information.
   (4) The amount of directors' remuneration is approved by the shareholders meeting. The remuneration of the president and assistant presidents is determined based on the industry standard.
   (5) The operating performance of the Company will affect the appropriation of year-end bonuses for executives.
   (6) Correlation of future risk: Will affect the appropriation of bonuses for executives.

III. Corporate governance

(I) Functionality of the Board of Directors

The Board called 9 meetings in 2020. The attendance of directors is specified as follows:

Title	Name	Actual number of attendance	Attend through proxy	Attendance rate (%)	Remark
Chairman	Kuei-Hsien Wang	9	0	100	
Vice Chairman	Ming-Shan Chuang	9	0	100	
Managing Director (Independent director)	Te-Wei Li	8	1	89	Please see the next page for the details of attendance of each board meeting in 2020.
Independent director	Li-Yeh Hsu	9	0	100	Please see the next page for the details of attendance of each board meeting in 2020.
Independent director	Chih-Ming Shih	3	0	100	Please see the next page for the details of attendance of each board meeting in 2020. June 3, 2020 assumption of office, 3 meetings should be attended
Director	Kuei-Fong Wang	7	2	78	
Director	Ming-Hsiung Huang	7	1	78	
Director	Kuo-Ching Chen	9	0	100	
Director	Hung-Yang Wu	9	0	100	

Other notes:

I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:

(1) The content of the particulars inscribed in Article14-3 of the Securities and Exchange Act:

January 13, 2020 (4th meeting of the 26th term)Regarding the 2020 remuneration policies for the Company's directors and insiders, the independent directors in attendance had no objection and approved the presented proposals.

March 16, 2020 (5th meeting of the 25th term) Discussed the Approval Authority Form (finance and accounting) revision, modified the 2020 internal audit operation plan, amended the internal control and internal audit of the sales and collection cycle operations, the 2019 Statement of Internal Control, appointed CPA replacement due to internal adjustment, 2019 financial statement, and amended the “Rules of Procedure for Shareholders’ Meetings.” The independent directors present passed the proposal without comments.

April 20, 2020 (6th meeting of the 26th term)Discussed the for the construction of solar power equipment on the idle land of Yunlin Industrial Park. The independent directors present passed the proposal without comments.

May 14, 2020 (7th meeting of the 26th term)Discussed the stock affairs operation internal control system. The independent directors present passed the proposal without comments.

August 10, 2020 (8th meeting of the 26th term) Discussed the internal control and internal audit of the "Management of Operational Procedures for Buyback of Treasury Stocks" internal control and internal audit, and the 2020 internal personnel salary adjustment case." The independent directors present passed the proposal without comments.

August 19, 2020 (5th extraordinary general meeting of the 25th term)Discussed the disposal of the land case in Douliu City, Yunlin County. The independent directors present passed the proposal without comments.

November 9, 2020 (8 meeting of the 26th term) Discussed the 2020 public expense of appointed Deloitte Taiwan and the 2021 annual audit plan. The independent directors present passed the proposal without comments.

January 18, 2021 (9th meeting of the 26th term)Discussed the sale of some buildings in Dashe District, Kaohsiung City to the Pan Asia Chemical Corporation, one additional batch of purchase by the polyester plant, amended the sale and collection cycle operation internal control and internal audit, formulated the 2020 end-of-year bonuses for insiders and 2021 annual remuneration policy. The independent directors present passed the proposal without comments.

(II) Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the independent directors documented or declared in writing: Not applicable.

II. With respect to the avoidance of conflicting interest agendas, describe the names of directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions:

2020.01.13 The 2019 end-of-year bonus case was discussed. On the basis of self-interest involved, Chairman Wang Kui-Hsien, Vice Chairman Chuang Ming-Shsan, Director Wu Hung-Yang, etc. left their seats.

2020.08.10 The 2020 insider salary adjustment case was discussed. On the basis of self-interest involved, Director Wu Hung-Yang left his seat.

2020.11.09 Discussed the subscription of Taichung Commercial Bank in the 2020 cash capital increase case. On the basis of avoidance of conflict of interest, directors Wang Kui-Feng and directors Huang Ming-Wei left their seats.

2021.01.18 The 2020 end-of-year bonus case was discussed. On the basis of self-interest involved, Chairman Wang Kui-Hsien, Vice Chairman Chuang Ming-Shsan, Director Wu Hung-Yang, etc. left their seats.

III. TWSE/TPEx Listed Companies shall disclose assessment cycles, periods, scope, methods, and contents for self or peer evaluation of the board of directors and record relevant details on attached form 2:

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Evaluation scope (Note 3)	Evaluation method (Note 4)	Evaluation content (Note 5)	Scoring results
2020	2020.01.01~ 2020.12.31	Board of Directors	The board meeting units carried out evaluations based on the actual board operation status	They are divided into six aspects, as described below: 1) Level of participation in company operations 2) Enhancement of the board decision quality 3) Board composition and structure 4) Director election and continuing education	The total score is 89.5 points, and the evaluation results are excellent. The evaluation results show that company's overall operation is quite comprehensive, which is in line with the corporate

				5) Internal control.	governance.
2020	2020.01.01~ 2020.12.31	Individual board of directors	Self-assessment by respective boards of directors.	They are divided into six aspects, as described below: 1) Firm grasp of company goals and missions 2) Clear understanding of director responsibilities 3) Level of participation in company operations 4) Management of internal relations and communication 5) Professionalism and continuing education of directors 6) Internal control.	The overall average score is 94, and the evaluation results are excellent. The evaluation results show that the Company directors have positive evaluations of the various assessment indicators' operational efficiency and effectiveness.

Note 1. The evaluation execution cycle of the board of directors should be filled out (e.g. executed once a year).

Note 2: During the board of directors' evaluation coverage period should be filled out. For example, an evaluation on the performance of board directors was carried out from January 1, 2019 to December 31, 2019.

Note 3: The scope of performance assessment covers the board of directors, individual directors and functional committees.

Note 4: The methods of assessment include board internal self-assessment, director self-assessment, peer assessment, external institution assessment, external expert assessment, and other appropriate methods for performance assessment.

Note 5: Based on the evaluation scope, the content evaluation at least includes the following items:

(1) Evaluation of the performance of board of directors: At least includes the degree of participation in bank operations, board decision quality, board makeup and structure, appointment of directors, continuing education, internal control, etc.

(2) Evaluation of the performance of individual directors: At least includes the grasp of bank objectives and tasks, perception of directors' responsibilities, the degree of participation in bank operations, internal relations operation and communication, director professionalism, continuing education, internal control, etc.

(3) Evaluation of the performance of functional committee members: the degree of participation in bank operations, perception of functional committee members' responsibilities, functional committee decision-making quality, functional committee makeup and member appointment, internal control, etc.

IV. The objective of enhancing the occupational function of the Board of Directors in current year and the most recent year, and assessing its implementation: Not evaluated.

Supplementary Notes: Details of attendance of each board meeting in 2020.

2020	The 1st time	2nd time	3rd time	2th time	5th time	6th time	7th time	8th time	9th time
Te-Wei Li	◎	◎	◎	◎	◎	◎	◎	☆	◎
Li-Yeh Hsu	◎	◎	◎	◎	◎	◎	◎	◎	◎
Chih-Ming Shih	-	-	-	-	-	-	◎	◎	◎

: Attendance in person ☆: attendance by proxy ＊: not present-not yet taking office.

(II) The operation of the Auditing Committee

The Auditing Committee convened for 5 times (A) in FY2020. The attendance of the independent directors is shown below:

Title	Name	Actual number of attendance	Attend through proxy	Attendance rate (%)	Remark
Independent director	Te-Wei Li	5	0	100	
Independent director	Li-Yeh Hsu	5	0	100	
Independent director	Chih-Ming Shih	2	0	100	June 2, 2020 assumption of office, 2 meetings should be attended.

Other notes:

I. For the operation of the Audit Committee in any of the following circumstances, please specify the date, term, the contents of the proposals, the resolution of the Audit Committee, and the process of the opinions proposed by the Audit Committee:

(I) Issues listed in Article 14-5 of the Securities and Exchange Act:

March 16, 2020 (3rd meeting of the 2nd term)	Discussed the revision of the Approval Authorization Table (finance and accounting category) , the modification of the 2020 internal audit operation plan, the revision of the internal control and internal audit of the sales and collection cycle operations and the 2019 Statement of Internal Control, the replacement of the appointed CPAs due to internal adjustment and the 2019 business report, and the revision of the “Rules of Procedure for Shareholders’ Meetings” and consented to submission to the board of directors for discussion.
April 20, 2020 (4th meeting of the 2nd term)	Discussed the budget case for the construction of solar power equipment on the idle land of Yunlin Industrial Park
May 14, 2020 (5th meeting of the 2nd term)	Discussed the internal control system of stock affair operations and consented to submission to the board of directors for discussion.
August 10, 2020 (6th meeting of the 2nd term)	Discussed the update of the “Management of Operational Procedures for Buyback of Treasury Stocks” internal control and internal audit and consented submission to the board of directors for discussion.
August 19, 2020 (7th meeting of the 2nd term)	Discussed the disposal of the land case in Douliou City, Yunlin County and consented to submission to the board of directors for discussion.
November 9, 2020 (8 meeting of the 2nd term)	Discussed the 2020 public expense of appointed Deloitte Taiwan, the 2021 annual audit plan, and the subscription of the Taichung Commercial Bank’s 2020 cash capital increase case and consented to submission to the board of directors for discussion.
January 18, 2021 (9th meeting of the 2nd term)	Discussed the sale of some buildings in Dashe District, Kaohsiung City to the Pan Asia Chemical Corporation, the polyester plant’s purchase of a batch of equipment, and the revision of sales and collection cycling operations related internal control and internal audit and consented to submission to the board of directors for discussion.

(II) In addition to the aforementioned motions, other motions without approval by the Auditing Committee but passed by the Board with 2/3 of the Directors: Not applicable.

II. With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions: Not applicable.

III. The Annual Work Focus of the Audit Committee:

The operation of the Audit Committee adheres by the main objectives of supervising the appropriate expression of company financial statements, the independence and performance of CPA appointment (dismissal), the effective implementation of company internal control, and the control of company compliance to laws and regulation and risk control.

(I) Review of Financial Statements

The board of directors shall present the 2020 Business Report, financial statement, and surplus distribution cases. In particular, the inspection of financial statements by the appointed Deloitte Taiwan has been completed. The inspection report has also been presented. The above business reports, financial statements, surplus distribution cases have been deemed compliant upon inspection by the Audit Committee.

(II) CPA Appointment (Dismissal) and Independence and Performance Evaluation

The CPA appointment (dismissal) and annual evaluation and independence were supervised. The evaluation report along with the statement presented by the CPAs were reviewed by the Audit Committee on March 15, 2011. They were submitted to and passed by the board of directors on March 15, 2011.

(III) Evaluation of Internal Control System Effectiveness

The Company's Board of Directors Audit Office shall review the respective departments' internal control system self-inspection reports. They along with the internal control deficiencies and abnormal mater improvement situations found by the Audit Office shall serve as references for the management level to evaluate the overall internal control system effectiveness and the Statement of Internal Control presented. In addition, the Audit Committee shall evaluate the policies and procedures of the Company's internal control system.

IV. Performance of communications by and between independent directors, internal audit head and Certified Public Accountant(s) (should include the Company's financial, business operation affairs, issued, methods and outcomes of communications among them):

Date	Method	Main points of communication	Result
2020.3.16	Meeting	The CPAs communicated and discussed on the important matters in the 2019 Consolidated Statement. The contents included: the responsibilities of governance departments, the scope of inspection, major accounting policies, major accounting estimations and major events or transactions, the identification of significant risks, key inspection matters, internal control inspection findings, and so on.	The independent directors have no comments on the current meeting.

Summary of previous communications between independent directors and internal audit managers.

Date	Method	Main points of communication	Result
2020.3.16	Audit Committee	1. 2019 Q4 audit report and follow-up improvement. 2. 2019 Q4 audit report and follow-up improvement. 3. Results of self-assessments of the internal control system in 2019 and issuance of the Internal Control Statement specifying the design of the internal control system of the Company and major deficiencies in its implementation. 5. Modified the Company's Approval Authorization Table-Financial Accounting Category. 6. Revised the Company's sales and "quotations and order acceptance operations" and "shipment operations" in the collection cycle operations. 7. The Company shall propose the joint compensation liability project report to the Company.	The independent directors have no comments on the current meeting.
2020.5.14	Audit Committee	2020 Q1 audit report and follow-up improvement.	The independent directors have no comments on the current meeting.
2020.8.10	Audit Committee	2020 Q2 audit report and tracking of improvements for deficiencies	The independent directors have no comments on the current meeting.
2020.11.9	Audit Committee	2020 Q3 audit 2021 internal audit plan.	The independent directors have no comments on the current meeting.

(III) How The Company’s actual governance differs from The Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and why

* The Company

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
I. Will the Company based on the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” set up and disclose the Company’s corporate governance best-practice principles?		V	The Company has not yet developed the plan.	If there are regulatory or necessary considerations, the provisions of the relevant laws and other regulations shall apply.
II. Shareholding structure and shareholders’ equity				
(1) Does the Company have internal operating procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?		V	(1) The Company has a spokesperon, an acting spokesperson and full-time shareholder services personnel responsible for handling recommendations or questions from shareholders, and the offical website also has an "Investor Relations" section to answer questions.	Insignificant difference.
(2) Does the Company possess a list of principal shareholders and beneficial owners of these principal shareholders?	V		(2) The Company constantly monitors the shareholdings of directors, supervisors, managerial officers, or principal shareholders owning more than 10% of the shares.	Meet the requirements.
(3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	V		(3) Transaction management of interested parties, endorsement and guarantee and capital loans between the Company and its affiliates are governed by rules, and there are internal control and audit measures developed in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, to monitor subsidiaries.	Meet the requirements.
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(4) The Company has established internal rules prohibiting insider trading on undisclosed information.	Meet the requirements.
III. The constitution and obligations of the board of directors				
(1) Will the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	V		(1) The board is composed of senior executives, each with different professional expertise and meeting the goals for diversification.	Meet the requirements.
(2) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?		V	(2) Will discuss the possibility of establishment based on the Company's actual business needs.	Insignificant difference.
(3) Has the Company had the rules governing the performance evaluation of the board of directors and evaluation methods		V	(3) The Company will formulate board performance appraisal guidelines and methods starting in 2020. The results of	Adequate.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
stipulated, the performance evaluation performed annually and regularly, the results of the performance evaluations reported to the board of directors, and the evaluation result applied as a reference for individual director's remuneration and nomination for re-election?			these appraisals will serve as a key reference for director remunerations and relevant requirements of nomination for reelection (Refer to pp.19 for detail).	
(4) Will the Company have the independence of the public accountant evaluated regularly?	V		(4) The Company regularly reviews the independence of the certified accountant to check if the accountant is a director, supervisor or shareholder of the Company or receives salary from the Company, verifying that the accountant is not an interested person. The certified accountant must take a recusal action in the event there is a direct conflict of interests or interested relationship with the commissioned tasks, and the rotation of accountants must comply with relevant regulations.	Meet the requirements.
IV. Has the Company designated an adequate number of corporate governance personnel with appropriate qualifications and appointed a chief corporate governance officer as the most senior officer in charge of corporate governance affairs (including, but not limited to, provision of data required for the execution of relevant operations by the directors, assistance in legal compliance by directors, handling of matters pertaining to board meetings and shareholders meetings pursuant to relevant laws, and preparation of minutes for board meetings and shareholders meetings)?	V		As resolved and passed by the Company's board of directors on March 18, 2019, Manager Lin Kuo-Hua served as the corporate governance supervisor. The supervisor had more than three years of experience as the financial department supervisor at a publicly offered company. The main responsibilities included: 1. Conduct board of directors meeting and shareholders' meeting related matters by law. 2. Produce minutes of board meetings and shareholder meetings. 3. Assist the board of directors in taking office and continuing education. 4. Provide the board of directors with information needed for implementing businesses. 5. Assist the board of directors in legal compliance. 6. Other matters set in accordance with laws and regulation, company regulations, or contracts. Corporate governance business implementation situations: 1. Assist in board of directors meeting and shareholders' meeting procedures and resolved legal compliance matters: (1) Report the corporate governance operation situations to the board of directors, independent	Meet the requirements.

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>directors, or the Audit Committee. Confirm if shareholders' meetings and board of directors' meetings convened are in line with relevant laws and norms in the Code for Corporate Governance.
(2) Assist in and remind directors in legal compliance at the time of implementing businesses or upon official resolution by the board of directors. Suggestions shall be proposed upon board resolution of violations.
(3) Responsible for reviewing the release of major information on important board resolutions after the meeting. This is to ensure the appropriateness and correctness of important information contents and protect the equivalence of investors' transaction information.
2. Pursuant to the legally prescribed time limits, advance registration of the date of the shareholders meeting, uploading of the meeting notice and handbook 30 days in advance, and provision of meeting minutes within 20 days after the meeting.
3. Board of directors and Audit Committee related matters:
(1) Agenda for the board and audit committee and other meeting information are submitted to the directors 7 days before the meeting, and the meeting minutes are completed within 20 days after the meeting.
(2) The meeting standards have specified terms on recusal. Directors are reminded of recusal whenever topics presented have any conflict of interests.
(3) Compile the resolutions and statements from the proceedings of each meeting, and monitor the follow-up responsive measures taken by the relevant unit and report them.</td><td></td></tr>
</table>

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			4. Support directors: (1) Continue assisting the board of directors in completing continuing education hours in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." (2) Continue to advocate compliance with laws and regulation by the board of directors. (3) The current chairman, managers, and employed persons were advocated on December 9, 2020. The confidentiality of financial businesses shall be observed according to provisions in the "Code of Business Conduct for the Board of Directors and Managers" and the "Operational Procedures for Handling of Internal Major Information." Unauthorized and arbitrary release of information and explanations of the Company's scope of internal major information, confidentiality operations, etc. are not allowed.	
			5. In order to establish sound corporate governance, assist the board of directors in performing duties, and enhance the effectiveness of the board of directors, the Company has set up the "Standard Operational Procedures for Handling Demands by Directors" in order to ensure the board procedures, all applicable laws and regulations, and rules are complied with and ensure sound information exchange among board members and between directors and the management department. The continuing education situation of corporate governance supervisors (see page 25 of this annual report)	
V. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social	V		The Company offers communication channels for various entities (including interested parties) based on different circumstances, and they can be found on the Company's website at http://www.cmfc.com.tw	Meet the requirements.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
responsibilities concerned by the stakeholders?				
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?		V	The shareholder services of the Company are handled by specialized personnel, and the services are regularly audited by both the internal and external organizations and meet all requirements.	For the purpose of saving on operating cost, outsourcing is currently not considered.
VII. Disclosure of information				
(1) Does the Company have a website setup and the financial business and corporate governance information disclosed?	V		(1) The Company's financials and disclosures are disclosed on the Exchange's website in accordance with the regulations, and the annual reports are also published on the Company's official website.	Meet the requirements.
(2) Has the Company adopted other methods of information disclosure (e.g., setting up an English website, designating a specialist responsible for gathering and disclosing Company information, setting up a spokesperson system, uploading recordings of investor conferences onto the Company website)?	V		(2) The Company has assigned personnel responsible for the collection of disclosed information and implemented the spokesperson practice.	Meet the requirements.
(3) Has the Company publicly announced and filed its annual financial reports within two months after the close of the given fiscal year? Has it publicly announced and filed the financial reports for the first, second, and third quarter and the operational status reports for each month prior to the prescribed time limit?		V	(3) Pursuant to the provisions set forth in Article 36 of the Securities and Exchange Act, the Company currently publicly announces and files its annual financial reports within three months after the close of the given fiscal year. Financial reports for the respective quarter are publicly announced and filed within 45 days after the end of the first, second, and third quarters of each fiscal year, and operational status reports for the previous month are publicly announced and filed within the first ten days of each calendar month.	This is currently not planned due to manpower allocation considerations.
VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company’s directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?	V		Employees' rights and welfare: To achieve sustainable operations and growth, the Company protects employees' welfare in accordance with the Labor Standards Act and other related measures and also establishes a Staff Welfare Committee to be responsible for various welfare measures to improve its overall care of employees. For example: 12 months of maternity subsidy, scholarship for employees' children, medical subsidies and others. Investor Relations: The Company treats all its investors with fairness and openness. Shareholders meetings are held annually	Meet the requirements.

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>in accordance with the requirements of the Company Act and the relevant laws and regulations. Investors are notified of attendance to shareholders meetings and encouraged to participate in the resolutions of all proposals of the meetings. In order to ensure that shareholders have full rights to know, participate and decide on key issues of the Company, a spokesperson and an acting spokesperson are assigned to properly handle all recommendations, questions and disputes.
Supplier relationship: Maintain a good relationship based on the principle of good faith.
Rights of interested parties: They can contact us through the mailbox on the official homepage or directly contact us.
Continuing education of directors and supervisors: Please see page 24 of this annual report for details.
Implementation of risk management policies and measurement criteria: The Company has established various internal management regulations in accordance with the law and conducted various risk management and assessment to effectively control the risks of the Company's operations.
Implementation of customer policies: The Company maintains a good relationship with its customers.
Purchase of liability insurance for directors and supervisors: The Company has purchased insurance policies in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and disclosed them on the Market Observation Post System.</td><td></td></tr>
<tr><td colspan="5">IX. Please describe the improvement performed according to the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures.
1. The corporate governance evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange Co., Ltd. in the year of 108 (6th). The company’s evaluation results are companies with a range of 51% to 65% of listed companies and score 51 items. 36 items were not scored, of which "disclosure of corporate governance executives' work implementation priorities and learning situation" has been improved, and "determining board performance evaluation methods and performing self-evaluation at least once a year and disclosing evaluation results" continue to be priority improvements .
2. After the release of the evaluation results of the 109th year (seventh), the unscored indicators will be listed as the priority strengthening of corporate governance, and the company will continue to improve corporate governance and focus on sustainable development in the future.</td></tr>
</table>

Note: Continued education of directors and supervisors:

Title	Name	Organizer	Course name	Training hours	Whether the training had complied with policies
Independent director	Te-Wei Li	The Independent Director Association Taiwan	Independent directors – Corruption prevention takes priority over revenue generation.	3	Yes
		The Independent Director Association Taiwan	The Independent Director Association – Independent Director and Corporate Governance Master Class	3	Yes
Independent director	Li-Yeh Hsu	Taiwan Stock Exchange and Taipei Exchange	The "Corporate Governance 3.0 – Sustainable Development Blueprint" Summit Forum	3	Yes
		The Independent Director Association Taiwan	Independent directors – Corruption prevention takes priority over revenue generation.	3	Yes
		The Independent Director Association Taiwan	The Independent Director Association – Independent Director and Corporate Governance Master Class	3	Yes
Independent director	Chih-Ming Shih	Corporate Governance Association in Taiwan	The setup and operation of the Audit Committee.	3	Yes
		Corporate Governance Association in Taiwan	Insight into the key messages concealed in financial statements.	3	Yes
		Corporate Governance Association in Taiwan	The three codes of integrity management, corporate governance, and corporate social responsibility and practical cases.	3	Yes
		Corporate Governance Association in Taiwan	How the Audit Committee implements financial statement reviews.	3	Yes
Corporate Director representative	Kuei-Fong Wang	The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat course	3	Yes
		The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3	Yes
Corporate Director representative	Ming-Hsiung Huang	The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3	Yes
		The Corporate Operation Association	The 2020 Corporate M&A and Corporate Governance Practice	3	Yes
		The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat course	3	Yes
Corporate Director representative	Kuo-Ching Chen	Corporate Governance Association in Taiwan	Probe into the fraud in corporate financial statements.	3	Yes
		The Securities and futures Institution	2020 Insider Trading Prevention and Insider Equity Trading Advocacy Seminar.	3	Yes
Corporate Director representative	Hung-Yang Wu	Securities and Futures Institute	Introduction to Futures Derivative Commodity Hedging Transactions and Operations	3	Yes
		Securities and Futures Institute	2020 Insider Trading Prevention and Insider Equity Trading Advocacy Seminar.	3	Yes

Note: The situation of continuing education of corporate governance supervisors

Title	Name	Organizer	Course name	Training hours	Whether the training had complied with policies
Corporate Governance Officer	Kuo Hua Lin	Accounting Research and Development Foundation	The competent authority's "Assist competency in enhancing self-compiled financial statements" policy analysis and internal management practice (audit category).	6	Yes
		Chinese Enterprise Accounting Association	Accounting processing of affiliated companies, joint ventures, and subsidiary investments (accounting category)	3	Yes
		Chinese Enterprise Accounting Association	Equity evaluation and tax issues under enterprise M&A	3	Yes
		Chinese Enterprise Accounting Association	"Case analysis of major corporate (economic crimes) and discussion of related legal responsibilities"	3	Yes

* Consolidated companies

1. Pan Asia Chemical Corporation

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
I. Will the Company based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" set up and disclose the Company's corporate governance best-practice principles?		V	The Company has not yet developed its own "Corporate Governance Best Practice Principles".	If there are regulatory or necessary considerations, the provisions of the relevant laws and other regulations shal apply.
II. Shareholding structure and shareholders' equity				
(1) Does the Company have internal operating procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?		V	(1) The Company has a spokesperson, an acting spokesperson and full-time shareholder services personnel responsible for handling recommendations or questions from shareholders, and the official website also has an "Investor Relations" section to handle recommendations or disputes.	Adequate.
(2) Does the Company possess a list of principal shareholders and beneficial owners of these principal shareholders?	V		(2) The Company constantly monitors the shareholdings of directors, supervisors, managerial officers, or principal shareholders owning more than 10% of the shares.	Meet the requirements.
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	V		(3) Transaction management of interested parties, endorsement and guarantee and capital loans between the Company and its affiliates are governed by rules, and there are internal control and audit measures developed in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, to monitor subsidiaries.	Meet the requirements.
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(4) In order to maintain the fairness in the securities trading market, the Company has established the "Procedures to Prevent Insider Trading" and the "Procedures for Handling Material Inside Information".	Meet the requirements.
III. The constitution and obligations of the board of directors				
(1) Will the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	V		(1) The Company values diversification of the board composition, and members are generally equipped with knowledge, skills and competencies necessary to perform their duties.	Meet the requirements.
(2) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?		V	(2) Will discuss the possibility of establishment based on the Company's actual business needs.	Insignificant difference.
(3) Has the Company had the rules governing the	V		(3) The Company set up the Rules for Performance	Meet the requirements.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
performance evaluation of the board of directors and evaluation methods stipulated, the performance evaluation performed annually and regularly, the results of the performance evaluations reported to the board of directors, and the evaluation result applied as a reference for individual director's remuneration and nomination for re-election? (4) Will the Company have the independence of the public accountant evaluated regularly?	V		Evaluation of Board of Directors on March 16, 2020. Thereafter, an evaluation was carried out periodically every year. The results were submitted to the board of directors and published on March 15, 2021. The results shall serve as a reference for the board of directors or during director nomination exercised by shareholders with more than 1% shareholding. (4) The Finance Department assesses the independence of certified accountants on an annual basis. The main criteria include if the accountants and their relatives hold any significant financial interests of the Company, hold key positions within the Company the most recent two years or are relatives within the second degree of those in key positions of the Company and if the accountants have received donations or gifts at a great value from the Company, and the results are reported to the board. The Finance Department finds that the qualifications of Wen-Ya Hsu and Su-Huan Yu, of Deloitte Taiwan, meet the standards of the Company on independence and determines that they are capable of serving as the Company's certified accountants.	Meet the requirements.
IV. Has the TWSE/TPEx Listed Company designated an adequate number of corporate governance personnel with appropriate qualifications and appointed a chief corporate governance officer as the most senior officer in charge of corporate governance affairs (including, but not limited to, provision of data required for the execution of relevant operations by the directors and supervisors, assistance in legal compliance by directors and supervisors, handling of matters pertaining to board meetings and shareholders meetings pursuant to relevant laws, corporate registration and amendment registration, and preparation of minutes for board meetings and shareholders meetings)?	V		The Company's departments and offices have designated representatives to handle related corporate governance matters. As resolved and passed by the board of directors on March 15, 2021, Manager Wen Yu-Tao served as the corporate governance supervisor. The supervisor had more than three years of qualification as the financial department supervisor at a publicly offered company. The main responsibilities included supervising and implementing corporate governance operations. The corporate governance related matters included: 1. Conduct board of directors meeting and shareholders' meeting related matters by law. 2. Produce minutes of board meetings and shareholder meetings. 3. Assist the board of directors in taking office and continuing education.	Meet the requirements.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			4. Provide the board of directors with information needed for implementing businesses. 5. Assist the board of directors in legal compliance. 6. Other matters set in accordance with laws and regulation, company regulations, or contracts. Corporate governance operation implementation situation: 1. Assist in board of directors meeting and shareholders' meeting procedures and resolved legal compliance matters: (1) Report the corporate governance operation situations to the board of directors, independent directors, or the Audit Committee. Confirm if shareholders' meetings and board of directors' meetings convened are in line with relevant laws and norms in the Code for Corporate Governance. (2) Assist in and remind directors in legal compliance at the time of implementing businesses or upon official resolution by the board of directors. Suggestions shall be proposed upon board resolution of violations. (3) Responsible for reviewing the release of major information on important board resolutions after the meeting. This is to ensure the appropriateness and correctness of important information contents and protect the equivalence of investors' transaction information. 2. Pursuant to the legally prescribed time limits, advance registration of the date of the shareholders meeting, uploading of the meeting notice and handbook 30 days in advance, and provision of meeting minutes within 20 days after the meeting. 3. Board of directors and Audit Committee related matters:	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			(1) Agenda for the board and audit committee and other meeting information are submitted to the directors 7 days before the meeting, and the meeting minutes are completed within 20 days after the meeting. (2) The meeting standards have specified terms on recusal. Directors are reminded of recusal whenever topics presented have any conflict of interests. (3) Compile the resolutions and statements from the proceedings of each meeting, and monitor the follow-up responsive measures taken by the relevant unit and report them. 4. Support directors: (1) Continue to assist the directors in completing continuing education hours in accordance with the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.” (2) Continue to advocate compliance with laws and regulation by the board of directors. (3) The current chairman, managers, and employed persons were advocated in October 2020. The confidentiality of financial businesses shall be observed according to provisions in the “Code of Business Conduct for the Board of Directors and Managers” and the “Operational Procedures for Handling of Internal Major Information.” Unauthorized and arbitrary release of information and explanations of the Company’s scope of internal major information, confidentiality operations, etc., are not allowed. 5. In order to establish sound corporate governance, assist the board of directors in performing duties,	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			and enhance the effectiveness of the board of directors, the Company has set up the "Standard Operational Procedures for Handling Demands by Directors" in order to ensure the board procedures, all applicable laws and regulations, and rules are complied with and ensure sound information exchange among board members and between directors and the management department. Corporate governance supervisor continuing education situation: Resolved and passed by the board of directors only after March 15, 2021, continuing education information is currently unavailable.	
V. Does the Company established a full- (or part-) time corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors, handle matters relating to board meetings and shareholders' meetings according to laws, handle corporate registration and amendment registration, record minutes of board meetings and shareholders meetings and others)?	V		The Company offers communication channels for various entities (including interested parties) based on different circumstances, and they can be found in the "Stakeholders" section on the Company's website at http://www.pacc.com.tw	Meet the requirements.
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?		V	The shareholder services of the Company are handled by specialized personnel, and the services are regularly audited by both the internal and external organizations and meet all requirements.	For the purpose of saving on operating cost, outsourcing is currently not considered.
VII. Disclosure of information (1) Does the Company have a website setup and the financial business and corporate governance information disclosed?	V		(1) The Company's financials and disclosures are disclosed on the OTC official website in accordance with the regulations, and the annual reports are also published on the Company's official website. The Company's website is www.pacc.com.tw, with available links connecting to the Market Observation Post System.	Meet the requirements.
(2) Has the Company adopted other methods of information disclosure (e.g., setting up an English website, designating a specialist responsible for gathering and	V		(2) The Company has assigned personnel responsible for the collection of disclosed information and implemented the spokesperson practice.	Meet the requirements. In conformity with relevant laws and

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
disclosing Company information, setting up a spokesperson system, uploading recordings of investor conferences onto the Company website)? (3) Has the Company publicly announced and filed its annual financial reports within two months after the close of the given fiscal year? Has it publicly announced and filed the financial reports for the first, second, and third quarter and the operational status reports for each month prior to the prescribed time limit?		V	(3) Pursuant to the provisions set forth in Article 36 of the Securities and Exchange Act, annual financial reports are publicly announced and filed within three months after the close of the given fiscal year. Financial reports for the respective quarter are publicly announced and filed within 45 days after the end of the first, second, and third quarters of each fiscal year, and operational status reports for the previous month are publicly announced and filed within the first ten days of each calendar month.	regulations; currently not planned due to manpower allocation considerations.
VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?	V		Employees' rights and interests: Comply with the Labor Standards Act and establish communication channels with employees, encourage employees to directly communicate with the management, directors and supervisors, properly reflect employees' opinions on the Company's operations and financial conditions or major decisions related to employees' interests. Employee care: Comply with the Labor Standards Act, respect and maintain employees' legitimate rights and interests and establish communication channels. Investor relations: In operating its normal business and maximizing the shareholder interest, the Company respect and maintain investor's interests, conduct business operations with good faith, pay attention to the trading order on the securities market and have a high regard for the social responsibility of the Company. Supplier relationship: Maintain a good relationship based on the principle of good faith. Rights of interested parties: They can contact us through the mailbox on the official homepage or directly contact us. Continuing education of directors and supervisors: Please see page 19 of this annual report for details. Implementation of risk management policies and measurement criteria: The Company has established various internal management regulations in accordance	Meet the requirements.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			with the law and conducted various risk management and assessment to effectively control the risks of the Company's operations. Implementation of customer policies: In addition to regular visits to customers and convening distributor meetings, the Company conducts annual customer satisfaction surveys to understand customers' actual responses to marketing, logistics management and technical support. Customers are invited to provide their recommendations to ensure that their needs are understood and met. Purchase of liability insurance for directors and supervisors: The Company and its parent (China Man-Made Fiber Corporation) jointly take out professional liability insurance for directors, supervisors, and key employees and disclose relevant information on the Market Observation Post System (MOPS).	
IX. The corporate governance evaluation results in the most recent year released by the Taiwan Stock Exchange Center for Corporate Governance explain the improvement situation. Prioritized strengthening matters and measures have been proposed for those that have not been improved: The 2019 6th Corporate governance evaluation results released by the Taiwan Stock Exchange Center for Corporate Governance show that the Company's evaluation score is under the 36%–50% TPEX listed companies. The disclosure of unscored items will be strengthened. 1. The corporate governance evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange Co., Ltd. in the sixth session of the year 108. The company's evaluation results are listed as companies with a ranking of 36% to 50% of the listed companies. Among them, it has been improved. The project is the company's disclosure of the communication status between independent directors, internal audit supervisors, and accountants (such as the communication methods, matters and results of the company's financial reports and financial business status) on the company's website. 2. As of the date of publication, the evaluation results of the 109th year (seventh) have not yet been released. The company has listed the unscored indicators as the priority to strengthen and improve the corporate governance based on the importance and the evaluation achievable rate.				

Continued education of directors and supervisors:

Title	Name	Organizer	Course name	Training hours	Whether the training had complied with policies
Independent director	Te-Wei Li	The Independent Director Association Taiwan	Independent directors – Corruption prevention takes priority over revenue generation.	3	Yes
Independent director	Li-Yeh Hsu	Taiwan Stock Exchange and Taipei Exchange	The "Corporate Governance 3.0 – Sustainable Development Blueprint" Summit Forum	3	Yes
		The Independent Director Association Taiwan	Independent directors – Corruption prevention takes priority over revenue generation.	3	Yes
Director	Hung-Yang Wu	Securities and Futures Institute	2020 Insider Trading Prevention and Insider Equity Trading Advocacy Seminar.	3	Yes
		Securities and Futures Institute	Introduction to Futures Derivative Commodity Hedging Transactions and Operations	3	
Director	Kuei-Fong Wang	The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3	Yes
		The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat course	3	
Independent director	Kuo-Fu Hsiao	Taipei Foundation Of Finance	Discussions and investigations based on financial statement fraud cases and criminal liability of relevant company personnel	3	Yes
		The Taiwan Association of Board Governance	The 2nd Board Governance Effectiveness Forum	3	
		Corporate Governance Association in Taiwan	Introduction to corporate governance and related legal compliance	3	
		Taiwan Corporate Governance Association	Exercise of independent director functions and Audit Committee operational practice	3	
Independent director	Lung-Teng Chen	Taipei Foundation Of Finance	Discussions and investigations based on financial statement fraud cases and criminal liability of relevant company personnel	3	Yes
		The Taiwan Association of Board Governance	The 2nd Board Governance Effectiveness Forum	3	
		Corporate Governance Association in Taiwan	Introduction to corporate governance and related legal compliance	3	
		Taiwan Corporate Governance Association	Exercise of independent director functions and Audit Committee operational practice	3	
Independent director	Kuo-Ming Chang	Taipei Foundation Of Finance	Discussions and investigations based on financial statement fraud cases and criminal liability of relevant company personnel	3	Yes
		The Taiwan Association of Board Governance	The 2nd Board Governance Effectiveness Forum	3	
		Corporate Governance Association in Taiwan	Introduction to corporate governance and related legal compliance	3	
		Taiwan Corporate Governance Association	Exercise of independent director functions and Audit Committee operational practice	3	

2. Taichung Commercial Bank

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Companying Industry and reasons
	Yes	No	Summary	
I. Equity structure and shareholders' equity (1) Has the Company instituted an internal procedure for handling recommendations, queries, disputes of the shareholders and legal actions, and comply with the procedure properly?	✓		(1) The Company has established its "Corporate Governance Best Practice Principles", which has a chapter dedicated to the topic of "Protect Shareholders" Rights". (2) The Company has assigned a spokesperson and an acting spokesperson to properly handle all recommendations from shareholders and a designated shareholder service organization responsible for handling questions and disputes. The contact information is listed on the Company's official webpage. Equity increase/decrease or changes in mortgage of shareholders with more than 5% shareholding and shareholders serving as directors shall be monitored at all times; the said information shall be entered into the "Market Observation Post System" and publicly disclosed in accordance with the provisions.	no difference
(2) Has the Company secured the list of main shareholders of the actual bank of control and the final controller of the main shareholders?	✓			
(3) Has the Company established and implemented the risk control mechanism and firewall between the corporate headquarters and the affiliates?	✓		(1) The Company has formulated the "Information Management of Interested Parties and Credit Policies" and co-developed a database on interests with the affiliates to comply with the requirements of Article 32 and 33 of the Companying Act and other related regulations. (2) Establish "Guidelines for Supervision of Subsidiaries" to regulate the operation, finances, sales and audit management and reported to the board quarterly.	
II. The organization of the Board and their duties (1) Further to the establishment of the Remuneration Committee and the Auditing Committee, has the Company voluntarily established other functional committees?	✓		The Company has set up the Remuneration Committee and the Audit Committee by law. In order to implement the promotion of corporate governance and strengthen the board of directors' election and appointment mechanism, the board of directors resolved and passed the setup of the "Corporate Governance and Nomination Committee" on January 14, 2021. It is intended to assist the board of directors in implementing integrity management and is committed to promoting corporate social responsibilities, and adhering to the objectives of strengthening corporate governance constitution and fulling social responsibility. 。	no difference
(2) Has the TWSE/GTSM-listed Bank had the rules governing the performance evaluation of the board of directors and evaluation methods stipulated, the performance evaluation performed annually and regularly, the results of the performance evaluations reported to the board of directors, and the evaluation result	✓		(1) The Board Performance Appraisal Guidelines were approved on December 13, 2018 to facilitate implementation of corporate governance and strengthen the functions of the board of directors of the Company, Appraisals are conducted internally once a year. External appraisals are conducted by an independent professional institution or a team of scholars and experts at least every three years. Performance appraisals must be completed prior to the end of the first quarter of the following year. A report must be delivered in a board meeting	

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Companying Industry and reasons
	Yes	No	Summary	
applied as a reference for individual director's remuneration and nomination for re-election?			and implementation conditions and appraisal results must be disclosed on the Company's official website or annual report. (2) The 2019 board of directors and functional committee performance evaluation results were submitted to the board on May 7, 2020. Based on the evaluation results, the Company continued to strengthen the board function and improve corporate governance implementation effectiveness, which shall serve as references for application in individual director remunerations and nomination and reappointment.	
(3) Has the Company assessed the independence of the commissioned certified public accountants regularly?	✓		(1) In accordance with Article 38 of the "Code or Banking Industry Corporate Governance Practice" and Article 3 Supervision Matters of the Company's "Audit Committee Organization Regulations" and in reference to Accounting Act related laws and regulations, the evaluation items were formulated to carry out a CPAs independence evaluation. It included whether there is direct or major financial interest with the Company, major abnormal lending or financing guarantee under unconventional business conducts, and the provision of the impacts of audit and non-audit services on independence, eight evaluation items in total. (2) According to Paragraph 6 of Article 40 of the Corporate Governance Best Practice Principles: The appointment, dismissal or remuneration of certified accountants shall be approved by the board. The independence of appointed CPAs shall be periodically evaluated (at least once a year). (3) The above-mentioned report along with the statement presented by the CPA were submitted to the 2nd Auditor Committee (23rd session) on February 24, 2020. The case was approved at the 23rd board of directors meeting (24th session) on February 25, 2020, which were in line with related internal and external independence norms.	
(4) Will the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	✓		(1) The Company's "Code or Banking Industry Corporate Governance Practice" in Chapter 4 "Strengthen Board Function," stipulates the policy of board of directors diversification; the "Regulations for Board of Directors Election and Appointment" has also been set up. The board makeup shall take diversification into consideration. An appropriate chairman candidate shall also be elected and appointed based on company operations, business type, and development needs. The standards for chairman election and appointment in two aspects include: basic condition and value (gender, age, etc.) and professional knowledge and skills (professional background). Members should possess knowledge, skills, literacy, and overall financial industry	

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Companying Industry and reasons
	Yes	No	Summary	
			decision-making ability, risk management, management ability, and other abilities required for executing business. This will further ensure more distributed and forward-looking board decision-making. (2) From the Company's list of 12 boards of directors, those that excel in leadership, operational judgement, financial and accounting analysis, operational management, decision-making ability, risk management, crisis management, and industrial knowledge and international market outlook include: Chairman Wang Kui-Feng, Director Chia Te-Wei, Managing Directors Huang Ming-Hsiung and Lin Wei-Liang, Independent Directors Shi Chien-An, Lin Li-Wen, and Tsai Hsin-Chang, Directors Yeh Hsiu-Hui, Chang Hsin-Ching, and Chiang Shi-Yi; those that excel in leadership, operational judgement, financial and accounting analysis, and industrial knowledge include: Independent Director Chen Pi-Ta; one that excels in leadership, operational judgment, financial accounting analysis, operational management, risk management, and decision-making ability include Director Lai Li-Tzu. (3) In selection and appointment of directors at the 24th General Shareholders' Meeting on June 30, 2020, the female directors accounted for 16%, the ratio of independent directors increased to 33% (the ratio of 2019 independent directors accounted for 25%). Among them, two independent directors' term in office was less than three years, and two independent directors' term in office was more than three years. One natural person director seat was added, accounting for 41%. The Company shall continue to strengthen board makeup diversification and comprehensive structural development. (4) The Company disclosed the Board's policy on diversity on the official website and MOPS.	
III. Has the Company designated an adequate number of corporate governance personnel with appropriate qualifications and appointed a chief corporate governance officer as the most senior officer in charge of corporate governance affairs (including, but not limited to, provision of data required for the execution of relevant operations by the directors, supervisors, assistance in legal compliance by directors, handling of matters pertaining to board meetings and shareholders meetings pursuant to relevant laws, and preparation of minutes for board meetings and shareholders meetings)?	✓		(1) The Board of Directors Office Division of Governance is a full-time unit. The corporate governance full-time (part-time) unit and personnel are responsible for corporate governance related matters. Upon resolution and approval by the board of directors on December 13, 2018, Vice President Lin Kai-Yu with more than three years of qualification in legal affairs, finance, stock affairs, corporate governance, and other management experiences served as the corporate governance senior supervisor. The main responsibilities included: 1. Handle matters relating to board meetings and shareholders meetings according to law. 2. Produce minutes of board meetings and shareholder meetings. 3. Assist directors in taking office and continuing education. 4. Provide directors with data needed to implement businesses.	no difference

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Companying Industry and reasons
	Yes	No	Summary	
			5. Assist in the legal compliance of directors. 6. Other matters set according to company regulations or contracts. (2) Progress of relevant operations in 2020 can be summarized as follows: 1. Drafting and amendment of corporate governance related rules and regulations. 2. Assist independent directors and internal audit supervisors or CPAs in engaging in communication. 3. Conduct continuing education related matters for the board of directors and assist the directors in implementing the continuing education mechanism. The continuing education hours allotted for 2020 are in compliance with the regulations. Continuing education will continue to be allotted. 4. Asist the board of directors in performing duties and in regulatory compliance. Based on requirements proposed by the board of directors, appropriate and timely replies shall be given in accordance with the Company's "Standard Guidelines for Handling Requirements of Board of Directors." 5. Handling of matters and procedures pertaining to shareholders meetings, board meetings, managing director meetings, and audit committee meetings in accordance with relevant regulations; reminder to directors to recuse themselves in case of conflicts of interest associated with proposal contents.	
IV. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	✓		(1) The Company has already disclose it on the Company's intranet pursuant to the Banking act and the competent authority's requirements about limitation on the credit extended to stakeholders, and also held the seminars for laws and regulations irregularly to enable the persons-in-charge to comply with and know the laws and regulations, and request completion of the stakeholder information list immediately upon the stakeholder's transfer. The communication channel is considered uninterrupted. (2) The Company not only published information on the Market Observation Post System as provisioned; information is also published on the external official website for search by investors; an open and transparent contact channel is available on the external website (Taichung Commercial Bank Co., Ltd./Interested Parties Area). Different responsible units shall engage in exchanges with various interested parties, actively respond to issues of concern to interested parties, and the main sources of issues of varying concern levels. The situation of communication with interested parties is periodically reported to the board of directors every year.	no difference

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Companying Industry and reasons
	Yes	No	Summary	
			(3) The actual discussions with interested parties in 2020 have been submitted to the 24th board of directors' meeting (7th session). The submitted contents were disclosed in the interested party area on the external official website.	
V. Disclosures (1) Has the Company established a website for the disclosure of financial position, operation, and corporate governance? (2) Has the Company adopted other means of disclosures (e.g., the installation of a website in English language, appointment of designated persons for the gathering and disclosure of information, the proper implementation of the spokesman system, and the minutes of the institutional investor's conference on record posted on the website)? (3) Does the Company publish and declare annual financial statements within given deadlines at the end of an accounting year in accordance with relevant provisions in the Banking Act and Securities Trading Act? Are financial statements for the first quarter, second quarter, and third quarter and monthly operation situations published and declared in advance before given deadlines?	✓ ✓ ✓		The Company's financial businesses and corporate governance information have been disclosed on the external official website. (1) For the proper handling of materiality and disclosure, the Company has established the "Criteria for Handling Materiality" whereby relevant departments shall appoint designated personnel to handle materiality. (2) The Company convened two corporate seminars on March 31, 2020 and August 28, 2020. Related information was also disclosed on the external official website (About Taichung Commercial Bank Co., Ltd./public information) and the Market Observation Post System. An English website was also set up to disclose finance, business, and corporate governance related information. (3) The Company has established the spokesman system for release of information to ensure investors accessible to accurate information. The Company published the 2020 financial statement on February 26, 2020. The financial statements for the first quarter, second quarter, and third quarter and the monthly operation situations were published within the given deadlines.	no difference
VI. Any other vital information that helps to understand the status of corporate governance at the Company (including but not limiting to the rights of employees, concern for the employees, investor relation, the rights of the stakeholders, continuing education of the directors and the supervisors, risk management policy and the implementation of risk assessment, the pursuit of customer policy, the liability insurance taken by the Company for the protection of the Directors and Supervisors, donations to political parties, stakeholders, and social charity groups)?	✓		(1) For information on the rights and privileges of the employees, refer to (I) important rights and privileges of the employees, labor-management agreement and implementation on Page 83 and 84. (2) For the protection of rights and obligations, stakeholders are regulated on files in accordance with the Banking Act. In addition, there is also the provision for the avoidance of the conflict of interest for Board meetings. (3) The Company has set up the interested parties area on the external official website. Financial business and corporate governance related information has also been established to facilitate supplier relationships and an unobstructed communication channel with interested parties. In reference to the needs of foreign investor, the English version of corporate governance related information is also available, which will aid in protecting the rights and	no difference

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Companying Industry and reasons
	Yes	No	Summary	
			interests of interested parties. (4) The continuing education situations of the board of directors and board attendance (attendance as a non-voting delegate) have been periodically updated and published on the Market Observation Post System; the “Operational Procedures for Handling of Internal Major Information” and the “Standards for M&A Information Disclosure Self-discipline” educational advocacy were conducted for the directors, managers, and employed persons in July and December 2020. The scope of the Company’s internal major information, confidentiality operations, etc., were also explained. (5) The Company emphasizes customer service quality. A consumer complaint channel is provided on the external official website. The protection of consumer rights and interests is implemented in the operational processes. (6) The Company has set up the “risk management policy” resolved and passed by the board of directors. The dedicated departments and offices shall compile, gain an insight into, and analyze the departments’ risk management and risk exposure situations. Monitoring and necessary measures shall be adopted to cope with different types of risks, periodically compile and analyze bank-wide risk management situations, and report to the Risk Management Committee and the Board of Directors. (7) The Company continued the directors and managers’ liability insurance policy, with the issued amount totaling US$20 million (insured period: May 1, 2020–May 1, 2021). (8) Signed "Institutional Investors' Due Diligence and Compliance Statement" on October 21, 2020 to continue monitoring investee companies and adopting shareholder activism to fulfill the responsibility of institutional investors. (9) The Company has set up the “Operational Standards for External Donations.” The donations of political parties, interested parties, and public welfare groups are stipulated. Refer to 5. Operation Overview 3. Corporate Responsibilities and Ethical Conducts, or the Company’s corporate social responsibility report.	

VII. Please describe the improvement performed according to the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures:

(1) Taiwan Stock Exchange 2019 (6th) corporate governance evaluation results show the Company is listed as 6% to 20% TWSE listed companies.

(2) The Company has adopted the following measures to strengthen corporate governance:

1. In order to improve the structure of the board of directors, one additional natural director seat and one independent director seat (12 director seats, with independent directors accounting for four seats) were added to the 24th board of directors. The diversification policy continues be strengthened.
2. The “Rules for Performance Evaluation of Board of Directors” was revised. The scope performance evaluation was included in the Functional Committee to enhance its function.

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from the Corporate Governance Best-Practice Principles for the Companying Industry and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">3. The annual financial statement shall be released within two months after the end of the accounting year.
4. The annual work focus and operational situation of the Auditing Committee and have been disclosed in the annual report.
5. The board of directors resolved on and approved the setup of the “Corporate Governance and Nomination Committee.” The committee is made up of two independent directors and one director.
6. In order to strengthen corporate governance and enhance exchanges among businesses in the same trade, the Company joined the Independent Director Association Taiwan in 2020.
7. The Company has set up intellectual property management plans linked to the operational goals. The IPS importation has also been planned and has passed verification.
8. Upholding the principle of responsible investment, the Company has increased the green bond investment ratio year by year. In addition, the ESG sustainable fund investment portfolio has been created. There are six commodities in the 2020 investment green bonds. The Company will continue to support the low-carbon and green plans of invested enterprises through action.
9. Obtained BSI greenhouse emission verification.
(3) Since the promulgation of the 2020 (7th) evaluation results, the unscored indicators were listed as the prioritized strengthening items in corporate governance. In the future, corporate governance will continue to be improved, focusing on sustainable development.</td></tr>
</table>

VIII. Other

(I) Continuing education of directors

Title	Name	Time	Organizer	Course	Hours
Chairman	Kuei-Fong Wang	2020.08.06	The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat	3
		2020.09.17	The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3
Managing Director	Ming-Hsiung Huang	2020.08.06	The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat	3
		2020.08.24	The Corporate Operation Association	M&A transaction due diligence investigation and financial evaluation	3
		2020.09.17	The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3
Managing Director	Wei-Liang Lin	2020.08.06	The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat	3
		2020.08.24	The Corporate Operation Association	M&A transaction due diligence investigation and financial evaluation	3
		2020.09.17	The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3
Managing Director (Independent director)	Chien-An Shih	2020.08.06	The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat	3
		2020.09.08	Taiwan Corporate Governance Association	Operation right competition and case analysis	3
		2020.09.17	The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3
Independent director	Hsin-Chang Tsai	2020.08.06	The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat	3
		2020.09.17	The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3
Independent director	Li-Wen Lin	2020.08.06	The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat	3
		2020.09.17	The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3
Independent director	Pi-Ya Chen	2020.08.06	The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat	3
		2020.08.13	The Corporate Operation Association	Operational strategies and M&A strategies of Taiwanese businesses under the global political and economic situation.	3
		2020.08.14	The Corporate Operation Association	Corporate M&A legal due diligence investigation and transaction contract overview	3
		2020.08.18	The Corporate Operation Association	Corporate M&A personnel integration practice seminar	3

Title	Name	Time	Organizer	Course	Hours
		2020.08.21	The Corporate Operation Association	Defense of nonconsensual M&A and company in-charge responsibilities	3
		2020.08.24	The Corporate Operation Association	M&A transaction due diligence investigation and financial evaluation	3
		2020.09.17	Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3
		2020.09.22 2020.09.23	Securities and Futures Institute	The directors and supervisors (including independent) and corporate governance supervisor practice seminar	12
		2020.10.16	Taiwan Securities Exchange Corporation	The 2020 corporate governance and corporate integrity directors and supervisors advocacy seminar	3
Director	Deh-Wei Chia	2020.08.06	The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat	3
		2020.09.17	The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3
		2020.09.21	Taiwan Securities Exchange Corporation	Corporate governance 3.0 – Sustainable Development Blueprint	3
Director	Yeh Shu Hui	2020.08.06	The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat	3
		2020.09.17	The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3
Director	Hsin-Ching Chang	2020.08.06	The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat	3
		2020.09.17	The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3
Director	Shi-Yi Chiang	2020.08.06	The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat	3
		2020.09.17	The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3
		2020.10.26	Taiwan Academy of Banking and Finance	A talk on bank derivative commodity practice from the perspective of corporate governance	3
Director	Li-Tzu Lai	2020.07.24	Taiwan Corporate Governance Association	The three codes of integrity management, corporate governance, and corporate social responsibility and practical cases.	3
		2020.08.06	The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat	3
		2020.08.28	Taiwan Academy of Banking and Finance	Construction of financial institutions in full institutional compliance seminar	3.5
		2020.09.17	The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3
		2020.09.25	Taiwan Corporate Governance Association	An insight into transaction and unconventional transaction of interested parties based on practical cases	3

Title	Name	Time	Organizer	Course	Hours
		2020.11.10	The Corporate Operation Association	Must-know legal norm and risk responsibilities of directors, supervisors, and insiders under corporate governance	3
		2020.11.16	The Corporate Operation Association	Independent directors and audit committee practiced analysis	3
		2020.12.02	The Corporate Operation Association	Board of directors operation practice – Board of directors and agenda and meeting record management	3

(II) Continuing education and training of corporate governance senior supervisors (period: January 1, 2020–December 31, 2020)

Time	Organizer	Course	Hours	Total hours
2020.04.29	The Independent Director Association Taiwan	Independent directors – Corruption prevention takes priority over revenue generation.	3	30.5
2020.07.03	Insurance Business Development Center	Corporate integrity	3	
2020.07.21	The Independent Director Association Taiwan	How independent directors grasp the key line of defense of financial statement risks and practical case analysis	3	
2020.08.06	The Independent Director Association Taiwan	The latest development and practice of money laundering prevention and capital terrorism combat course	3	
2020.08.12	The Independent Director Association Taiwan	The role of independent directors in corporate governance and operation right competition	3	
2020.08.26	Insurance Business Development Center	International anti-corruption and whistle-blower protection practice	3	
2020.08.28	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Construction of financial institutions in full institutional compliance seminar	3.5	
2020.09.17	The Independent Director Association Taiwan	The implementation of the integrity management and fair treatment of customers principles.	3	
2020.09.21	Taiwan Securities Exchange Corporation	Corporate governance 3.0 – Sustainable Development Blueprint	3	
2020.11.17	The Taiwan Institute of Directors	The 9th Chinese Family Businesses Forum: How Chinese Family Businesses Span a Century in the age of co-governance.	3	

(IV) The operation of the Remuneration Committee:

1. Information on the members of the Remuneration Committee

By identity (Note 1)	Condition / Name	Have more than 5 years of experience and the following professional qualifications			Status of independence (note 2)										Number of public companies where the members of the Remuneration Committee are also the members of the remuneration committees of these companies	Remark
		Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the Company's operations in a public or private tertiary institution	Passed the qualification examination with proper licensing by the national Government Apparatus as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company	Required Work experience in commerce, law, finance, accounting or others required by the Company	1	2	3	4	5	6	7	8	9	10		
Independent director	Te-Wei Li			ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	N/A	No
Independent director	Li-Yeh Hsu			ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	N/A	No
Independent director	Chih-Ming Shih			ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	ˇ	N/A	No

Note 1: Identity is known as director, independent director or others.

Note 2: place a "V" in the box below if the member met the following conditions during the time of active duty and two years prior to the elected date.

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

(2) Not a director or supervisor of this Company or its affiliates (these restrictions shall not apply to independent directors appointed in accordance with the Act or applicable laws and regulations of the local country, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).

(3) Does not hold more than 1% of the Company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the Company.

(4) Not a spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship, of any of the managers stated in preceding paragraph (1) or the persons in preceding paragraph (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act (these restrictions shall not apply to independent directors appointed in accordance with the Act or applicable laws and regulations of the local country, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).

(6) Not a director, supervisor, or employee of another company in which a majority of the director seats or voting shares are controlled by the same person as in this Company (these restrictions shall not apply to independent directors appointed in accordance with the Act or applicable laws and regulations of the local country, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).

(7) Not a director, supervisor, or employee of another company or institution if the chairperson, president, or person holding an equivalent position of the Company and a person in any of those positions at the other company or institution are the same person or are spouses (these restrictions shall not apply to independent directors appointed in accordance with the Act or applicable laws and regulations of the local country, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (these restrictions shall not apply where said specified company or institution holds between 20% and 50% percent of the total number of issued shares of the Company or to independent directors appointed in accordance with the Act or applicable laws and regulations of the local country, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).

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

(10) Does not meet any descriptions stated in Article 30 of the Company Act.

2. Information on the operation of the Remuneration Committee

(1) The Remuneration Committee of the Company is consisted of 3 persons.

(2) The tenure of current members of the committee: July 9, 2019 to June 4 2022. The committee has held 3 sessions lately (A). The qualification of the members and attendance to meetings are shown below:

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (%) (B/A)	Remark
Independent director	Te-Wei Li	3	0	100	
Independent director	Li-Yeh Hsu	3	0	100	
Independent director	Chih-Ming Shih	2	0	100	June 2, 2020 assumption of office, 2 meetings should be attended.

Other notes:

I. The Board may not accept the recommendations of the Remuneration Committee, or revise the recommendations, specify the date of the Board meeting, the term, the content of the motion, the resolution of the Board, and the response of the Board towards the opinions of the Remuneration Committee (e.g., the remuneration package passed by the Board is superior to the recommendation of the Remuneration Committee, specify the difference and the reasons): None.

II. If any of the members of the Remuneration Committee hold adverse opinion or qualified opinions with record or in written declaration against the resolutions of the committee, specify the date and the session of the committee meeting, the content of the motion, the opinions of all members and the response to the opinions of the members

(I) January 13, 2020 (2nd meeting of the 4th term committee) Discussion of the 2019 year-end bonus for insiders and the 2020 remuneration policy and system for directors and insiders – All members in attendance approved submission to the board for discussion.

(II) August 10, 2020 (3rd meeting of the 4th term committee) Discussed the Company’s 2020 insider salary adjustment case. The committee members present unanimously consented to its submission to the board of directors for discussion.

(III) November 09, 2020 (4th meeting of the 4th term committee) Discussed the Company’s manager personnel promotion. The committee members present unanimously consented to its submission to the board of directors for discussion.

(V) Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons

1. The Company

Items for evaluation	Implementation Status			Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
I. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The Company has formulated a Corporate Social Responsibility Policy which encompasses protection of the general public and the environment, emphasis on employee value, exercise of influence on partners, and promotion of sustainability. Implementation by relevant units is supervised and implementation effects and continuing improvements are reviewed to ensure effective implementation of the CSR policy.	Not distinctive
II. Does the Company have a specific (or part-time) unit set up to promote corporate social responsibility, have the management been authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	V		The Finance Department serves as the unit concurrently promoting CSR initiatives, responsible for notifying the designated personnel of each organizational units of discussions on CSR, and it also composes a CSR report and submits it to the Chairman for review.	Not distinctive
III. Environmental issues (1) Does the Company have an appropriate environmental management system established in accordance with its industrial character? (2) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental? (3) Does the Company assess the potential risks and opportunities of climate change for companies now and in the future, and take measures to address climate-related issues?	 V V V		(1) The environmental impact mainly comes from the Company's manufacturing processes, and the chimney of the cogeneration plant has a 24-hour exhaust gas monitoring device which is connected to the Department of Environmental Protection in order to jointly monitor the emissions quality. An environmental quality monitoring system (DAS) has been installed within the plant facility to scan for potential sources of leakage from manufacturing processes that have hazardous gases. (2) The Company has adopted the use of recycled paper and online signing of internal work procedures to reduce paper use, and employees are required to bring their own cups or mugs. (3) The environmental affairs are jointly managed by the Taipei office and the factory. Due to the risks of climate change, the operations have been adjusted accordingly, for example, the coal-fired boilers are installed with electrostatic precipitators and sulfur and nitrate removers, so the emissions quality can reach the national standards. The air inlet of boiler furnaces are installed with air	In general, we meet the requirements of the Ethical Corporate Management Best Practice Principles for the Listed Companies.

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(4) Does the Company count greenhouse gas emissions, water consumption, and total weight of waste over the last two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?</td><td>V</td><td></td><td>preheaters to recover waste heat for re-use. The wastewater plant has a wastewater re-treatment and recovery system to save on huge water consumption. A reactive afterburner has been installed within the manufacturing processes to reduce odor dissipation of VOC (volatile organic matter) and the impact on the environment.
(4) SGS certifications indicate the following annual GHG emission amounts in the two-year period:
Unit: CO2e metric tons
<table>
<tr><th></th><th>2020</th><th>2019</th></tr>
<tr><td>Greenhouse gas</td><td>411,757 (Note)</td><td>467,968</td></tr>
</table>
Note: Certification has not been completed.</td><td></td></tr>
<tr><td></td><td></td><td></td><td>Water consumption and wastewater recovery amounts in the two-year period:
Unit: m3
<table>
<tr><th>Year</th><th>2020</th><th>2019</th></tr>
<tr><td>Total water consumption</td><td>2,048,326</td><td>2,411,508</td></tr>
<tr><td>Total amount of recovered water</td><td>114,266</td><td>131,993</td></tr>
<tr><td>Recovery rate (%)</td><td>5.57</td><td>5.47</td></tr>
</table>
Weight of solid waste over the two-year period:
Unit: metric tons
<table>
<tr><th>Item</th><th>2020</th><th>2019</th></tr>
<tr><td>Total amount of process waste</td><td>18,900</td><td>18,089</td></tr>
<tr><td>Total amount of domestic waste</td><td>169</td><td>291</td></tr>
<tr><td>Total amount of hazardous industrial waste</td><td>0</td><td>33</td></tr>
<tr><td>Total amount of solid waste</td><td>19,069</td><td>18,413</td></tr>
</table></td><td></td></tr>
</table>

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			Energy policy of the Company: Continuing improvement of energy performance, enhancement of energy usage efficiency, compliance with relevant laws and regulations, preferential procurement of energy-saving equipment, guarantee of organizational resource acquisition, review of energy goals and targets, staff participation in energy conservation and carbon reduction, reinforcement of energy conservation concepts of staff members, building of a green corporate culture, and pursuit of sustainability.	
IV. Social issues (1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		(1) The Company has established work rules for employees and complied with the Labor Standards Act to protect the legitimate rights and interests of its employees. The proper management measures and procedures and the implementation are in these areas: 1. Provide employees with a reasonable salary and bonus structure. 2. Hold employee education and training sessions. 3. Implementation of holiday and attendance policies. 4. Allocate pension payment in accordance with the law.	Not distinctive
(2) Has the Company formulated and implemented reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee remuneration?	V		(2) The Company has established rules and measures to form a fair salary and remuneration policy, and also sets up a reward and punishment system for fighting corruption and fraudulent behaviors to facilitate social stability and putting corporate ethics and social responsibility in full practice.	
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(3) Apply the following measures to provide employees with a safe and health working environment: 1. Arrange regular health examination and education sessions for employees. 2. Purchase accidental and medical insurance policies for employees. 3. Assign a supervisor responsible for occupational safety and health affairs and employ personnel who have occupational safety and health certification.	

Items for evaluation	Implementation Status			Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
(4) Does the Company have an effective career capacity development training program established for the employees?	V		(4) The Company provides internal and external specialized education and training sessions to enrich employees' professional competence. The Company also encourages employees to assess their interests, skills, values and goals and communicate their career goals with administrators to plan for their long-term career.	
(5) Regarding customer health and safety, customer privacy, marketing, and labeling of products and services, does the Company comply with relevant regulations and international standards, and formulate relevant consumer protection policies and appeal procedures?	V		(5) All products of the Company are labeled pursuant to relevant norms and specifications to ensure conformity with national and international regulations. Customer complaints are handled by relevant personnel to safeguard consumer rights and interests.	
(6) Has the Company formulated a supplier management policy that required suppliers to follow relevant norms on specific issues, such as, environmental protection, occupational safety and health, or labor rights, and their implementation?	V		(6) The Company will request suppliers to provide products with energy-saving and carbon reduction features to improve the CSR practices.	
V. Does the Company refer to international criteria or guidelines for the preparation of reports, and compile reports on corporate non-financial information, such as, corporate social responsibility reports? Did the aforementioned reports obtain the assurance or guarantee opinion of a third-party verification institute?	V		The Company has compiled reports that disclose non-financial information such as CSR reports with reference to universal international report preparation criteria or guidelines. No assurance statements issued by a third-party certification body have been acquired for the aforementioned reports.	Not distinctive

VI. If the Company has established its corporate social responsibility code of practice according to the "Corporate Social Responsibility Best Practice Principles for Listed Companies", please describe the operational status and differences: The Company has not yet established its own CSR code of practice.

VII. Other important information for facilitating the understanding of CSR and its implementation: Please refer to the key information on the implementation of corporate governance and the CSR report.

(1) Amount committed to the community-friendly policy in 2020: Local give-back rewards and subsidies to the local groups and schools for a total of NT$6,070 thousands.

(2) Employment opportunities to local residents in 2020:

Dashe	Nanzih	Renwu	Total	% of the whole plant
83 persons	104 persons	44 persons	231 persons	44.7%

VII. Describe the criteria undertaken by any institution to certify the Company's corporate responsibility reports: None.

* Consolidated companies

1. Pan Asia Chemical Corporation

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies" and reasons
	Yes	No	Summary	
I. Does the Company conduct assessments of risks associated with environmental, social, and corporate governance issues related to company operations in accordance with materiality principles and formulated relevant risk management policies and strategies (Note: the term "materiality principles" refers to environmental, social, and corporate governance issues that have a significant impact on investors and other stakeholders).)	V		When formulating annual business plans, the Company conducts risk assessments and adopts corresponding risk strategies in accordance with materiality principles based on current internal/external environmental conditions, social conditions, corporate governance, and projected future incidence conditions.	Not distinctive
II. Does the Company have a specific (or part-time) unit set up to promote corporate social responsibility, have the management been authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	V		The Finance Department serves as the unit concurrently promoting CSR initiatives, responsible for notifying the designated personnel of each organizational units of discussions on CSR, and it also composes a CSR report and submits it to the Chairman for review.	If there are regulatory or necessary considerations, refer to the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies and other applicable regulations.
III. Environmental issues (1) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	V		(1) Conduct regular inspection for emissions of volatile organic compounds throughout the entire plant once every quarter. Conduct regular inspection to monitor pollution and emissions from the facilities at the site and pollution discharges once a year. The whole factory has installed 38 sets of pollutant concentration monitoring systems to forecast potential environmental pollution for immediate response.	Not distinctive

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies" and reasons
	Yes	No	Summary	
			Regularly dispose of waste at the factory at least once a month and commission qualified vendors to conduct proper treatment and disposal to prevent environmental pollution. Conduct concentration inspection of the on-site working environment quality at least twice a year.	
(2) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental?	V		(2) Replace paper signing with electronic signing and actively promote paperless office practice.	
(3) Does the Company assess the potential risks and opportunities of climate change for companies now and in the future, and take measures to address climate-related issues?	V		(3) The Company has already identified potential risk factors and relevant improvement opportunities and measures. It has also defined indicators for GHG emission reductions, water and energy conservation, and waste reduction and actively strives to achieve these target values. It also conducts rolling reviews thereof.	
(4) Does the Company count greenhouse gas emissions, water consumption, and total weight of waste over the last two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?	V		(4) Implement factory site pollution and emissions control in accordance with regional environment changes and policies from the authority. Set temperature control policies for indoor air-conditioning to prevent waste of electricity. Carry out inspection of greenhouse gas emissions from the manufacturing processes and conduct energy-saving and carbon-reduction measures based on policies from the authority. Use automatic detection devices to change the time of using supplementary lightning depending on the season. Garbage sorting is promoted and implemented to reduce the amount of generated waste. Processes are improved to decrease the amount of process waste. A constant pursuit of technical feasibility of waste reuse in Taiwan serves the purpose of minimizing environmental burdens. To make resources sustainable, environmental protection has become a key topic in the world. To reduce energy	

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>and resources consumption and emissions of greenhouse gas and improve product efficiency and competitiveness, the factory plans to save at least 3% in electricity consumption, reduce 15% of greenhouse gas emissions and cut down waste by 5% within 5 years. The factory will put energy-saving, carbon reduction and waste recycling to full practice, fulling the duties of global citizens.
Carbon dioxide emissions every two years and greenhouse gas emissions every year:

Unit: CO2e metric tons
<table>
<tr><th>Year</th><th>2019</th><th>2020</th></tr>
<tr><td>Carbon dioxide</td><td>415.8983</td><td>309.3043</td></tr>
<tr><td>Greenhouse gas</td><td>416.291</td><td>309.6206</td></tr>
</table>
Total weight of waste in the two-year period:
Unit: metric tons
<table>
<tr><th></th><th>2019</th><th>2020</th></tr>
<tr><td>General domestic waste</td><td>41.44</td><td>54.56</td></tr>
<tr><td>General industrial waste</td><td>495.68</td><td>315.37</td></tr>
<tr><td>Special industrial waste</td><td>0</td><td>50.71</td></tr>
<tr><td>Recycled and reused waste</td><td>31.16</td><td>0</td></tr>
</table>
Water consumption in the two-year period:
Unit: metric tons
<table>
<tr><th>Year</th><th>2019</th><th>2020</th></tr>
<tr><td>Running water amount</td><td>163,181</td><td>123,316</td></tr>
<tr><td>Wastewater amount</td><td>69,541</td><td>58,430</td></tr>
</table>
</td><td></td></tr>
<tr><td>IV. Social issues</td><td></td><td></td><td></td><td></td></tr>
</table>

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies" and reasons
	Yes	No	Summary	
(1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights? (2) Has the Company formulated and implemented reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee remuneration? (3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly? (4) Does the Company have an effective career capacity development training program established for the employees? (5) Regarding customer health and safety, customer privacy, marketing, and labeling of products and services, does the Company comply with relevant regulations and international standards, and formulate relevant consumer protection policies and appeal procedures? (6) Has the Company formulated a supplier management policy that required suppliers to follow relevant norms on specific issues, such as, environmental protection, occupational safety and health, or labor rights, and their implementation?	V V V V V V		(1) The Company complies with the Labor Standards Act to protect the legitimate rights and interests of its employees and adopts two-way communication. (2) Employee welfare policies of the Company are positively correlated with individual abilities, contributions to the Company, individual performance, and business performance. For instance, 5% of annual surpluses are appropriated as employee compensation. The Company gives back to its employees based on its business performance and results in an adequate manner. (3) Conduct comprehensive safety check and testing once a year for high-risk machinery and equipment. Set up rules for the use of occupational safety gears and equipment so employees can properly wear their personal protective equipment, ensuring their own safety. Occupational safety education and training sessions are regularly held for employees. Regular health examination for employees. (4) The Company provides internal and external specialized education and training sessions to enrich employees' professional competence. The Company also encourages employees to assess their interests, skills, values and goals and communicate their career goals with administrators to plan for their long-term career. (5) The Company strives to achieve "Customer Satisfaction" and "Customer privacy"and values and immediately handles customer complaints to provide customer with comprehensive product information. The Company will monitor the performance of suppliers and include the grading into the supplier assessment.	Not distinctive
V. Does the Company refer to international criteria or guidelines for the	V		The Company has compiled reports that disclose non-financial	Not distinctive

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>preparation of reports, and compile reports on corporate non-financial information, such as, corporate social responsibility reports? Did the aforementioned reports obtain the assurance or guarantee opinion of a third-party verification institute?</td><td></td><td></td><td>information such as CSR reports with reference to universal international report preparation criteria or guidelines. The aforementioned reports have not yet been certified by a third-party certification body.</td><td></td></tr>
<tr><td colspan="5">VI. If the Company has established its corporate social responsibility code of practice according to the "Corporate Social Responsibility Best Practice Principles for Listed Companies", please describe the operational status and differences: The Company has not yet established its own CSR code of practice.</td></tr>
<tr><td colspan="5">VII. Other important information for facilitating the understanding of CSR and its implementation: Please refer to the key information on the implementation of corporate governance.
(1) Amount committed to the community-friendly policy in 2020: Local give-back rewards for NT$1,268 thousand and subsidies to the local groups and schools for NT$1,793 thousands.
(2) Employment opportunities to local residents in 2020:
<table>
<tr><th>Dashe</th><th>Nanzih</th><th>Renwu</th><th>Number of people in Kaohsiung.</th><th>% of the whole plant</th></tr>
<tr><td>7 persons</td><td>14 persons</td><td>4 persons</td><td>92 persons</td><td>27.17%</td></tr>
</table></td></tr>
</table>

2. Taichung Commercial Bank

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies" and reasons
	Yes	No	Summary	
I. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		In accordance with Article 3 of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility," the Company performed a risk assessment on important issues based on the principle of corporate social responsibility materiality. Based on the risks after evaluation, relevant risk management strategies were set, which were disclosed on the Company's external official website and int eh corporate social responsibility report.	no difference
II. Has the Company established a designated (part-time) body for the advocacy of corporate social responsibility headed by a senior executive at the authorization of the Board, and report to the Board on the performance of corporate social responsibility?	✓		Based on the Company's corporate social responsibility code of practice, the Business Department is responsible for promoting corporate social responsibility values, measures or other management policies and implementation of programs and reporting to the board on a regular basis every year.	no difference
III. Environmental issues (1) Has the Company established a suitable environment management system by nature of the industry? (2) Has the Company made effort to enhance the efficient use of all resources and used regenerated materials to mitigate the impact on the environment?	✓ ✓		The Company's "Code for Corporate Social Responsibility" stipulates that the Department of General Affairs shall serve as the dedicated unit of environmental management. Related environment management systems shall be formulated, promoted, and maintained, with specific action plans, while assisting in environmental education courses. The Company has also established the "Particulars for the Management of Corporate Headquarters Building" and "Rules for Occupational Safety and Health". The Company prioritizes the procurement of renewable material, recycled materials, or energy-saving environmentally friendly products. In procurement tenders, procurements from manufacturers that have obtained Green Mark Use Permit recognized by the government, or whose processes and waste disposal meet renewable material, recycled material, low-pollution, or energy-saving requirements are prioritized in order to increase social benefits and reduce social costs. In terms of interior decoration, minimizing the amount of interior decoration is to be encouraged, while existing office furniture are to be integrated with the new space, which not only reduces waste, reutilizes items, but also meets the environmental protection appeal. Note: During interior decoration planning, building material with the Green Mark from at home and abroad and Green Mark Building are adopted. Waste produced from decoration should be properly classified to reduce environmental impacts.	no difference

Items for evaluation	Implementation Status			Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies” and reasons
	Yes	No	Summary	
(3) Does the Company assess the potential risks and opportunities of climate change for companies now and in the future, and take measures to address climate-related issues?	✓		The Company has included the Environmental, Social, and Governance (ESG) criteria in its due diligence governance policy. In addition, the risk management policy shall be formulated and amended to include ESG in the credit review procedures in order to improve asset quality and business development.	
(4) Has the Company kept statistics on the greenhouse gas emission volume, water consumption volume, and total weight of wastes over the last 2 years, and mapped out the policies for managing the reduction of carbon, greenhouse gas emission, water consumption, and the generation of wastes?	✓		In response to the low-carbon economy, the Company has imported the ISO 14064-1:2006. The “Taiwan Green Productivity Foundation” has been outsourced to assist in the head office’s greenhouse gas inventory taking, obtain the British Standards Institute (BSI) certification, and maintain the global ecological environment balance.	
IV. Social issues (1) Has the Company established related management policy and procedure in accordance with applicable legal rules and international conventions on human rights?	✓		The Company has established its corporate social responsibility code of practice according to the "Corporate Social Responsibility Best Practice Principles for Listed Companies" and disclosed the human rights policy on the official website.	no difference
(2) Has the Company formulated and implemented reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee remuneration?	✓		(1) Regarding related welfare measures, see page 74 for various employee welfare measures, retirement systems, and implementation situations. (2) The Company has set up the “Guidelines for Employee Assessment” and the “Directions for the Promotion of Incumbents.” According to the corporate operation performance situation, personal performance and in reference to salary standards in the same industry, the employees’ rank and salary shall be adjusted after thorough consideration. (3) The Company’s holiday system, in addition to the Labor Standards Act as the reference, marriage leave, funeral leave, and general injury and sick leave are also granted.	
(3) Has the Company provided a safe and health work environment for the employees, and provided education on labor safety and health regularly?	✓		(1) The central air-conditioning system is equipped with the fresh air system to retain healthy air indoors. CO2 content testing in the head office has been implemented since 2017 to ensure employee workplace comfort. (2) The interior decoration is based on simplicity and practicality. Building material with the Green Mark from at home and abroad and Green Mark Building are adopted. The	

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>use of low-pollution and recycled building materials is also required.
(3) In accordance with provisions in the “Laborer Health Protection Rules,” employees should regularly perform employee health checkups according to age and frequency. The Company provides a health checkup free of charge for all the employees every two years.</td><td></td></tr>
<tr><td>(4) Has the Company established the training program for the effective planning of career development for the employees?</td><td>✓</td><td></td><td>Based on the strategic development and career mapping of each employee, the Company establishes annual education and training plans to promote exclusive training sessions of each function. Every year, outstanding talents are selected to be nurtured through individual development plan (IDP) to handle future managerial duties.</td><td></td></tr>
<tr><td>(5) Regarding customer health and safety, customer privacy, marketing, and labeling of products and services, does the Company comply with relevant regulations and international standards, and formulate relevant consumer protection policies and appeal procedures?</td><td>✓</td><td></td><td>(1) Concerning related financial commodities or services, the Company attaches importance to marketing ethics. In compliance with relevant regulations and international standards, relevant implementation strategies and specific measures have been set up by fair and reasonable means, which have been implemented in business activities.
(2) The Company’s norms on customer privacy has been set up in accordance with relevant provisions in the “Personal Information Protection Act,” which shall serve as criteria for implementing personal information protection. The PIMS (Personal Information Management Standards) have been imported; the “BS 10012: 2017 personal Information Management System” standard certification has also been obtained.
(3) In view of the protection of consumer rights and interests, the Company has set up the “consumer protection policy” and the “fair treatment of customers principle policy and strategy.” The customer opinion and complaint channel and dispute handling procedures are also explicitly regulated.
(4) In order to enhance customer complaint handling efficiency, the Company has set up the “Taichung Commercial Bank Consumption Dispute Handling System” and the “Directions for Taichung Commercial Bank Customer Complaint Handling.” They explicitly stipulate customer opinion and complaint channels and dispute handling procedures. The “Customer Complaint Handling Team” has also been set up, which is the dedicated unit for assisting the departments in handling customer complaint cases, making them feel the banks attention and concern.</td><td></td></tr>
</table>

Items for evaluation	Implementation Status			Deviations from “Corporate Social Responsibility Best Practice Prin ciples for TWSE/ GTSM Listed Companies” and reasons
	Yes	No	Summary	
(6) Has the Company established the supplier management policy to demand suppliers observe applicable rules and regulations governing environmental protection, occupational safety and health, or labor rights, and the state of implementation?	✓		In procurement tenders, procurements from manufacturers that have obtained Green Mark Use Permit recognized by the government, or whose processes and waste disposal meet renewable material, recycled material, low-pollution, or energy-saving requirements are prioritized in order to increase social benefits and reduce social costs. In order to implement the Company’s supply management commitment and responsibilities, jointly observe good ethical standards with suppliers, focus on the goals of labor human rights and environmental sustainability promotion, and encourage the Company’s suppliers to jointly endeavor or corporate social responsibility fulfillment. Beginning 2019, manufacturers’ signing of commitments in compliance with environmental protection, occupational safety and hygiene, labor rights, and other related norms has been promoted.	
V. Does the Company refer to international criteria or guidelines for the preparation of reports, and compile reports on corporate non-financial information, such as, corporate social responsibility reports? Did the aforementioned reports obtain the assurance or guarantee opinion of a third-party verification institute?	✓		(1) The Company’s CSR report has been written in accordance with the core items of the Global Reporting Initiatives (GRI) Sustainability Reporting Standards, including the “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies. All financial data uses New Taiwan dollar as the unit of calculation. Financial statements are compiled in compliance with the International Financial Reporting Standards (IFRSs). In addition, the British Standards Institution (BSI) has been commissioned to verify this report according to the GRI Sustainability Reporting Standards and the AA1000 Assurance Standard Type I Moderate Level Assurance. (2) The CSR report has since 2015 passed BSI certification every year, with the independent assurance opinion statement issued. However, the 2020 CSR report, as of the printing date, has been has not been released.	no difference
VI. If the Company has established its corporate social responsibility code of practice according to the "Corporate Social Responsibility Best Practice Principles for Listed Companies", please describe the operational status and differences: The Company has established its own CSR code of practice based on the Corporate Social Responsibility Best Practice Principles for Listed Companies in order to fulfill corporate social responsibility, and the actions taken are not much different from the established code of practice.				
VII. Other important information conducive to insights into corporate social responsibility operations: Refer to the Company’s corporate social responsibility report.				

(VI) The Company’s ethical corporate management performance and its difference from the “Ethical Corporate Management Best-Practices Principles for TWSE/GTSM Listed Companies” and the root causes

1. The Company

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
I. The policy and plan of business integrity				Not distinctive
(1) Does the Company explicitly state policies and methods of ethical corporate management in its approved ethical corporate management policies, rules, and regulations, and external documents and is the commitment of the board and management level to active implementation of such policies clearly stipulated?		V	(1) The Company has not yet clearly defined matters related to ethnical business management but has required directors and executives to lead by example, follow the principle of good faith and build a corporate culture of sincerity and integrity.	
(2) Has the Company had established a risk assessment mechanism against unethical conduct, regularly analyzed and assessed business activities within the business scope which were at a higher risk of being involved in unethical conduct and established prevention programs accordingly that at least included the preventive measures against the conducts specified in Article 7, paragraph 2 of the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies?”	V		(2) The code of conduct for employees also specifies reward and punishment measures to prevent any dishonest behaviors.	
(3) Has the Company specified the operating procedures, guidelines for conducts punishment and appeal system for violations in the prevention programs, have they been implemented accordingly and regularly reviewed and revised the aforementioned programs?	V		(3) The Company also complies with the laws and regulations, requiring each donation and sponsorship to be reported and authorized by the proper authorization levels before being approved. The Company adheres to the business philosophy of integrity, transparency and responsibility, continues to promote policies based on good faith and establish robust corporate governance and risk control measures to create a sustainable business environment.	
II. The Materialization of Business Integrity				Not distinctive
(1) Does the Company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?	V		(1) The Company engages in transactions and purchases in accordance with the laws and regulations to prevent the engagement with those who have had records of unethical conduct.	
(2) Does the Company have a specific (part-time) unit setup under the board of directors to advocate the code of integrity and to report on its implementation to the Board on a regular basis?		V	(2) No dedicated unit has been designated	
(3) Does the Company set up a unit dedicated to promoting ethical corporate	V		(3) No dedicated unit has been designated; to prevent	

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
management under the board of directors, and regularly (at least once a year) report to the board of directors its ethical corporate management policies and unethical conduct preventive action and the implementation of supervision? (4) Does the Company have established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit based on the assessed risk of unethical conduct to formulate relevant audit plans, and check the compliance with the unethical conduct preventive action or commission an accountant to perform the check? (5) Has the Company organized corporate management internal and external education and training programs on a regular basis?	 V V		conflicts of interest, it can be stated through administrative reporting channels whether a potential conflict of interest that is likely to prejudice the interest of the Company exists. (4) The Company's Audit office conducts auditing procedures based on the Regulations Governing Establishment of Internal Control Systems by Public Companies and assigns audit personnel according to the annual audit plan. (5) The Company provides regular education and training for its employees every year. It also encourages relevant personnel to participate in off-the-job training on relevant issues.	
III. The operations of the Company's Report System (1) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported? (2) Has the Company established standard operating procedures for investigating reported events, follow-up measures to be taken after the investigation was completed, and related confidentiality mechanisms? (3) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V V V		(1) If unethical conduct is detected, employees may directly report malpractices or improper conduct to top executives or the HR Department. (2) The Company has a disciplinary system and enables employees to file grievances through regular administrative procedures. Disciplinary action is taken against violators and dedicated personnel is designated for the handling of relevant cases to ensure full implementation of the confidentiality mechanism. (3) Relevant measures are adopted pursuant to HR rules and regulations of the Company based on the principle of protecting the innocent and punishing the guilty to prevent retaliation and safeguard the rights and interests of employees.	no difference
IV. Enhancing Information Disclosure Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	V		The Company has already disclosed its "Code of Ethics" on its official website.	no difference
V. If the Company has established corporate governance policies based on the Ethical Corporate Management Best Practice Principles for the Listed Companies, please describe any discrepancy between the policies and their implementation in the Company: The Company has not defined its code of ethical business management but the operations follow the Ethical Corporate Management Best Practice Principles for the Listed Companies.				

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	

VI. Other vital information that helps to understand the practice of business integrity of the Company (e.g., the review and revision of the best-practice principles of the Company in business integrity):

China Man-Made Fiber Code of Ethical Conduct

It was resolved in the Board meeting on March 16, 2015

Article 1 (Purpose and basis)

This code of conduct is developed to guide the directors, supervisors (or independent directors), managers and employees to meet ethical standards and also allow the Company's stakeholders to gain more aware of the Company's ethical standards.

Article 2 (Subject of Application)

This code of conduct applies to directors, supervisors (or independent directors), managers and employees. The above-mentioned subjects are hereinafter referred to as the Company personnel.

Article 3 (Principle of Good Faith)

The Company personnel shall abide by the regulatory requirements and this code of conduct when performing their duties and maintain active, positive and responsible attitude, have empathy, value teamwork and principle of good faith and hold themselves to high ethical standards.

Article 4 (Preventing Conflict of Interest)

The Company personnel shall handle tasks in an objective and efficient manner and shall not direct improper benefits to themselves, spouses, parents, children or blood relatives within the second degree while holding positions in the Company.

If the abovementioned people work for affiliates who have capital transactions, major assets transactions and buying and selling with the Company or the Company provides guarantee to the affiliates, the Company personnel shall take the initiative to explain if there is any potential conflict of interest and report the relation to the superiors or managers to prevent conflict of interest.

Article 5 (Self-Interest Not Allowed)

When the Company has an opportunity for profit, it is the responsibility of the Company personnel to maximize the reasonable and proper benefits that can by obtained by the Company.

Company personnel shall not conduct the following acts:

1. Obtaining personal gain by using company property or information or taking advantage of their positions.
2. Engagement in competition with the Company.

Article 6 (Confidentiality)

1. The Company personnel shall be bound by obligation to maintain the confidentiality of any information regarding the Company or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.
2. The Company personnel shall keep secret information, technical data, personal data or other business information unknown to the public (whether verbal, in writing or with or without being marked with "Confidential") of the third-party, affiliates, users of affiliates or the Company confidential. Except for the performance of their tasks, the information shall not be arbitrarily inquired or used. Confidential information shall not be duplicated or produced in additional backup without the prior written consent of the Company. The information shall not be disclosed, mentioned or transferred to others in any way or published in any format.

Article 7 (Fair Trade)

1. Company personnel shall treat all suppliers and customers, competitors and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.
2. Company personnel are expected to abide by the Company's ethical standards and principle of fair trade in their daily work and business operations. Pay attention to the following matters when accepting gifts or hospitality from companies who are interested parties:

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">(1) Do not request or expect or accept bribes, kickbacks, gifts or other illegitimate gains through the job position.
(2) If the gifts or hospitality from companies are found to be in violation of social etiquette or custom, they shall be rejected right away, and it is strictly forbidden to accept cash or negotiable securities as gifts.
(3) If, due to force majeure or the gifts or hospitality from companies are found to be in violation of social etiquette or custom after being accepted, the incident shall be reported to the superiors, and at the same time the top auditing supervisor shall be notified to determine further actions.
Article 8 (Proper Protection and Use of Company Assets)
Company personnel have the responsibility to safeguard company assets and ensure that they can be effectively and lawfully used for official business purposes to prevent any theft, negligence in care or waste of the assets.
Article 9 (Regulatory Compliance)
All Company personnel shall abide by all laws and regulations governing company activities, company policies and the Securities and Exchange Act, and regulations on anti-insider trading shall be advocated. The Company's key undisclosed information shall not be used to be engaged in securities trading.
Article 10 (Encouraging Reporting on Illegal or Unethical Activities)
Incidents suspected of or are found to be in violation of regulations or any code of ethical conduct shall be reported to supervisors or audit committee, managerial officers, human resources units, internal head of auditing or other appropriate individual, and sufficient information shall be provided to enable further responsive measures.
The Company will handle the reported cases in a confidential manner and do its best to protect the safety of the person filing the grievance. For those who make malicious or false reports, the Company will provide counseling or, if necessary, carry out punishment. Retaliation, threat or harassment as a result of the above shall be immediately reported to the superiors or managers, and the Company will immediately take appropriate measures.
Article 11 (Penalty and Remedy)
If the Company personnel are suspected of violating the code of ethical conduct, the Company shall handle the issues according to the related regulations. However, anyone who violates this code of conduct may file an appeal, and the Company may provide remedies for violations of the ethical code of conduct.
Article 12 (Procedures for Exemption)
If the directors, supervisors and managers are to be exempt from the requirements of this code of conduct, they shall be first approved by the board of directors.
The date of approval by the board for exemption, objection or reservation of the independent directors, exemption period and reasons and the applicable criteria shall be disclosed on the Market Observation Post System.
Article 13 (Disclosure Method)
This Code shall be published internally within the Company and disclosed in the annual report, prospectus and the Market Observation Post System, and the same applies to the amendment.
Article 14 (Enforcement)
This code of ethical conduct is to be implemented after the approval by the board, and the same applies to the amendment.</td></tr>
</table>

(VII) Inquiry for code of corporate governance and the related regulations: The Company has not yet established the procedures but will handle issues according to the regulations established by the authority.

(VIII) Important information regarding the Company's governance operations and the inquiry method: http://www.cmfc.com.tw

* Consolidated companies

1. Pan Asia Chemical Corporation

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/ GTSM in best-practice principles of business integrity
	Yes	No	Summary	
I. The policy and plan of business integrity (1) Has the Company formulated an ethical corporate management policy that was approved by the board of directors, and clearly specified in the rules and external document the ethical corporate management policies and strategies and the commitment by the board of directors and senior management on rigorous and thorough implementation of the policies in internal management and in commercial activities?		V	(1) Conceived with the corporate philosophy of integrity, transparency and accountability, the Company established its corporate policy on the basis of honesty and sincerity and has properly developed the mechanisms of corporate governance and risk control for cultivating the operation environment of sustainable development. The Company has developed its Code of Ethical Conduct and required directors and executives to lead by example, follow the principle of good faith and build a corporate culture of sincerity and integrity.	Adequate.
(2) Has the Company had established a risk assessment mechanism against unethical conduct, regularly analyzed and assessed business activities within the business scope which were at a higher risk of being involved in unethical conduct and established prevention programs accordingly that at least included the preventive measures against the conducts specified in Article 7, paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies?"	V		(2) The Company first assesses the legality and the past transaction records based on good faith of the companies before establishing business relationships in order to avoid dealing with those who have flawed records. The Company also complies with the laws and regulations, requiring each donation and sponsorship to be reported and authorized by the proper authorization levels before being approved.	
(3) Has the Company specified the operating procedures, guidelines for conducts punishment and appeal system for violations in the prevention programs, have they been implemented accordingly and regularly reviewed and revised the aforementioned programs?	V		(3) The code of conduct for employees also specifies reward and punishment measures to prevent any dishonest behaviors.	
II. The Materialization of Business Integrity (1) Does the Company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?	V		(1) The Company engages in transactions and purchases in accordance with the laws and regulations and reviews the contract performance of suppliers to prevent the engagement with those who have had records of unethical conduct.	Adequate.
(2) Does the Company set up a unit dedicated to promoting ethical corporate management under the board of directors, and regularly (at least once a year) report to the board of directors its ethical corporate management policies and unethical conduct preventive action and the implementation of		V	(2) The Company has not yet established any dedicated team or team concurrently responsible for ethical corporate conduct to report to the board on a regular basis. For the purpose of sustainable management, the	

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/ GTSM in best-practice principles of business integrity
	Yes	No	Summary	
supervision?			appointment of managers values ethics as the priority. Any violations of ethical management shall be punished and reported to the board.	
(3) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	V		(3) Administrative reporting procedures can be used to explain whether there is a potential conflict of interest with the Company.	
(4) Does the Company have established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit based on the assessed risk of unethical conduct to formulate relevant audit plans, and check the compliance with the unethical conduct preventive action or commission an accountant to perform the check?	V		(4) The Company's Audit office conducts auditing procedures based on the Regulations Governing Establishment of Internal Control Systems by Public Companies and assigns audit personnel according to the annual audit plan.	
(5) Has the Company organized corporate management internal and external education and training programs on a regular basis?	V		(5) The Company advocates for the principle of ethical business management and conveys the value to employees through meetings.	
III. The operations of the Company's Report System (1) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported? (2) Has the Company established standard operating procedures for investigating reported events, follow-up measures to be taken after the investigation was completed, and related confidentiality mechanisms? (3) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V V V		If there is any act of dishonesty, employees can directly report fraud or misconduct to the high-rank executives. The Company also keeps the identity of informant and the content of grievance filing confidential to prevent any retaliation. The Company has a disciplinary system of which formal administrative procedures can be followed to take disciplinary action against violators. The Company is responsible for the confidentiality of the person filing grievances and will not take any improper handling procedures.	Adequate.
Enhancing Information Disclosure (1) Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	V		The Company has already disclosed its "Code of Ethics" on its official website.	Adequate.

V. If the Company has established corporate governance policies based on the Ethical Corporate Management Best Practice Principles for the Listed Companies, please describe any discrepancy between the policies and their implementation in the Company: The Company has not defined its code of ethical business management but the operations follow the Ethical Corporate Management Best Practice Principles for the Listed Companies.

VI. Other vital information that helps to understand the practice of business integrity of the Company (e.g., the review and revision of the best-practice principles of the Company in business integrity):

Pan Asia Oil & Chemical Corporation Code of Ethical Conduct

Approved by the board on March 16, 2015

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/ GTSM in best-practice principles of business integrity
	Yes	No	Summary	

I. Purpose of institution and normative reference

To help the Company's directors, supervisors, managerial officers (including presidents or their equivalents, assistant presidents or their equivalents, department directors or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) and other employees to act in line with ethical standards and to help interested parties better understand the ethical standards of the Company, this code of conduct is developed in accordance with the Guidelines for the Adoption of Codes of Ethical Conduct for the Listed Companies.

II. Subject of Application

This code of conduct applies to directors, supervisors, managers and other employees. The above-mentioned subjects are hereinafter referred to as the Company personnel.

III. The content

The Company's code of ethics includes the following eight aspects:

(I) Prevention of the conflict of interest:

The Company personnel shall handle tasks in an objective and efficient manner and shall not direct improper benefits to themselves, spouses, parents, children or blood relatives within the second degree while holding positions in the Company.

If the abovementioned people work for affiliates who have capital transactions, major assets transactions and buying and selling with the Company or the Company provides guarantee to the affiliates, the Company personnel shall take the initiative to explain if there is any potential conflict of interest and report the relation to the superiors.

(II) Avoidance of seeking personal interest:

1. Company personnel shall not conduct the following acts
    - (1) Seeking opportunities for personal interest with the use of company assets, information, or the duties and functions they performed.
    - (2) Acquisition of personal interest with the use of company assets, information, or the duties and functions they performed.
    - (3) Engagement in competition with the Company.
2. When there is an opportunity for the Company to generate profits, the Company’s staff should strive to help generate legitimate interests for the Company.

(III) Confidentiality

The Company personnel shall be bound by obligation to maintain the confidentiality of any information regarding the Company or its suppliers and customers, except when authorized or required by law to disclose such information. Information for non-disclosure includes the undisclosed information possibly be used by competitors or the disclosure of which may cause damage to the Company or the customers.

The Company personnel shall keep secret information, technical data, personal data or other business information unknown to the public (whether verbal, in writing or with or without being marked with "Confidential") of the third-party, affiliates, users of affiliates or the Company confidential. Except for the performance of their tasks, the information shall not be arbitrarily inquired or used. Confidential information shall not be duplicated or produced in additional backup without the prior written consent of the Company. The information shall not be disclosed, mentioned or transferred to others in any way or published in any format.

(IV) Fair Trade

Company personnel shall treat all suppliers and customers, competitors and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

(V) Protection and appropriate use of company assets:

Company personnel have the responsibility to safeguard company assets and ensure that they can be effectively and lawfully used for official business purposes to prevent any theft, negligence in care or waste of the assets.

(VI) Compliance with applicable laws

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Difference with other companies listed in TWSE/ GTSM in best-practice principles of business integrity</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">Company personnel shall abide by the Securities and Exchange Act and other related regulations.
(VII) Encourage the reporting of any illegal act or act of defiance of the Code of Conduct:
Incidents suspected of or are found to be in violation of regulations or any code of ethical conduct shall be reported to supervisors, managerial officers, human resources units, internal head of auditing or other appropriate personnel. Sufficient information shall be provided to enable further responsive measures.
The Company will handle the reported cases in a confidential manner and do its best to protect the safety of the person filing the grievance. For those who make malicious or false reports, the Company will provide counseling or, if necessary, carry out punishment. Retaliation, threat or harassment as a result of the above shall be immediately reported to the superiors or managers, and the Company will immediately take appropriate measures.
(VIII) Penalty:
If the Company personnel are suspected of violating the code of ethical conduct, the Company shall handle the issues according to the related regulations. However, anyone who violates this code of conduct may file an appeal, and the Company may provide remedies for violations of the ethical code of conduct.
IV. The Waiver Procedure
If the directors, supervisors and managers are to be exempt from the requirements of the Company's code of conduct, they shall be first approved by the board of directors. The date of approval by the board for exemption, objection or reservation of the independent directors, exemption period and reasons and the applicable criteria shall be disclosed on the Market Observation Post System.
V. Means of Disclosure
This code of ethical conduct shall be disclosed in the Company's official website, annual report, prospectus and the Market Observation Post System, and the same applies to the amendment.
VI. Implementation
This code of ethical conduct is to be implemented after the approval by the board, and the same applies to the amendment.</td></tr>
</table>

(VII) Corporate Governance Practices and the relevant regulations: Please refer to http://newmops.tse.com.tw/ corporate governance

(VIII) Important information regarding the Company's governance operations and the inquiry method: http://www.pacc.com.tw

2. Taichung Commercial Bank

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Difference with other companies listed in TWSE/ GTSM in best-practice principles of business integrity</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>I. The policy and plan of business integrity
(1) Has the Company formulated an ethical corporate management policy that was approved by the board of directors, and clearly specified in the rules and external document the ethical corporate management policies and strategies and the commitment by the board of directors and senior management on rigorous and thorough implementation of the policies in internal management and in commercial activities?</td><td>✓</td><td></td><td>(1) The Company resolved on and approved the set-up of the “Code for Integrity Management” on December 18, 2019. It stipulates the prohibition of dishonest conducts by the chairman, managers, employed persons, appointed persons, or those with de facto control during the process of business practices, kk integrity management policies and practices, and the board and senior management’s commitment to implement integrity management policies; employees shall comply with integrity management policies based on employment conditions.
(2) The Company has made declaration at the website and in the declaration of internal control that it shall duly observe the regulation governing internal control and internal audit system of financial holding companies and banks, and announced the issues requiring additional internal control and corrective action for improvement.</td><td rowspan="2">no difference</td></tr>
<tr><td>(2) Has the Company had established a risk assessment mechanism against unethical conduct, regularly analyzed and assessed business activities within the business scope which were at a higher risk of being involved in unethical conduct and established prevention programs accordingly that at least included the preventive measures against the conducts specified in Article 7, paragraph 2 of the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies?”</td><td>✓</td><td></td><td>(1) In order to implement integrity management policies and actively prevent dishonest conducts, the “Integrity Management Operational Procedures and Guidelines for Conduct” and the “Code of Business Conduct for the Board of Directors and Manager.” They stipulate matters to pay attention to during business execution by the chairman, managers, and employed persons. In addition, the good manager should fulfill duty of care, supervise the Company to prevent dishonest conducts, timely review implementation results, and continue to make improvement to ensure the implementation of integrity management.
(2) The Company has established the dishonest conduct risk assessment mechanism. Through it, business activities involving higher dishonest conduct risks within the business scope are periodically analyzed. Prevention plans have been accordingly set up. The appropriateness and effectiveness of the prevention plans are periodically reviewed. They also cover the “prohibition of provision or acceptance of illegitimate profit, “integrity management evaluation before establishing business relations,” “prohibition of facilitation payment,” “prohibition of insider trading,” “intellectual property management and retention, confidentiality operations,” and related</td></tr>
</table>

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/ GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			preventive measures. The bank-wide dishonest conduct risk evaluation report was submitted to the board of directors in January 2021. (3) The Company has set up the stop loss point for transactions, investment, and lending by nature of the operation or different levels of risk concentration, and adjusts these standards with reference to relevant economic indicators and the business development of the Company at regular intervals. (4) The Company has set up the "Operational Standards for External Donations" in accordance with relevant laws and regulation. The donation recipients and approved amounts shall be in accordance with the said standards. The "Directions for Professional Ethics and Conducts of Financial Management Personnel" have been set up. They clearly state that employees recommend and recruit financial management businesses according to the principle of integrity; in the Standards for Employee Conduct," a chapter on fair trading principles has been created, which explicitly stipulates matters not to engage in during various operations, trading conducts, or duty fulfillment. At the same time, the principles of fairness, reasonability, equality, mutual benefits, and integrity shall be abided by to maintain fair trading order. (5) The Company has establishment the system of compliance officer and related training to educate employees in banking and finance in compliance with the principle of integrity and applicable laws.	
(3) Has the Company specified the operating procedures, guidelines for conducts punishment and appeal system for violations in the prevention programs, have they been implemented accordingly and regularly reviewed and revised the aforementioned programs?	✓		(1) Relevant operational handling procedures, rewards and punishment, complaint system, and disciplinary disposal have been established in the Company's "Operational Procedures for Integrity management and Guidelines for Conduct." Arrangements are also made for the chairman, managers, or senior management to periodically convey to importance of integrity to the board of directors, employed persons, and appointed persons. In case of serious offenses of bank employees in violation of integrity, the said employees shall be demoted or dismissed according to relevant laws and regulation or the Company's personnel regulations. (2) The Company actively prevents dishonest conducts and includes integrity management into employee assessment. An explicit and effective punishment and complaint system shall be set up for periodic	

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/ GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			implementation and review.	
II. The Materialization of Business Integrity				no difference
(1) Has the Company evaluated the record on ethical practices of its counterparties, and has specified the clause of business ethic in the agreements binding the Company and its counterparties?	✓		Has the Company paid attention to the record of ethical practices of contractors in procurement or tender invitation, and has signed the clauses in the agreements on the consequences of the violation of ethical practices.	
(2) Does the Company set up a unit dedicated to promoting ethical corporate management under the board of directors, and regularly (at least once a year) report to the board of directors its ethical corporate management policies and unethical conduct preventive action and the implementation of supervision?	✓ ✓		(1) The board of directors' office promotes integrity management policies, assists the board of directors and management level in setting up and supervising integrity management policies and prevention plans. The implementation situation shall be reported to the board of directors every year. It is mainly responsible for the following matters: 1. Assist the incorporation of integrity and ethical value into corporate operation strategies. Set up related fraud prevention measures in conjunction with the legal system. 2. Periodically analyze and evaluate dishonest conduct risk within the business scope in order to set up dishonest conduct prevention plans. In the plans, work related standard operating procedures and guidelines or conduct shall be set up. 3. Plan internal organization, preparation and responsibilities, or business activities involving higher dishonest conduct risk within the business scope, set up a mutual supervision and balancing mechanism. 4. The promotion and coordination of integrity policy advocacy and training. 5. Plan the reporting system to ensure implementation effectiveness. 6. Assist the board of directors and senior management in inspecting and evaluating whether preventive measures for integrity management implementation are operating effectively. The compliance situation of relevant business processes shall also be periodically evaluated and made into a report. (2) The 2020 integrity management and corporate governance implementation situation has been submitted to the board of directors on January 14, 2021.	
(3) Has the Company mapped out the policy for the	✓		(1) Control and archiving of stakeholder information is based on the	

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/ GTSM in best-practice principles of business integrity
	Yes	No	Summary	
avoidance of the conflict of interest and has provided suitable channels for such purpose, and properly pursued the policy?			Company's Policy Governing Control of Stakeholder Information and Lending. The Company has also formulated a Policy Governing the Management of Transactions with Stakeholders Other than Lending to prevent conflicts of interest. The Code of Conduct for Directors and Managers also contains provisions stipulating recusal to avoid conflict of interest and thereby facilitate implementation of ethical corporate management. Directors are also required to exercise self-discipline and refrain from mutual support in improper dealings. (2) The Company has a designated spokesperson, acting spokesperson contact hotline, and Audit Committee contact hotline on the Company's external official website, thereby providing a channel for making statements.	
(4) Does the Company have established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit based on the assessed risk of unethical conduct to formulate relevant audit plans, and check the compliance with the unethical conduct preventive action or commission an accountant to perform the check?	✓		In accordance with the Company's "Guidelines for Internal Audit System Implementation," periodic inspection shall be conducted, and the annual audit plan shall be formulated. Improvement suggestion shall also be timely provided. The audit business should be reported to the board of directors and the Audit Committee every six months. The "Department of Accounting" has been set up, and the Company's "accounting system" has been set. There should be no external accounts of confidential accounts. Furthermore, the Deloitte Taiwan has been appointed to periodically inspect financial statements.	
(5) Has the Company organized internal and external training on ethical corporate management?			(1) The Company regularly holds integrity management related educational training, such as financial fraud cases, the Financial Consumer Protection Act, money laundering prevention and capital terrorism combat seminars, compliance to the Personal Information Protection Act, and other issues. The issues shall be listed as internal educational training teaching material. Personnel shall also be timely dispatched to attend related courses organized by external agencies. The 2020 education training conduction situation is as follows: 1. All the employees are required to join the aforementioned online course and pass the test (every person is required to complete more than 12 hours of courses and complete the test every year). A total of 2,657 people completed the training, with 31,884 hours of training in total.	

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/ GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			2. Advocacy on the Company's integrity management policy was conducted in May 2020. The contents included: "the guideline for conduct of integrity management and dishonest conducts and preventive plans." 3. The "Operational Procedures for Handling of Internal Major Information" and the Standards for M&A Information Disclosure Self-discipline" educational advocacy were conducted for the directors, managers, and employed persons in July and December 2020. The scope of the Company's internal major information, confidentiality operations, etc., were also explained. 4. The Independent Director Association Taiwan has been requested to conduct the 3-hour "integrity management" and "fair treatment of customers" course (including integrity management, the relationship between fair treatment of customers principles and corporate governance, operational procedures, and guidelines for conduct), and "the latest development and practice of money laundering prevention and capital terrorism combat course" (including the three lines of defense of corporate internal control, risk assessment, and fraud cases). The chairman and senior managers attended the training, 47 people in total. (2) Self-auditor workshops are organized regularly every year and "three lines of defense" concepts are reinforced and implemented through case studies to ensure effective implementation of self-audits, strengthen internal control of business units, and prevent the occurrence of unethical conduct. (3) Legal compliance awareness of employees is strengthened through education on cases of fines and sanctions in the financial industry and the main focus of inspections and internal audits of domestic banks made public by the competent authority.	
III. The reporting system of the Company in action (1) Has the Company established a reporting and reward system and the channels for facilitating the report on unethical practices, and has appointed designated personnel to handle the subject of reporting?	✓ ✓		In accordance with the "Regulations to Handling of Reported Cases, the "Employee Work Rules" stipulates reporting and rewarding systems. Reporting hotline, reporting email, and email box acceptance, and other acceptance channels have also been set up. The dedicated unit shall accept and track reported matters.	no difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/ GTSM in best-practice principles of business integrity
	Yes	No	Summary	
(2) Has the Company established the standard operation procedures for the investigation of complaints as reported, follow-up actions after the investigation, and related mechanisms for confidentiality?			(1) The Company has established the "Regulation for Human Resources Evaluation and the Establishment of the Evaluation Committee" and the "Regulation Governing the Complaints of Sexual Harassment and Related Punishment", and also the review and investigation procedure, provisions for the avoidance of the conflict of interests by stakeholders, and confidentiality and no-disclosure mechanism.	
	✓		(2) In accordance with the "Regulation to Handling of Reported Cases," the "Reported Case Review Committee" responsible for reviewing reported cases has been set up. It is stipulated that for reported events verified to be true, the whistleblower shall be given appropriate rewards according to the employee work rules; for reported cases that are falsely reported or with false evidence, the cases will be transferred to the "the Personnel Arbitration and Assessment Committee" or disposal. The dedicated department or office shall request relevant business management units to review the internal control system and operational procedures and propose improvement measures. In case of major violations or matters that subject the Company to major damage, the matters will be reported to the independent directors. The disposal method and review and improvement measures shall be reported to the board of directors. (3) When stipulating reported case acceptance and investigation procedures, the whistleblower's identity and reported content should be kept confidential. Information that adequately leads to the whistleblower's identity shall not be disclosed. Unless otherwise provisioned by law, browsing or copying by a third party is prohibited.	
(3) Has the Company taken protection measures to protect the informant from improper treatment after reporting on unethical practices?			(1) Under the "Regulations Governing the Implementation of Compliance System", the heads of all functional units shall not take any revenge or harmful action against the Compliance Officer. The Legal and Compliance Department shall pay close attention to safeguard the rights and interest of the compliance officers of relevant functional units. (2) The Company shall observe whistleblower identity confidentiality. The whistleblower shall not be discharged, dismissed, demoted, receive reduced pay. The whistleblower shall not be deprived of rights and interests entitled by law, contract, or custom or be subject to adverse	

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/ GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			action of a punitive nature.	
IV. Enhancing Information Disclosure Has the Company disclosed the content of ethical corporate management best practice principles and the result at its official website and MOPS?	✓		The Company discloses ethical corporate management related regulations and practices on its official website and MOPS. This includes Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Code of Conduct for Directors and Managers, Procedures for Handling Material Inside Information, Rules of Procedure for Board of Directors Meetings, the Audit Committee Charter, due care and fiduciary duties of directors, managers, and employees as good administrators, performance of operations based on principles of good faith and trust, recusal of directors if an interested party relationship exists with regard to an agenda item of a board meeting, and faithful exercise of duties by audit committee members with the due care of good administrators.	no difference
V. Where banks formulate Ethical Corporate Management Best Practice Principles with reference to the TWSE Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, they shall provide a detailed account of relevant operations and differences between their own version and the principles formulated by TWSE: The Company has formulated Ethical Corporate Management Best Practice Principles with reference to the TWSE Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.				
VI. Other important information conducive to an insight into the Company's integrity management situation (such as the Company's amendment and setup of Code for Integrity Management and other situations): The code content of the Company's "Code for Integrity Management" is irregularly revised based on regulatory requirements and practical needs. The integrity management implementation situation shall be periodically reported to the board of directors. 。				

(VII) Corporate Governance Practices and the relevant regulations:

Please visit the Market Observation Post System at http://mops.twse.com.tw for corporate governance.

(VIII) Other major Information:

Please visit the Market Observation Post System at http://mops.twse.com.tw for important messages and announcements.

(IX) The following shall be disclosed in the pursuit of the internal control system

1. Declaration of Internal Control Policies

CHINA MAN-MADE FIBER CORPORATION
Statement of Declaration of Internal Control System

Date: March 15, 2021

The following declaration is based on the 2020 self-audit over the Company's internal control policies:

I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities The Company's board of directors and managers. These policies were implemented throughout The Company. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.

II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within The Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

III. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.

IV. The Company adopted the abovementioned criteria to evaluate the effectiveness of its policy design and execution.

V. The Company has detected major deficiencies as listed on the attached form upon assessment:

VI. Based on the aforementioned assessment results, the Company believes that the design and execution of its internal control system (incl. monitoring and management of subsidiaries) is effective except for the aforementioned deficiencies. The system encompasses a clear understanding of the degree of achievement of operational effectiveness and efficiency objectives, reliable, timely, and transparent reporting, and compliance with applicable laws, regulations, and bylaws.

VII. This declaration forms part of the main contents of the Company's annual report and prospectus, and shall be disclosed to the public. Any misrepresentation or concealment of the aforementioned disclosures shall be liable to violation of Articles 20, 32, 171 and 174 of the Securities and Exchanges Act and the legal consequences thereof.

VIII. This declaration was approved by The Company's Board of Directors in the meeting dated March 15, 2021. None of the 8 directors present to the meeting held any objections, and had unanimously agreed to the contents of this declaration.

CHINA MAN-MADE FIBER CORPORATION

Chairman: Kuei-Hsien Wang

President: Ming-Shan Chuang

2. For the CPAs specifically commissioned to review the internal control system, the Independent Auditor's Report should be disclosed.

CHINA MAN-MADE FIBER CORPORATION

Improvement plans of the internal control system

(Base date: December 31, 2020)

Enhancement Items	Improvement Measures	Planned Date of Completion
The following deficiencies incurred during the implementation of the internal control system on the Company subsidiary Taichung Commercial Bank Co., Ltd. by Financial Supervisory Commission, R.O.C. (Taiwan): 1. Former financial specialist Yang○○ from the Company subsidiary Taichung Commercial Bank Co., Ltd. (Beidou Branch) was involved in customers' misappropriation of funds and exceptional fund exchanges, which have been verified to be in violation of provisions in Paragraph 1, Article 45-1. In accordance with Subparagraph 7, Article 129 of the Banking Act, a fine of NT$4 million was imposed by the Financial Supervisory Commission, R.O.C. (Taiwan). [2020.11.26 Letter Jin-Guan-Yin-Kong-Zi No.10902740573]	The improvement measures of the Company subsidiary Taichung Commercial Bank Co., Ltd. are as follows: 1. The Company subsidiary Taichung Commercial Bank Co., Ltd. has reiterated in writing the banning of withdrawal and deposit by banking personnel on customers' behalf (including cash, transfer, remittance, and other transactions), nor are they allowed to keep the customer's bankbook, or seal, and automated transfer tools (including ATM cards, online banking, voice transfer, etc.) or certificates with the customer's seal affixed (including withdrawal slips, blank trust commodity transaction application forms, relevant transaction documents, etc.); bank tellers are eligible to accept non-over-the-counter customer related transaction certificate targets delivered by bank clerks, limited to out-of-office receipt and remittance accounts, temporary designated accounts, and fax designated instruction accounts. Additionally, the head office shall uniformly send statements to customers above; all bank clerks shall conduct various businesses according to relevant norms. Relevant personnel shall report violators to the Personnel Arbitration and Assessment Committee who will inflict a punishment. 2. The Company subsidiary Taichung Commercial Bank Co., Ltd. has sent a letter to respective business units. In order to strengthen internal control and prevent occurrences of malpractice, in addition to setting receipt and remittance and temporary designated accounts in the system, bank clerks' are strictly prohibited from delivering various customers' non-over-the-counter transactions to bank tellers for handling. Violations of laws and regulations will be dealt with strictly. 3. The Taichung Commercial Bank Co., Ltd. has sent a letter to respective domestic business units to deliver "Notice of Important Customer Rights and Interests" flyers in order to protect customers' rights and interests. 4. The Taichung Commercial Bank Co., Ltd. has added the "Customer Over-the-Counter" column to the NBT withdrawal screen. In case of "non-over-the-counter transactions," the system will automatically check if the customer's CIF file has set "25 receipt and remittance account setting" and "40 fax instruction transaction accounts." If unset, transactions will not be completed; transactions can only be completed after supervisor verification and upon supervisor KEY release. 5. The Company subsidiary Taichung Commercial Bank Co., Ltd. clearly stipulates in the "Enforcement Rules for Conducting Wealth Management Operations" that financial management personnel's inspection mechanism shall be conducted in accordance with the "Guidelines for Second-line of Defense Verification of Preventing Misappropriation of Customer Funds by Sales Personnel in	The improvements were completed on October 26, 2020.

Enhancement Items	Improvement Measures	Planned Date of Completion
	Wealth Management Businesses of Taichung Commercial bank Co., Ltd..” Since the inspection guidelines regulates that deposit transactions of financial management personnel should be inspected twice a year. Targeting personnel with more than six transactions amounting to NT$500,000 (and above) during the inspection period, examination and tracking should be performed to serve as a pre-warning of inappropriate funds transactions. 6. The Company subsidiary Taichung Commercial Bank Co., Ltd. set the transaction monitoring and exception management mechanism: (1) Trust block trade (more than NT$3 million) shall be telephone call recorded and noted by non-financial management personnel from the business department. (2) Out-of-bank acceptance cases shall be telephone call recorded and noted by non-financial management personnel and non-acceptance personnel from the business department. (3) For applications of over-the-counter subscriptions, redemptions, conversions, account opening, and various trust related changes, a third party (financial management personnel and referrers) should conduct the customer identity and business content confirmation, over-the-counter third person confirmation mechanism. 7. At the time of self-inspection by the Company subsidiary Taichung Commercial Bank Co., Ltd. business department, the inspector and supervisor shall check banker clerks’ drawers to inspect whether they keep customers’ bankbooks, seals, and deposit slips with the seal affixed on customers behalf. The department supervisor should conduct random checking of transaction summons and vault cash inventory in order to maintain internal control management and the implementation of relevant laws and regulations in line with the regulations of competent authorities, thereby ensuring the protection of customers’ rights and interests.	

(X) Penalties incurred by the Company and its employees pursuant to relevant laws or penalties imposed by the Company for violations of internal control system regulations by its employees in the most recent fiscal year up to the date of printing of annual reports must be listed with detailed information on relevant contents, major deficiencies, and improvements provided that the results of such penalties have a significant impact on shareholders’ equity or security prices: NA

(XI) Important Resolution of the Board of Directors and implementation as of the Publication Date of the Annual Report:

1. The important resolutions reached in the 2020 shareholders’ meeting and their implementation:
    (1) Confirm the Company’s 2019 business report and financial report.
    (2) Acknowledging the Company's 2019 Earnings Distribution.
    Implementation situation: As resolved at the shareholders’ meeting, no cash or share dividends were distributed.
    (3) Passed the revised “Operational Procedures for Lending Funds to Others,” “Operational Procedures for Endorsement Guarantee,” and “Rules of Procedure

for Shareholders' Meetings."
Implementation status: Handling in accordance with amended laws, regulations, and procedures

(4) The 26th by-election of one independent director was held, exercising the powers of directors and audit committee members.

2. Major Board of Directors resolutions:

On January 13, 2020, the Company's 2019 annual end-of-year bonuses for insiders and the 2020 annual remuneration policy for directors and insiders were approved.

The revision of the Approval Authorization Table and the modification of the 2020 internal audit operation plan , the revision of the internal control and internal audit of the sales and collection cycle operations and the 2019 Statement of Internal Control, the replacement of appointed CPAs due to internal adjustment, the 2019 business report, individual financial statements, and consolidated financial statements, and the 2019 surplus distribution case, the revision of the "Regulations Governing Procedure for Board of directors' meetings," the update of the "Rules for Performance Evaluation of Board of Directors," and the appointment of remuneration committee members, and the revision of the "Rules of Procedure for Shareholders' Meetings" were passed on March 16, 2020.

Passed the Company stock buyback case and revised the Guidelines for Transfer to employees on March 20, 2020.

Passed the budget case for the construction of solar power equipment on the idle land of Yunlin Industrial Park and reviewed 1% shareholder proposals and independent director nomination on April 20, 2020.

Passed the revision of the internal control system for stock affairs on May 14, 2020.

Passed 2020 shareholders' meeting venue change on May 28, 2020.

Passed the update of the Company's "Operational Procedures for Buyback of Treasury Stocks" and the "Management of Operational Procedures for Buyback of Treasury Stocks" internal control and internal audit, and 2020 insider salary adjustment case on August 10, 2020.

Passed the case of disposal of land in Douliou City, Yunlin County on August 19, 2020.

Passed the 2020 Taichung Commercial Bank Co., Ltd. cash capital increase case, the 2020 public expense of appointed Deloitte Taiwan, the 2021 annual budget case, the 2021 audit plan, and the revision of the "Rules for Performance Evaluation of Board of Directors" on November 9, 2020.

Passed the sale of some buildings in Dashe District, Kaohsiung City to the Pan Asia Chemical Corporation, the polyester plant's purchase of a batch of equipment, the revision of sales and collection cycling operations related internal control and internal audit, 2020 end-of-year bonuses for insiders, and the formulation of 2021 annual salary remuneration policy for directors and internal personnel on January 18, 2021.

(XII) If the directors or supervisors have different opinions on the resolutions reached by the Board of Directors with a record or written statement made in the most recent year and up to the printing date of the annual report, please state the content of the opinion: Not applicable.

(XIII) Resignation and dismissal of persons connected to financial statements in the most recent fiscal year up to the date of printing of annual reports (incl. Chairperson, President, and chief accounting, finance, internal audit, governance, and R&D officers): NA

(XIV) Procedures for handling material inside information

At the 12th meeting of the 22nd term of the board on December 22, 2009, the board passed the Procedures to Prevent Insider Trading and has notified all employees, managers and directors of the regulation to prevent violations due to insider trading. The procedures for handling material information specified in Article 5 are as follows:

1. To establish a robust handling and disclosure mechanism for material inside information. Prevent improper disclosure of information. Ensure the consistency and correctness of information released by the Company to the general public.
2. The Company shall handle and disclose the material inside information in accordance with applicable laws and regulations, the rules and regulations of the Taiwan Stock Exchange Corporation or the Taipei Exchange.
3. The material inside information referred to in these Procedures are based on the Securities and Exchange Act and the related laws and orders and the regulations of the TWSE or Taipei Exchange.
4. The Finance Department is responsible for handling material inside information, and its obligations include the following:
   (1) Responsible for formulating and amending the drafts of these Procedures.
   (2) Responsible for receiving inquiries in connection with the methods of handling material inside information, and for consultation, review, and recommendations relating to these Procedures.
   (3) Responsible for receiving reports on unauthorized disclosures of material inside information and formulation of corresponding measures.
   (4) Responsible for designing a system for preserving all documents, files, electronic records and other materials related to these Procedures.
   (5) Other activities related to these Procedures.
5. The directors, supervisor, managerial officers and employees of the Company shall exercise duty of care and duty of loyalty and act in good faith when performing their duties and shall sign confidentiality agreements.

   No director, supervisor, managerial officer or employee with knowledge of material inside information of the Company may divulge the information to others.

   No director, supervisor, managerial officer, or employee of the Company may inquire about or collect any non-public material inside information not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties.
6. Proper protection of confidentiality shall be given to files and documents containing the Company's material inside information when transmitted in written form. When transmitted by e-mail or other electronic means, such files and documents must be processed with appropriate security technology such as encryption or electronic signatures. Files and documents containing the Company's material inside information shall be backed up and stored in a secure location.
7. Any organization or person outside of the Company involved in any corporate action of the Company relating to a merger or acquisition, major memorandum of understanding, strategic alliance, other business partnership plans or the signing of a major contract shall be required to sign a confidentiality agreement, and may not disclose to another party any material inside information of the Company's thus acquired.
8. The Company shall comply with the following principles when making external

disclosures of material inside information:
  (1) The information disclosed shall be accurate, complete, and timely.
  (2) There shall be a well-founded basis for the information disclosure.
  (3) The information shall be disclosed fairly.

9. Any disclosure of the Company's material inside information, unless otherwise required by law or regulation, shall be made by the spokesperson or the acting spokespersons in a confirmed sequential order. When necessary, the disclosure may be made directly by a responsible person of the Company.

   The Company's spokesperson or acting spokespersons shall communicate to outside parties only information within the scope authorized by the Company, and no personnel other than those serving as the responsible person, spokesperson, or acting spokespersons may disclose any material inside information of the Company to outside parties without authorization.

10. The Company shall keep records of the following in respect of any disclosure of information to outside parties:
    (1) The person who discloses the information and the date and time of disclosure.
    (2) How the information is disclosed.
    (3) What information is disclosed.
    (4) What written material is delivered.
    (5) Any other relevant details.

11. If the contents of the media report are inconsistent with the those disclosed by the Company, the Company shall promptly issue a clarification on the Market Observation Post System and request the media agency to correct the information.

12. Any director, supervisor, managerial officer, or employee of the Company that becomes aware of any unauthorized disclosure of the material inside information shall report to the responsible unit and the internal audit department as soon as possible.

    Upon receipt of a report made pursuant to the preceding paragraph, the responsible unit shall formulate corresponding measures. When necessary, it may invite members from the internal audit and other departments to meet for discussion of the measures, and shall keep a record of the results of the measures for future reference. The internal auditors shall also perform such audits as their duties may require.

13. The Company shall take measures to find those responsible and take appropriate legal action against any personnel under any of the following circumstances:
    (1) Company personnel who disclose material inside information without authorization to any outside party, or otherwise violate these Procedures or any other applicable law or regulation.
    (2) The spokesperson or acting spokesperson of the Company communicates to any outside party any information beyond the scope authorized by the Company, or otherwise violates these Procedures or any other applicable law or regulation.
    (3) If any person outside the Company divulges any material inside information, thereby causing damage to any property or interest of the Company, the Company shall pursue appropriate measures to hold the person divulging the information legally liable.

IV. Disclosure of CPAs' remuneration

Unit: NT$

Firm Name	CPA Name	Auditing fee	Non-Auditing fee					The duration of the audit	Remark
			System design	Corporate Registration	Human Resources	Others (Note 2)	Subtotal		
Deloitte & Touche	Wen-Ya Hsu Su-Huan Yu	5,300	0	20	0	122	142	2020.01.01 to 2020.12.31	1. Maintenance fees for offshore companies 2. Opinions on recapitalization of earnings 3. Report on transfer pricing

Note 1: If there is any CPA or CPA Firm being replaced in current year, the auditing period should be indicated separately and the reason for such replacement should be detailed in the remark column; also, the information regarding the audit and non-audit fee paid should be disclosed.

Note 2: non-audit remuneration should be listed separately by service category. If the "Other" category amounts to 25% of total non-audit remuneration, then services must be detailed in the remarks column.

1. Remuneration of non-audit services to CPAs, CPAs' firm and its affiliated companies that exceed one quarter of audit remuneration: None.
2. Commissioned a new CPA Firm to serve for an audit fee less than the year before: Due to the reduction in the review of individual financial statements in the second quarter and the consideration of the overall operating conditions of the group, the audit fee was reduced..
3. Audit fee of current year is more than 10% less than the year before: Not applicable.

V. Change of CPA: Not applicable.

VI. Any of the Company's Chairman, President, or managers involved in financial or accounting affairs being employed by the auditor's firm or any of its affiliated company within the recent year: Not applicable.

VII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer or principal shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(I) Changes in shareholdings

Title	Name	2020		Until February 28, 2021	
		Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares	Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares
Institutional Director	Chung Chien Investment Co., Ltd.	0	5,600,000	0	0
Institutional Director	Pan Asia Investment	0	2,400,000	0	0

Title	Name	2020		Until February 28, 2021	
		Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares	Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares
	Co., Ltd.				
Director	Kuei-Fong Wang	0	0	0	0
Vice Chairman	Ming-Shan Chuang	0	0	0	0
Executive Vice President	Yung-Ta Liu	0	0	0	0
Assistant VP	Hung-Yang Wu	0	0	0	0
Chief accountant	Kuo Hua Lin	0	0	0	0
Chief financial officer	Po-Nien Lin	0	0	0	0
Major Shareholder	Pan Asia Chemical Corporation	0	0	0	0

(II) Information of shares ownership transfer: Not applicable, because the counterparts of said shares ownership transfer are not stakeholders.

(III) Information of shares ownership pledge: Not applicable, because the counterparts of said shares ownership pledge are not stakeholders.

VIII. The top 10 shareholders by proportion of shareholding and information on their affiliations

February 28, 2021

Name	Own shareholdings		Shares Held by Spouse & Dependents		Shareholdings under the title of a third party		Title, name and relationship of the top ten shareholders who have mutual relationship as spouse or blood relative within the second degree.		Remark
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Name	Affiliation	
Pan Asia Chemical Corporation	251,448,874	15.51%	0	0	0	0	Shen-Ren Knitting Factory Co., Ltd. Chung Chien Investment Co., Ltd.	Corporate director of the Pan Asia Chemical Corporation Corporate director of the Pan Asia Chemical Corporation	
Chou Chin Industrial Co., Ltd.	59,122,831	3.65%	0	0	0	0	Pan Asia Chemical Corporation Chung Chien Investment Co., Ltd. Pan Asia Investment Co., Ltd.	Substantial related party Same responsible person Same responsible person	
Pan Asia Investment Co., Ltd.	50,378,593	3.11%	0	0	0	0	Chou Chin Industrial Co., Ltd. Chung Chien Investment Co., Ltd. Pan Asia Chemical Corporation	Same responsible person Same responsible person Same responsible person	
Chung Chien Investment Co., Ltd.	42,239,838	2.61%	0	0	0	0	Pan Asia Investment Co., Ltd. Pan Asia Chemical Corporation Chou Chin Industrial Co., Ltd.	Same responsible person Institutional Director of Pan Asia Chemical Corporation Same responsible person	
Chou Chin Industrial Co., Ltd., China Man-Made Fiber Investment Co., Ltd. Pan Asia Investment Co., Ltd. and Pan Asia Oil & Chemical Corporation Chairman: Kuei-Hsien Wang	0	0	0	0	0	0	N/A	N/A	
Shen-Ren Knitting Factory Co., Ltd.	70,770,845	4.36%	0	0	0	0	Pan Asia Chemical Corporation	Institutional Director of Pan Asia Chemical Corporation	
Shen-Ren Knitting Factory Co., Ltd. Chairman: Hsiao-Chieh Lin	0	0	0	0	0	0	N/A	N/A	
JP Morgan Chase N.A., Taipei Branch as a custodian for Vanguard Total International Stock Index Fund	22,005,497	1.36%	0	0	0	0	N/A	N/A	
JP Morgan Chase Taipei branch as a custodian for Vanguard Emerging Markets Stock Index Fund Investor Shares managed by the Vanguard Group	21,305,430	1.31%	0	0	0	0	N/A	N/A	
Kao-Huang Lin	17,157,000	1.06%	0	0	0	0	N/A	N/A	
Netherlands Pension Robert Bacal Investment Account at Citibank	15,504,899	0.96%	0	0	0	0	N/A	N/A	
Citibank Trust DFA core securities investment account for emerging markets	15,486,488	0.96%	0	0	0	0	N/A	N/A	

IX. Investments jointly held by The Company, The Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by The Company. Calculate shareholding in aggregate of the above parties

Unit: Thousand Shares; %

Investee	Invested by The Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Combined investment	
	Quantity	Shareholding	Quantity	Shareholding	Quantity	Shareholding
Taichung Commercial Bank	913,493	22	269,338	6	1,182,831	28
Pan Asia Chemical	134,241	44	3	5	149,733	49
Corporation			15,492			
Deh Hsing Investment	155,000	100		0	155,000	100
Co., Ltd.			0			
Taichung Securities	922	3		47	15,617	50
Investment Trust Co., Ltd.			14,695			
Nan Chung Petrochemical	100,000	50		0	100,000	50
Corp.			0			
Chou Chin Industrial Co., Ltd.	33,557	47		3	35,924	50
EUREKA INVESTMENT	3,750	100	2,367	0	3,750	100
COMPANY LIMITED			0			
Melasse	1,450	50		50	2,900	100
			1,450			

Note: The Company's investment in the equity method

Four. Funding Status

I. Capital and outstanding shares

(I) Capital Sources

Year /month	Issuing price	Authorized shares capital		Paid-in shares capital		Remark		
		Stock	Amount	Stock	Amount	Sources of shares and dividends	Paid in properties other than cash	Others
2019/08	10	1,680,000,000	16,800,000,000	1,621,367,217	16,213,672,170	August 21, 2019 Jing-Shou-Shang-Zhi Document #10801114230 approved recapitalization of earnings at NT$989,566,850.	N/A	N/A

Stock Type	Authorized shares capital			Remark
	Outstanding shares	Unissued Shares	Total (Note)	
Common stock	1,621,367,217	58,632,783	1,680,000,000	Shares outstanding are all publicly traded.

Self registration system information: None

(II) Composition of Shareholders February 28, 2021

Composition of Shareholders / Amount	Government Apparatus	Financial Institution	Other Juridical	Individual	Foreign Institution and Foreigner	Total
No. of Person	2	0	267	132,506	152	132,927
Quantity of Shares	39,195	0	530,237,678	916,106,902	174,983,442	1,621,367,217
Shareholding	0.00%	0	32.70%	56.50%	10.79%	100

(III) Equity Distribution February 28, 2021

Range of Shares	No. of Shareholders	Quantity of Shares	Shareholding
1 to 999	69,987	14,525,181	0.90%
1,000 to 5,000	36,046	83,022,905	5.11%
5,001 to 10,000	10,666	73,742,059	4.55%
10,001 to 15,000	5,843	70,280,502	4.33%
15,001 to 20,000	2,049	35,758,644	2.21%
20,001 to 30,000	3,095	74,642,729	4.60%
30,001 to 50,000	2,227	85,714,038	5.29%
50,001 to 100,000	1,575	107,136,167	6.61%
100,001 to 200,000	833	111,593,450	6.88%
200,001 to 400,000	380	102,445,175	6.32%
400,001 to 600,000	85	41,772,463	2.58%
600,001 to 800,000	41	28,282,227	1.74%
800,001 to 1,000,000	21	18,759,422	1.16%
1,000,001 and above	79	773,692,255	47.72%
Total	132,927	1,621,367,217	100.00%

Preferred stock: Not issued.

(IV) List of major shareholders

February 28, 2021

Stock Name of Principle shareholder	Quantity of Shares	Shareholding
Pan Asia Chemical Corporation	251,448,874	15.51%
Sheng Jen Knitted Textiles Co., Ltd.	70,770,845	4.36%
Chou Chin Industrial Co., Ltd.	59,122,831	3.65%
Pan Asia Investment Co., Ltd.	50,378,593	3.11%
Chung Chien Investment Co., Ltd.	42,239,838	2.61%
JP Morgan Chase N.A., Taipei Branch as a custodian for Vanguard Total International Stock Index Fund	22,005,497	1.36%
JP Morgan Chase Taipei branch as a custodian for Vanguard Emerging Markets Stock Index Fund Investor Shares managed by the Vanguard Group	21,305,430	1.31%
Kao-Huang Lin	17,157,000	1.06%
Netherlands Pension Robert Bacal Investment Account at Citibank	15,504,899	0.96%
Citibank Trust DFA core securities investment account for emerging markets	15,486,488	0.96%

(V) Market price, net value, earnings, dividend per share and related information in the last 2 years

Unit: NTD

Year Item			2020	2019
Market Price Per Share	The Highest		12	10.3
	The Lowest		4.68	7.68
	Average		7.39	9.00
Net Value Per Share	Before Distribution		17.83	17.05
	After dividend distribution (Note 1)		Note 1	17.05
Earnings per share	Weighted average shares (in thousands shares)		1,290,198	1,290,382
	Earnings per share		0.73	(0.57)
Dividend Per Share (Note 2)	Cash dividends		0.1	0
	Free-Gratis Dividends	Retained Shares Distribution	0.4	0
		Capital Reserve Shares Distribution	0	0
	Retained Dividends		0	0
Return on investment Analysis	P/E ratio (Note 3)		10.12	(15.79)
	Dividend Yield (Note 4)		73.9	0
	Cash Dividend Yields (Note 5)		0.01	0

Note 1: The shareholder meeting resolved that the cash dividends would be deducted first before further calculation.

Note 2: Annual profit distribution.

Note 3: P/E ratio = Average closing price per share for the year / earnings per share.

Note 4: Price to dividend ratio = Average closing price per share for the year / cash dividends per share.

Note 5: Cash dividend yield = Cash dividend / average closing price per share for the current year.

(VI) The Company's dividend policies and execution

1. Dividend policies

   If the Company is profitable in the fiscal year, it shall allocate 1% to 5% of the profit as the remuneration of employees in the form of stocks or cash as resolved by the board. Employees of subsidiaries are also entitled to receive remuneration, provided that they meet the criteria specified by the board of directors. Up to 0.3% (inclusive) of the aforementioned profit may be distributed as director remuneration at the discretion of the board of directors. The proposal for distributing the remuneration to employees, directors and supervisors shall be submitted to the shareholders' meeting. However, if the Company still as accumulated losses, the amount shall be retained for compensation, and then appropriated as remuneration to employees, directors and supervisors based on the percentages mentioned above.

   If there is profit, the Company pays taxes and makes up for the accumulated losses in accordance with the law before allocating 10% as an earnings reserve. However, the legal reserve shall not be allocated once it reaches the amount of the Company's paid-in capital. The rest will be recognized or reversed as special earnings reserve. The reversed special earnings reserve is consolidated into undistributed surplus before being distributed. If there is a balance, it is consolidated into the accumulated undistributed earnings in the previous year. The board may propose a profit distribution proposal, depending on the actual situation, and request the shareholders meeting to determine the distribution of dividends to shareholders.

   The Company's dividend policy is in line with the current and future development plans and considers the investment environment, long-term financial planning and shareholders' equity. The annual dividend distribution is mainly in the form of cash and it may be distributed in the form of stock. However, the proportion of stock dividends is not higher than 95% of the total dividends.

2. The proposed dividend distribution from the shareholder meeting: The meeting proposed to distribute stock dividends of NT$0.4 per share and cash dividends of NT$0.1 per share, for a total of NT$0.5 per share.
3. Significant changes to the expected dividend policy: None.

(VII) The impact of bonus shares proposed by the shareholder meeting on the Company's operating performance and earnings per share: The Company has not prepare and announce the 2020 financial forecast and is not required to disclose such information in accordance with Tai-Chai-Cheng (1) Document #00371 of February 1, 2000 (89) specified by the Securities and Futures Bureau of the Ministry of Finance.

(VIII) Remuneration for directors and supervisors

1. The percentage or scope of remuneration to the employees, Directors, and Supervisors as stated in the Articles of Incorporation: Refer to dividend policy.
2. The estimation basis of remuneration to employees, directors and supervisors for the current period, and the accounting process when there is discrepancy between the calculation basis and actual distribution amount of employee remuneration distributed by shares and the estimated value:

   The Company's estimate of remuneration payable to employees, directors and supervisors is based on the requirements of the articles of incorporation. At the end of the fiscal year, where the directors' meeting resolves the actual allocated amount different from the estimate, the changes shall result in the adjustment of the expenses provided for the current year. Where the shareholders' meeting resolves the actual allocated amount different from the estimate, it shall be stated as the change in accounting valuation in the year of the resolution made by the shareholders' meeting. If the shareholders' meeting resolves to allocate stock as the employees' bonus, the quantity of stock shall be determined based on the amount of the employee bonus divided by fair value of the stock. The fair value of the stock is based on the closing price on the day prior to the day of resolution made by the shareholders' meeting and takes the effect of ex-right and ex-dividend into consideration

3. Remuneration to be distributed as resolved in the board of directors:
   (1) Remunerations for employees, directors and supervisors distributed in cash or stocks. (If there is a difference with the annual estimate of the recognized expenses, disclose the difference, reasons and ways to handle the circumstances): For the year ended 2020, the remuneration for employee is NT$10,778 thousand and for directors and supervisors, it is NT$3,234 thousand. The shareholder meeting resolved that if there is a difference with the actual distributed amount, the difference will be used as the change in accounting estimate of 2021.
   (2) The proportion of amount equivalent to the stock distributed as compensation for employees in the earnings after tax in the individual or single financial statement of the period and the total amount of compensation for employees: Not applicable.
4. The actual distribution situation of remunerations to personnel, directors, and supervisors for the previous year (including number of shares distributed, amounts, and share prices). In case of differences in recognized remunerations for employees, directors, and supervisors, the differences, reasons, and handling situation should be clearly stated. No remunerations were distributed to employees, directors, and supervisors in 2019 due to settlement loss.

(IX) Buy-back of the Company's shares by the Company:

Frequency of repurchase		Sixteenth time
Date of Board resolution		2020/03/20
Purpose of re-purchase		Transferring stocks to employees
Buyback period/actual buyback period		2020/03/23 to 2020/05/22
Tentative buyback interval price (NT dollars)		3.49 to 10.5
Shares bought back	Type	Common stock
	Quantity (shares)	304,000
	Amount (NT$)	1,745,662
	Average price (NT dollars)	5.74
Transferred (cancelled) shares (number of shares)		0
Cumulative quantity of shares held (number of shares)		304,000
Ratio of cumulative number of shares held in total shares issued		0.02%

II. Any offering of corporate bonds (including offshore bonds): None.

III. Disclosure relating to preference shares: none.

IV. Disclosure relating to depository receipts: none.

V. Employee stock warrants: none.

VI. Restricted stock awards: None.

VII. Disclosure on new shares issued for the acquisition or transfer of other shares: none.

VIII. Progress on the use of funds: None.

Five. Business performance

I. Content of business

(I) Business scope

* The Company

1. Principal business activities
   (1) Manufacturing, processing and buying and selling of man-made fiber, cellophane, polyamine fiber, polyester fiber, chemicals and the raw materials.
   (2) Development, manufacturing and buying and selling of machinery used for the above products.
   (3) Manufacture and trading of ethylene glycol, eto ethylene oxide, nonylphenol, ethylene, LGP and petrochemical industry-related products;
   (4) Commission construction firms to build residential and commercial buildings to be rented or for sale.
   (5) Distribution, sorting and storage of various products.
   (6) Operate supermarkets which sell fresh food, vegetables, fish, meat, cooking garnishes and spices and seasonings.
   (7) Manufacturing and sales of steam and industrial and commercial electricity by cogeneration (electricity shall not be sold to energy users).
   (8) Agency, distribution and contract bidding for installation of cogeneration and pollution control equipment.
   (9) Manufacturing and sales of oxygen, liquid oxygen, nitrogen, liquid nitrogen, air argon, liquid argon, carbon dioxide and compressed air.
   (10) F212011 Gas station.
   (11) D201021Gas station.
   (12) All business items that are not prohibited or restricted by law, except those that are subject to special approval
2. Percentage of current business

   In the Company's 2020 business operations, chemical products account for 68%, chemical fiber products account for 29% and the rest account for 3%.
3. Current product line

Type	Item
Chemical products	Ethylene glycol, ethylene oxide, nonylphenol
Chemical fibers	Polyester pellet, polyester filament

4. New products planned for development

   Continuing the development of oriented yarn, we plan to manufacture products made of oriented yarn and develop another new type of product, textured yarn, which retains the characteristics of oriented yarn and improves the texture and comfort.
   (1) Draw textured color yarn:
   Polyester color yarn is dyed before spinning, so it does not fade easily. It offers good color fastness against sunlight, water and rubbing. It does not require post-dyeing processing, so there is no waste water pollution. DTY with colors offers good texture feel and a variety of applications, such as in home decoration, curtains, luggage, backpacks and others.
   (2) Moisture absorption and wicking DTY fibers:
   Offer better moisture absorption and quick drying than the oriented yarn, improving the wearing comfort of the fabric. It uses irregular cross-section with high surface area and capillary effect to accelerate the sweat wicking, keeping body dry and comfortable.
   (3) DTY high denier count fiber:
   The thinner the denier, the softer the fiber, offering better texture of fabric, and products will have better added value. In addition to retaining the original characteristics of oriented yarn, it offers even better texture and

softness and can be widely used in high-end dresses for females.

(4) DTY FD dull yarn:
By adding high-concentration inorganic particles, the gloss of the fiber is reduced, at the same time enhancing the suspension of fiber.
FD dull yarn is mainly used in sportswear.

(5) DTY CD yarn:
By using cationic dye particles, fiber in dark and vivid color effect can be spun, creating a softer touch with better fastness. CD yarn is mostly used in sportswear, casual wear, jackets and coats.

(6) DTY antibacterial and mold resistant yarn:
Antibacterial materials are added according to different needs, and the yarn does not get decomposed by ultraviolet rays, acids, alkalis or organic solvents. It provides long-term antibacterial and mold resistant effects and is mainly used in sportswear, underwear, medical fabrics, bedding fabrics and shoe materials.

(7) UV resistant fiber:
UV-resistant fiber offers the best protection for skin, as UV-A and UV-B with a wavelength of 200-400nm may penetrate the ozone layer and cause great damage to human skin. They can lead to melanogenesis, skin aging and even skin cancer.

(8) Hollow fiber:
The lightweight and warm hollow fiber is a new type of material of which the cross-section is hollow. The inner air layer blocks the loss of body temperature, so that the surface temperature of the skin is not quickly lost due to the harshness of weather conditions, hence the insulation effect.

(9) SDY and DTY environmental protection yarn:
Polyester fiber produced from plastic bottles by applying special spinning technology offer good quality. Using recycled plastic bottles can reduce pollution from bottles, reliance on petrochemical raw materials, carbon dioxide and the use of energy and risk of warming climate.

* Consolidated companies

1. Pan Asia Chemical Corporation
   (1) The main contents of the business service:
      - A. C801020 Petrochemical manufacturing.
      - B. C802090 Cleaning products manufacturing.
      - C. D101050 Steam and electricity paragenesis.
      - D. F212011Gas station.
      - E. F212061 Automobile liquefied petroleum gas station.
      - F. H701010 Residence and buildings lease construction and development
      - G. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

   (2) Percentage of current business
   Nonionic surfactants account for about 80% of the revenue and esterified products account for about 20%.

   (3) Current products
   Polyethylene glycol and alkane ether, polyethylene glycol and alkyl ether, castor oil EO addenda, polyethylene glycol propanamine, polyethylene glycol and fatty acid esters, polyethylene glycol, poly-propylene glycol and polyethylene glycol, trimethylolpropane EO additive, polyol EO, PO addenda, spinning oil agent, lubricating oil esters, plastic slip agents, cosmetic esters, cleaning agent esters and bath softeners.

   (4) New products planned for development
   Polyethylene glycol derivatives, spinning oil agents, fiber softeners, esterified products.

2. Taichung Commercial Bank

    (1) The main contents of the business service:
        Deposits, lending, foreign exchange, wealth management, corporate banking, electronic finance, trust and investment.
    (2) Percentage of current business: 100% in banking.
    (3) Current products: Not applicable.
    (4) New products under development: Not applicable.

(II) Industry overview

- The Company
  1. Present state of the industry and development
     (1) Ethylene glycol: The supply in market has increased and the competition has become more significant.
     (2) Polyester yarns:
        A. In the face of depleting earth’s resources and global warming, issues related to green environmental protection must be faced by mankind. Therefore, businesses in Taiwan have actively promoted laying down roots the concept of circular economies in industrial development. From product design to production, they will move in the direction of reuse, recycle, waste reduction, and energy conservation. Green environmental products have become mainstream in the research and development of polyester products in Taiwan.
        B. In recent years, domestic polyester manufacturers have undergone a series of consolidation, somewhat easing pressure on the industry. In particular, the oversupply of Polyester yarns has been significantly improved. It is necessary to take this opportunity to expand the existing customer base and conduct proper screening to find long-term and stable customers who are willing to collaborate for win-win situations. Besides timely grasping the market trends, adjusting prices and being flexible in accepting orders, the Company should continue to improve the automation of equipment and technical R&D, reduce defects, abnormality and production cost, produce high-quality and value-added product with good economies of scale and collaborate with downstream players to quickly respond to the market in order to maintain good competitiveness in the industry.
        C. Emerging Asian countries have heavily invested in man-made fiber industrial development, with fierce competition in the supply and demand markets.
        D. The COVID-19 pandemic has accelerated a second industry outflux of the domestic textile fiber industry, which has dispersed its dependence on China’s textile product supply chain.
        E. Orders for ready-to-wear garments have gradually shifted to China or Southeast Asia (especially in Vietnam), and domestically, functional and industrial fabrics (shoes) have better competitive advantages. However in recent years, the value chain in Vietnam and other places have formed, and the level of technologies in those countries have been improved. Orders from the European and American brands no longer favor Taiwan. The advantages of the abovementioned products will gradually disappear, further impacting the growth of the man-made fibers industry on the upstream.
     (3) Nonylphenol: Provided as an additive to industrial products, and the demand is stable.
  2. The association of industries from upstream to downstream:
     (1) The Company obtains ethylene from CPC Corporation and Formosa Petrochemical Corp. to produce ethylene glycol and ethylene oxide. The produced ethylene glycol is used at the Company's polyester plant and sold to other polyester plants in Asia. Ethylene oxide is sold to

surfactant manufacturers.

    (2) Nonene and Phenol raw materials are sourced from other companies both at home and abroad to produce nonylphenol, which is then sold to the other domestic and foreign surfactant manufacturers.
    (3) Polyester yarn is supplied to other domestic and foreign processing fiber plants and textile mills.
  3. Trends of development of various products and competition
    (1) Ethylene glycol: Stable downstream customers. Reinforce the supply-demand relationship.
    (2) Nonylphenol: The booming development of the textile industry in Asia drives the demand for textile additives. Build a quality brand image and produce in volume to reduce cost.
    (3) Polyester fiber: Product customization, diversification, refinement, differentiation and market segmentation.

* Consolidated companies

  1. Pan Asia Chemical Corporation
    (1) Industrial status and development:
    The global market was subject to impacts from COVID-19 in 2020. Despite changes in supply and demand took place in the markets of Asian countries, the overall sales increased compared to the previous year.
    (2) Correlation of upstream, midstream, and downstream industry:
    Nonionic surfactants serve as a bridge between the upstream petrochemical industry and the downstream consumer and industry product industries, and they are irreplaceable to the growth of industries.
    (3) Developing trend and competitiveness of products:
      A. Nonionic surfactants are essential for economic development and are less susceptible to the impact from economic fluctuations.
      B. The industry requires the advantages of having EO plants, and the Company has the competitive advantage.
      C. Due to the zero tariff between the member countries in the ASEAN–China Free Trade Area starting 2009, the Company has faced challenges in terms of the pricing.
  2. Taichung Commercial Bank: Not applicable.

(III) Technological research and development

* The Company

  1. Research and development expenses
  Research and development expenses committed the past two years: No research and development expenses.
  2. Successfully developed technologies or products: None.
  3. Expected R&D program in the future and the forecasted R&D expenses: No R&D program.

* Consolidated companies

  1. Pan Asia Chemical Corporation
    (1) R&D expenses: NT$22,588 thousand.
    (2) Technologies or products successfully developed: Environmentally friendly plasticizer-DOTP, metal cleaning agent, spinning oil agent, lubricating oil esters, plastic slip agents, cleaning agent esters and bath softeners.
  2. Taichung Commercial Bank
    (1) R&D expenses the past two years:

Unit: NTD thousand

Year	2019	2020
Amount	92,203	123,867

    (2) R&D results the past two years:

A. Electronic confirmation of finance blockchain (API): Conversion to automatic generation (API) in line with finance blockchain usage.
B. E-healthpay platform: This platform allows credit card customers of the Company to charge their hospital expenses to their credit card.
C. The ACH system replacement and upgrade operations of the Taiwan Clearing House (TCH): In response to TCH's ACH authorization related nationwide upgrade and replacement operations, internal integration front end, online banking, foreign exchange, bill management, credit system, and other synchronized system conversion and setup operations.
D. Fund redemption and further subscription project: Agreement to subscribe to another fund at the same time when a fund is redeemed to reduce investor operation times and increase capital activation.
E. Integrated account opening system with linked hosts: This system with NBT and OPEN-API integration enhances the efficiency of unit operations and reduces data entry errors.
F. Various measures including control of past AML queries, special nation archiving, enhancement of the integrity of retained customer information, and addition of items such as nationality, annual income, and purpose of business dealings have been added to strengthen anti-terrorism financing and anti-money laundering transaction control and achieve effective control in the field of high-risk countries and polite rejection of account opening. It is planned to adopt bans in the form of "temporary suspension of transactions," "rejection of transactions," and "freezing of transactions" as well as freezing of accounts to prevent money laundering and terrorism financing.
G. Centralized lending agreement management platform: Through the document management system interface, operational process simplification, and e-file storage and retrieval, data confidentiality can be enhanced.
H. Foreign exchange system enhancement project: Optimized functions of the foreign exchange system will strengthen foreign exchange system procedures and enhance real-time backup capabilities.
I. The real-time inquiry system for batch inquiry of the deceased: According to the requirements of the competent authority and the National Taxation Bureau, business details handled by the Company will be supplied to customers with inheritance related needs.
J. Robotic Process Automation (RPA): RPA assists in daily manual operations to achieve efficient, reliable, and cost-effective operational quality.
K. The NC scanning of foreign migrant workers' remittance and information source exchange: Foreign migrant workers and intermediary customers are provided with NC scanning of the remittance receipt and payment list and information source exchange system.
L. Overseas stock ETF system setup: In conjunction with the promotion of wealth management businesses, competitiveness has been enhanced, customer services are strengthened, and various channels are set (over-the-counter in branch, online banking) exclusive stock option commodities (ETF, ordinary shares, and special shares, real-time and the automated transaction mode system in order to activate customer funds.
M. Government Relief Loan Plan:

(A) Bank official website of pandemic relief integration area: The development of the website of relief integration description by the government and the Company.

(B)Online relief loan application by appointment platform: In order to let needy people conveniently apply for a relief loan, the external relief area has added an online appointment application platform to enhance relief loan acceptance and review efficiency.

N. Triple Stimulus Voucher Business:

(A) Physical triple stimulus voucher exchange system: Provide the Company receive triple voucher input, tally, and reporting platform.

(B)Digital triple stimulus voucher platform: Provide bank credit cards, VD holder participating in triple stimulus voucher binding, quota fulfillment lock-on, appropriation services.

(C)Digital triple stimulus voucher API interface: The Company's external official website and government API interface binding, unbinding, amount inquiry services.

O. New money laundering prevention system: Money laundering management system module optimization, bank regulatory violation risk, internal operational cost consideration, and acceleration of financial business processing for customers.

P. Financial information system for derivatives: Provision of diversified product trading and risk control mechanisms.

Q. Incoming insurance document checking system: Fully understand customers' fund sources and product adaptation and prevent sales representatives from tempting policyholders into purchasing policies with high financial leverage.

R. Convenient personal online banking: This feature allows convenient fund transfer transactions by users with physical disabilities.

S. First stage of open API – Creation of an open data interface: This feature allows TSP businesses to apply for a platform provided by FISC and thereby gain access to the open data interface and application services provided by the Company.

T. End-to-end encrypted transmission: An end-to-end encryption mechanism has been established in line with the security control criteria for e-banking operations conducted by financial institutions and online banking password protection from the user to the server end to enhance data transmission security.

U. Personalized Mydata digital service: The Company has developed connection Mydata digital service to make it convenient for customers applying for online businesses to use personalized certification documents, reduce having to have extra photos taken, file transfer, upload, and other cumbersome processes.

V. Payment with Orange and connection to bank account for deductions: In order to strengthen the Company's diverse mobile payment services, the Company in cooperation with Orange Pay provides binding to an account for value storage, purchase deduction, transfer, and other services.

W. Interbank transfer via a mobile number: A mobile number replaces a lengthy bank account number. Based on the mobile number binding specifications provided by the Financial Information Service Co., Ltd. (FIS), interbank transfer services are provided by binding to an FIS mobile number, thereby providing customers with more convenient interbank transfer services.

X. Office device and document management:

      - (A) The next-generation document scanning method has been imported to improve personnel work efficiency.
      - (B)Implementation of file encryption and access control to improve the preservation of access records
      - (C)Regular generation of document access traces and provision of authority inventory report functions to implement internal control and articulation operations

(3) Future Plan

  - A. Trust 2.0 Employee Shareholding Trust: In conjunction with the Financial Supervisory Commission's Trust 2.0 "Comprehensive trust" Promotion Plan, the employee shareholding trust system will be set up to encourage TAIEX and TPEX listed company employees to purchase shares from their own company and assist employees in storing value in preparation for retirement.
  - B. Overseas stock ETF system optimization operations: Add debt to equity, good-till-cancelled order, 24-hour online banking, and other functions to achieve system completeness and provide more diverse transaction modes.
  - C. Basel3 response measures: In response to LTV computing (collateral value calculation), add information to be collected for the system to calculate the capital adequacy ratio.
  - D. New ID system: In response to the new eID of the Ministry of the Interior, set up a system required for reading and New eID inquiry.
  - E.Introduction of big data in machine learning:
    - (A) Precision marketing: Targets are consumer finance and wealth management
    - (B)Risk control: Credit scores, bad debt forecasts, judgment of credit card fraud, in-depth analysis of AML/KYC
    - (C)Semantic analysis, public opinion analysis, OCR identification, and intelligent customer service
  - F.Overseas new money laundering system optimization: Provide the money laundering prevention system module optimization fort the Labuan Branch, Malaysia. Strengthen prevention and reduce the risk of violating local regulations. Take operational efficiency improvement into consideration and accelerate the development of relevant financial businesses overseas.
  - G. Mobile financial management specialist: Overcome time and space limitations, guide financial management specialists towards providing professional financial management consultation services and performing wealth planning, and enable them to place real-time orders via online banking.
  - H. Global trade blockchain: Cooperate with financial institutions in the same trade and add the global trade block chain alliance to share trading business related information.
  - I.Credit investigation system platform improvement plan: The credit investigation platform includes incoming documents, credit review, loan allocation, and creditor's rights management. The target is to provide a process integration system platform that is highly flexible and can quickly respond.
  - J. Data warehouse upgrade: Enhance data warehouse software and hardware equipment, respond to EOS, and improve effectiveness.
  - K. eACH system setup: Set up real-time authorization eDDA and the real-time debit and credit eACH system to provide customers with diverse debit and credit channels.
  - L.API management platform project: APIM servers will be enhanced and

backup environments will be set up to increase APIM stability and effectiveness and achieve the goal of uninterrupted services. Continued adoption of container technology by application systems will be assessed and applied in a way to facilitate the future creation of a comprehensive microservice ecosystem.

M. Intelligent customer service: Adoption of text customer service or chatbots through a machine learning platform. Customers receive optimal responses and recommendations through text customer service interfaces and intelligent customer service analysis. Customer user experiences are enhanced, and customer service personnel receive adequate assistance in problem queries and responses which also eases their workload.

N. Dual-channel, multi-factor authentication and device binding project: Adoption of a dual-channel, multi-factor identity authentication and device binding technology is planned to enhance security control options for transaction certification in line with future project development pursuant to regulations of the FSC and the Bankers Association Of The Republic Of China.

O. New digital deposit account project: Only Type 1 Applications are currently available for digital deposit accounts. In line with strategy formulation by business management units, Type 1 and 3 applications, procedures, and future applications will be added.

P. Gold passbook system upgrade: In response to the Company's latest information security policy requirements, the existing operating system, database, and App software will be upgraded to the latest version. In addition, the App platform related programs, software, and system module settings will be accordingly adjusted to enhance information security.

Q. PKI security control and OTP system upgrade case: The PKI security control system and OTP system will undergo version upgrade to enhance information security. The API specifications will be standardized to meet the Company's latest information security policy requirements. RA certificate technology will be provided to support the e-payment and e-commerce signature features.

R. Open API interface management platform: In response to the second stage of FIS Open API and the OAUTH use and management connecting the bank and the third-party operator application system in the future, set up the Open API interface management platform.

S. Smart accounting opening platform system: Provide the bank branch with total account opening solutions to achieve the directions of paperless, automated, diversified, and mobile. At the same time, the bank branch's multi-system, multi-interface, multi-certification, fault, and error problems can be solved. The three goals of paper reduction, internal system integration, and process simplification can in turn be achieved.

T. Smart form filling system: In conjunction with the government policy, customers' over-the-counter transaction time has been shortened to decrease customers' over-the-counter writing situation. The operation inspection process in legal compliance and money laundering prevention automatic inspection have been imported in order to strengthen transaction security.

(IV) Long and short-term business development plans

1. Ethylene glycol: Good market stability
   Short-term: Conduct sales planning for products.
   Long-term: Increase sales volume and market share in the market of ethylene glycol

through investments and collaboration.

2. Nonylphenol

   Short-term: Establish collaboration with downstream partners, for example, outsource the contract manufacturing of surfactants to downstream partners or help them to promote products.

   Long-term: Form long-term partnership with downstream players so both parties benefit from long-term interests.

3. Polyester yarns

   Short-term: Environmental Protection and Develop special-purpose yarns to diversify products and increase operating profit.

   Long-term: A. Make products more refined, diversified and technological to gain higher profit.

   B. Adequate adjustment of order and product mixes to facilitate selection of high-profit orders.

   C. Integrated development with the upstream and downstream partners to take advantage of vertical integration.

* Consolidated companies

1. Pan Asia Chemical Corporation
   - (1) Short-term: Increase the proportion of sales of EOD and esterified products which are value-added to increase overall revenue and profit.
   - (2) Long-term: Improve the technology level of products, develop vertical integration to explore new fields in the market.
2. Taichung Commercial Bank
   - (1) Short-term: Please refer to (II) Expected sales and its bases on page 5.
   - (2) Long-term: Please refer to (IV) Future development strategies on page 7.

II. Market and sales overview

(I) Market analysis

* The Company

1. The regions for the sale of premium products
   - (1) Ethylene glycol: Supply domestic companies and export to countries in Asia.
   - (2) Ethylene oxide: Mainly supply domestic downstream companies who manufacture ethylene oxide derivatives.
   - (3) Nonylphenol: About 15% for domestic market, 85% export to other countries in Asia.
   - (4) Polyester yarns: About 94% for domestic market and 6% is for export.
   - (5) Electricity: Sold to Taipower beside the proportion for in-house use.
2. Market share

Product portfolio	Market share (domestic)	Product portfolio	Market share (domestic)
Ethylene glycol	20 %	Nonylphenol	50 %
Ethylene oxide	30 %	Polyester yarns	8 %

3. Future market supply/demand and growth potentials
   - (1) Ethylene glycol: Polyester fiber for the domestic downstream partners. At present, the production capacity is not increased.
   - (2) Ethylene oxide: Stable demand from downstream customers. Expect to maintain stable sales volume.
   - (3) Nonylphenol: Bigger fluctuation in price of raw material. Fierce competition for products in the market.
   - (4) Electricity: Domestic power supply has been insufficient.
   - (5) Polyester yarn: Will gradually enter the peak demand for polyester yarn in Q2, which should drive market growth.
4. Competitive advantage

   Focus on production in full capacity and sales in full capacity. Reduce production cost. Improve product quality and competitiveness.

5. Favorable and unfavorable factors and response policy of development vision
    (1) Favorable conditions: The demand for polyester fiber will gradually increase, further driving the demand for ethylene glycol. Competitors in polyester market will gradually withdraw from the market, which will increase the Company's market share and selling price.
    (2) Unfavorable conditions: Main product materials come from CPC and the contracted quantity is insufficient.
    (3) Responsive measures: Find other import channels or purchase from Formosa Petrochemical to avoid the insufficient supply of CPC.

* Consolidated companies

1. Pan Asia Chemical Corporation
    (1) The regions for the sale of premium products
        A. Domestic sales: About 40%, through other distributors or by the Company.
        B. Export: About 60%, with the most comes from China, followed by Southeast Asia, the Middle East and Australia.
    (2) Market share: About 40% in the domestic market.
    (3) Future market supply and demand and the growth
        A. Supply and demand situation: In 2020, the global market was under the impact of COVID-19. Changes in the supply and demand of markets in Taiwan, China, and other countries and regions rose, but the overall sales still increased compared to the previous year.
        B. ECFA reduced the import tariff of China to 0%. Very helpful for some of the Company's products sold to China.
    (4) Competitive advantage
        A. Stable supplies of raw materials of EO, NP, DEG and natural alcohol.
        B. Stable quality. Competitive price. Seamless marketing channels.
    (5) Favorable and unfavorable factors and response policy of development vision
        A. Favorable factors
            a. Diversified products. Wide variety of demands in the industry, and it is less susceptible to the impact from economic fluctuation.
            b. Higher levels of technology than China and Southeast Asia. Stable production and supply. Stable export volumes to China and Southeast Asia every year.
            c. Strong sales channels and relationships. Products are sold to various industries both domestically and internationally.
            d. Secure supply of raw materials. The supply of main raw materials, NP and petrochemical EO, comes from a long-term partner, CMFC's production line.
        B. Unfavorable factors
            a. Environmental awareness is still high. Large fluctuation in the price of global crude oil. Stronger competition among industry players both at home and abroad. The Company will quickly adjust the sales proportion of main products and increase the sales volume of specialty products which offer higher gross margin to stimulate the overall revenue.
            b. The domestic industries continue to move out, further reducing the demand.
            c. The domestic environmental protection policy limits the use of nonylphenol products and the textiles sold to Europe are prohibited from using nonylphenol additives.
        C. Countermeasures
            a. Develop natural alcohol-based products in response to the trend of environmental protection to reduce the impact from the increasing price of petrochemical raw materials.
            b. Develop high value-added products and contract manufacturing

products in response to the industry upgrade and customer demands to improve the competitiveness in the industry.

2. Taichung Commercial Bank
   (1) Territories of banking business

   As the end of 2020, the Company has 82 branches and one international financial business branch at home and the Labuan Branch in Malaysia and the Kuala Lumpur Marketing Office abroad. Diverse businesses including personal finance, corporate finance, wealth management, and so on are provided. Through the regional characteristics, sophisticated financial commodities, and business field expansion, customers are provided with financial services of higher quality and convenience through dedicated professional operations.

   (2) Supply and Demand of the market and growth in the future
      A. Market supply:

      Since the outbreak of the COVID-19 pandemic in 2020, the pandemic has triggered a global economic panic. The closed control measures in different countries have caused the global economy to fall into the deep abyss of recession. In order to save the pandemic-struck economy, the governments in different countries have extensively adopted a relaxation of monetary policy, as well as fiscal policies through relief and revitalization plans. This has led to an influx of global funds, while banks faced the challenge of spread and net interest hitting history low. Although the pandemic has brought about a serious crisis, it has also raised a turning point. The quarantine policy has led to changes in the financial consumer model. Various financial service types have also changed, which have driven the pace of financial technology that had slower development in the past due to the convenience of domestic financial services. This has in turn given rise to good development opportunities in terms of digitalization acceleration.

      B. Market demand:

      Due to the impacts of the COVID-19 pandemic, the global lockdown measures have restricted trade activities, resulting in a global decline in supply. Different countries’ significantly weakened export momentum has impacted the supply side and demand side of the global economy. Looking ahead, despite the rising COVID-19 confirmed cases around the world, with the successive approval of vaccine launch and inoculation, the pandemic is expected to gradually subside in 2021. On top of it, elimination of political uncertainty in the United States and Europe, coupled with low base period related factors, the major international forecasting agencies deem the global economic growth in 2021 to be significantly superior to that of 2020.

   (3) The competitive edge, factors favorable and unfavorable for development in the long run, and responses
      A. Favorable factors
         a. The Company has, for a long time, cultivated its business relation with the small and medium enterprises in central Taiwan and hence has the distinctive advantage and a strong and stable clientele base.
         b. The experience of the Company in servicing small and medium enterprises helps to focus its customer groups and develop differentiated mode of operation.
         c. Construct the diversity of the banking service system is beneficial for integrated marketing of the organization and will yield better result.
         d. A gradual loosening of the financial laws and regulations by the government will be conducive to the sound development of the financial sector in Taiwan.
         e. The financial technological development accelerates the penetration of

financial services in the lives of the general public and expands banking businesses.

B. Unfavorable factors
  a. The globalization of banking and finance and the cross-industry competition of financial holding companies narrow the space for the existing market of small and medium banks in banking service.
  b. The high degree of homogeneity of products and the keen competition in the financial and banking sector make it difficult to broaden the interest spread.
  c. There are numerous factors for the sluggish global economy and the financial environment is under the pressure of adaptation in operation.
  d. Negative impacts arising from excessive market funds and a low interact margin.

C. Countermeasures

The Company embraces the principles of taking on challenges and pursuit of progress coupled with stability. It also aims to achieve continuity in the field of business development and deployment and consolidate the momentum of operational development through the six major dimensions of financial governance, fair treatment of consumers, risk management, operational performance, financial innovation, and talent cultivation.

(II) Intended use and production processes of the main products

* The Company

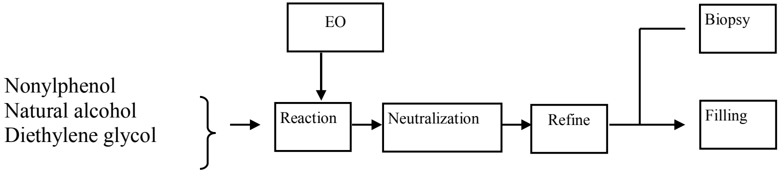
1. Intended use of the main products
   (1) Monoethylene glycol (MEG): Mainly used as the raw material of polyester fiber, and it can also be used to manufacture antifreeze, high temperature coolant, ice and snow remover and explosive.
   (2) Diethylene glycol (DEG): It is mainly used as a basic raw material for plastics, and can also be used to manufacture ink solvents, brake oils, solvent oils, gas water removers, fiber softeners and plastic fillers.
   (3) Triethylene glycol (TEG): Mainly used as a regulator, for air treatment and as a wetting agent.
   (4) Ethylene oxide (EO): Mainly used as a raw material for surfactants, glycol ethers and others.
   (5) Nonylphenol (NP): Mainly used as a raw material for surfactant, antioxidant, stabilizer, phenol formaldehyde resin, lubricant additives and others.
   (6) Polyester yarn: Mainly used to make garment fabric, woven bags (straps), industrial fabric, shoe materials and others.
   (7) Electricity: Energy supply.
2. Manufacturing process
   (1) Ethylene + Oxygen ---> Ethylene oxide
   (2) Ethylene oxide + Water ---> Monoethylene glycol
   (3) Monoethylene glycol + Ethylene oxide ---> Diethylene glycol
   (4) Diethylene glycol + Ethylene oxide ---> Triethylene glycol
   (5) Phenol + terpene ---> Nonylphenol
   (6) Ethylene glycol + PTA ---> Polyester pellet
   (7) Electricity: A cogeneration system that generates steam and electricity by burning coal.

* Consolidated companies

1. Pan Asia Chemical Corporation
   (1) Intended use of the main products:

Main products	Polyethylene glycol alkylphenol ether, polyethylene glycol alkyl ether, castor oil EO addenda, polyethylene glycol propanamine, polyethylene glycol and fatty acid esters, polyethylene glycol, poly-propylene glycol and polyethylene glycol, trimethylolpropane, EO additive, spinning oil agent, lubricating oil esters, plastic slip agents, cosmetic esters, cleaning agent esters and bath softeners.	
Main applications	Household cleaners	Detergent, penetrant, emulsifier, wetting agent, softener
	Personal toiletries	Detergent, penetrant, emulsifier, wetting agent, softener
	Fiber industry	Detergent, penetrant, dyeing auxiliary, emulsifier, bath softener
	Metal industry	Cleaning agent, emulsifier, additives for electroplating
	Pulp and paper industry	Degreaser, deinking agent, wetting agent
	Plastic industry	Emulsified polymeric emulsifier, internal and external lubricants for plastic
	Rubber industry	Additives, release agents
	Paint industry	Dispersant, emulsifier
	Cosmetic industry	Cleaning agent, emulsion, base material, wetting agent
	Electronics industry	Cleaning agent
	Polymer industry	Modifier, emulsifier, antistatic agent

   (2) Manufacturing process



2. Taichung Commercial Bank: Not applicable.

(III) The supply of main raw materials

* The Company

1. The petrochemical plant in Kaohsiung obtains ethylene from CPC Corporation, a long-term supplier, to produce ethylene glycol.
2. The raw materials for nonylphenol are terpene and phenol. At this point, the supply of terpene comes from import from a variety of sources to diversify risk. As for phenol, the Formosa Chemicals & Fiber is a stable long-term supplier.
3. The main raw material for cogeneration is coal which is imported. The Company maintains long-term stable relationship with suppliers to ensure no interruption to supply.

* Consolidated companies

1. Pan Asia Chemical Corporation
   (1) Ethylene oxide: Supply contract with CMFC.
   (2) Nonylphenol: The source of supply is CMFC, and the current status of supply is good.
   (3) Natural alcohol: There is no domestic manufacturer so it is imported from various sources.
2. Taichung Commercial Bank: Not applicable.

(IV) The list of any companies accounting for 10 percent or more of the Company's total purchase (or sales) amount in the last two years

* The Company

	2020				2019			
Item	Name	Amount	Percentage of the net purchase of the year (%)	Affiliation with issuer	Name	Amount	Percentage of the net purchase of the year (%)	Affiliation with issuer
1	Nan-Chung Petrochemical Corp.	2,053,199	30%	Investee valued under equity method	Nan-Chung Petrochemical Corp.	3,361,822	27%	Investee valued under equity method
2	A	1,352,350	19%	N/A	A	2,656,770	21%	N/A
3	B	885,189	13%	N/A	B	2,343,515	19%	N/A
4	Others	2,741,845	38%		Others	4,087,813	33%	
	Purchase - net	7,032,583	100%		Purchase - net	12,449,920	100%	

Note: List the suppliers accounting for 10 percent or more of the Company's total purchase amount in the last two year and the purchase amount and the percentage of the total purchase. Replace the suppliers' names with codes if, due to contractual obligation, the names cannot be disclosed or the transaction counterparty is an uninterested individual.

The main customers for sales within the last two years

Unit: NTD thousand

	2020				2019			
Item	Name	Amount	Ratio to the annual net sales amount [%]	Affiliation with issuer	Name	Amount	Ratio to the annual net sales amount [%]	Affiliation with issuer
1	A	893,136	12%	N/A	A	1,258,216	9%	N/A
2	Others	6,583,465	88%		Others	12,333,122	100%	
	Sales - net	7,476,601	100%		Sales - net	13,591,338	100%	

Note: State the name of the customers with over 10% of the total sale amount within the last two years, and their sale amount and ratio. However, since the name of the customers may not be disclosed due to the contract signed or the counterparty of the transaction is an individual and is not a related party, it can be identified with a code number.

* Consolidated companies

1. Pan Asia Chemical Corporation

Main suppliers the most recent two years

Unit: NTD thousand

	2019				2020			
Item	Name	Amount	Percentage of the net purchase of the year (%)	Affiliation with issuer	Name	Amount	Percentage of the net purchase of the year (%)	Affiliation with issuer
1	China Man-Made Fiber Corporation	792,320	61	The parent company	China Man-Made Fiber Corporation	601,055	60	The parent company
2	Others	506,621	39		Others	395,383	40	
	Purchase - net	1,298,941	100		Purchase - net	996,438	100	

Note: List the suppliers accounting for 10 percent or more of the Company's total purchase amount in the last two year and the purchase amount and the percentage of the total purchase. Replace the suppliers' names with codes if, due to contractual obligation, the names cannot be disclosed or the transaction counterparty is an uninterested individual.

The main customers for sales within the last two years

Unit: NTD thousand

	2019				2020			
Item	Name	Amount	Ratio to the annual net sales amount [%]	Affiliation with issuer	Name	Amount	Ratio to the annual net sales amount [%]	Affiliation with issuer
1	A	202,443	12	N/A	A	255,138	18	N/A
2	Others	1,508,982	88		Others	1,202,543	82	
	Sales - net	1,711,425	100		Sales - net	1,457,681	100	

Note: State the name of the customers with over 10% of the total sale amount within the last two years, and their sale amount and ratio. However, since the name of the customers may not be disclosed due to the contract signed or the counterparty of the transaction is an individual and is not a related party, it can be identified with a code number.

2. Taichung Commercial Bank: Not applicable.

(V) Manufacturing scale of products in the last two years

* The Company

Volume - Metric tons

Unit: NTD thousand

Year Production volume and value Main products	2020			2019		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Ethylene glycol	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Ethylene oxide	264, 000	99, 186	1, 739, 345	264, 000	145, 907	3, 326, 267
Nonylphenol	50, 000	19, 985	488, 046	50, 000	22, 246	689, 676
Partially oriented yarn (POY)	22, 500	18, 936	570, 288	22, 500	18, 651	741, 755
Spin draw yarn (SDY)	80, 000	37, 112	986, 091	80, 000	62, 408	2, 271, 756
Polyester chips	50, 000	17, 366	589, 101	50, 000	22, 667	1, 018, 208
Draw texturized yarn (DTY)	99, 000	17, 199	367, 303	99, 000	7, 199	216, 079
Total	32, 400	19, 421	763, 116	32, 400	25, 554	1, 271, 028

* Consolidated companies

1. Pan Asia Chemical Corporation

Volume - Metric tons

Unit: NTD thousand

Year Production volume and value Main Products	2019			2020		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Nonionic surfactants	35,000	35,237	1,315,367	35,000	31,135	987,372
Others	6,300	5,350	267,108	6,300	3,989	190,642
Total	41,300	40,587	1,582,475	41,300	35,124	1,178,014

2. Taichung Commercial Bank: Not applicable.

(VI) Sales volume and value of main products the past two years

* The Company

Volume - Metric tons
Unit: NTD thousand

Year Sales Volume/Value Main products	2020				2019			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Ethylene glycol	127,209	1,698,095	167,900	2,309,853	149,134	2,604,314	275,688	4,763,755
Ethylene oxide	20,027	460,983	0	0	22,133	625,782	0	0
Nonylphenol	4,478	143,511	12,887	449,051	3,708	149,441	16,972	734,924
Partially oriented yarn (POY)	20,093	485,475	181	6,847	35,699	1,233,054	263	11,782
Spin draw yarn (SDY)	16,818	582,319	1,324	37,801	21,041	979,345	2,371	100,441
Polyester chips	1,257	24,053	16,570	328,250	1,694	38,532	1,329	32,010
Draw texturized yarn (DTY)	20,477	726,546	198	5,797	24,662	1,168,714	209	11,060
Others	115,263	217,431	69	588	125,917	1,138,171	53	39

* Consolidated companies

1. Pan Asia Chemical Corporation

Volume - Metric tons
Unit: NTD thousand

Year Sales Volume/Value Main Products	2019				2020			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Surfactants	15,555	664,035	17,315	770,649	12,515	486,914	19,557	753,597
Others	2,097	108,865	3,340	167,876	1,406	75,006	3,054	142,164
Total	17,652	772,900	20,655	938,525	13,921	561,920	22,611	895,761

2. Taichung Commercial Bank: Not applicable.

III. Employees

* The Company

(1) Employees' information

Year		2019	2020	Until February 28, 2021
Employee No.	Staff	197	184	196
	Workers	431	398	432
	Total	628	582	628
Average age		43.39	45.1	43.91
Average seniority		13.49	14.86	13.59
Academic qualification	Doctoral Degree	0%	0%	0%
	Master	2.10%	2.10%	2.40%
	College	59.60%	61.34%	62.20%
	Senior High School	38.20%	36.25%	35.20%
	Below Senior High School	0.20%	0.34%	0.20%

(II) With respect to personnel handling the transparency of financial information, the certification they obtained as specified by the authority:

Certificate and license name	Number of people in finance and accounting	Number of people in internal audit
Passed internal control and internal audit examinations organized by the Taiwan Academy of Banking and Finance.	0	1
Senior Professional and Technical Exams hosted by the Ministry of Examination - Accountant	1	0
Junior Professional and Technical Exams hosted by the Ministry of Examination - Bookkeeper	1	0

* Consolidated companies

(I) Pan Asia Chemical Corporation

Year		2019	2020	Until February 28, 2021
Employee No.	Staff	48	48	48
	Workers	65	60	62
	Total	113	108	110
Average age		42.363	43.686	43.695
Average seniority		13.525	14.214	14.112
Academic qualification	Doctoral Degree	0.00%	0.00%	0.00%
	Master	8.00%	8.16%	8.00%
	College	74.00%	72.45%	72.00%
	Senior High School	18.00%	19.39%	20.00%
	Below Senior High School	0.00%	0.00%	0.00%

(II) Taichung Commercial Bank:

Year		2019	2020	Until February 28, 2021
Employee No.	More than 50 years old	523	612	626
	More than 40 years old	685	606	605
	More than 30 years old	566	581	573
	More than 20 years old	828	863	876
	Less than 20 years old	8	10	10
	Total	2,610	2,672	2,690
Average age		38.10	38.10	38.10
Average seniority		10.00	10.00	9.90
Education Background	Master	12.03%	12.60%	12.50%
	Bachelor	65.82%	68.20%	68.10%
	College	15.94%	14.50%	14.40%
	Senior High School	6.13%	4.70%	4.80%
	Junior High School	0.08%	0.10%	0.10%

Year		2019	2020	Until February 28, 2021
Professional designation and licensing, and number of such employees	Securities sales traders	301	302	298
	Investment Insurance Products	1,154	1,152	1,158
	Securities investment trust/investment advice sales traders	1,210	1,459	1,495
	Initial credit extension personnel's professional ability	882	894	898
	Advanced credit extension personnel's professional ability	46	43	43
	Futures sales traders	163	165	168
	Life Insurance Agent	2,089	2,107	2,104
	Bond sales qualified in professional ability test	25	28	28
	Initial foreign exchange personnel's professional ability	926	957	973
	Wealth management and planning personnel	456	445	448
	Trust Operations Personnel	1,987	2,081	2,106
	Bank's internal control basic test	1,569	1,810	1,822
	Senior Securities sales traders	211	222	220
	Property Insurance Agent	1,882	1,945	1,962
	Notes and bills traders	41	39	39
	Marketable securities, financing and financial instruments sales traders	8	5	5
	Internal auditor	2	2	1
	Stock affairs personnel qualified in professional ability test	28	31	31
	Foreign exchange professional ability	13	14	14
	Financial personnel's professional ability in appraising collaterals for credit extension	11	10	10
	Proficiency test for debt collection personnel	144	151	152
	Test for anti-money laundering and counter-terrorism financing professionals	1,030	1,017	1,025
	Qualification test for derivatives sales personnel	1,384	1,614	1,643

IV. Environmental Protection Expenditure.

* The Company

(I) Losses caused by environmental pollution in the most recent fiscal year until February 28, 2021.

Time of occurrence	Date of ruling and document No.	Description of legal violations	Fine amount	Legal violation
2020.8.19	Official letter Kong-Chu-Komg-Zi No. 10942032100 issued by the Environmental Protection Bureau, Kaohsiung City on September 30, 2020	The leakage concentration of M09 two equipment components is 450,000 higher than 10000ppm.	450 thousand	Article 24 of Air Pollution Control Act
2019.9.24	Official letter Fei-Guan-Zi No. 10937771800 issued by the Environmental Protection Bureau, Kaohsiung City on July 15, 2020	1. R-0201, D-0299, D-0699, D-0799, D-0801, D-0899, D-0403, D-1801, and D-1501 waste storage areas have failed to classify and store business waste according to their main constituents and characteristics and have not maintained cleanliness and integrity, resulting in waste seeping out and contaminating the ground surface. The names of waste have not been clearly labeled in Chinese. 2. Arsenic and its compounds (total arsenic) (C-0106), cadmium-containing batteries (C-0171), waste liquid flash point of less than 60℃ (C-0301), and other hazardous industrial waste have not been classified and stored according to the hazardous business waste identification methods or hazardous characteristics, have not been placed in tightly closed and fixed packaging materials or containers, with the storage date, quantity, and labels that distinguish hazardous business waste characteristics.	60 thousand	Article 31, Paragraph 1 of the Waste Disposal Act
2019.9.24	Official letter Fei-Guan-Zi No. 10937771800 issued by the Environmental Protection Bureau, Kaohsiung City on July 15, 2020	Inorganic sludge (D-0902) in October 2018, the output of coal-fired fly ash (R-1106) from October to November 2018 and April 2019 deducted by the duplicate form declaration volume is not in line with the storage volume.	12,000	Article 36, Paragraph 1 of the Waste Disposal Act

(II) Future countermeasures:

1. To reduce leakage of equipment components, in addition to implementing outsourcing inspection every quarter and implementing infrared inspection every quarter in accordance with the laws and regulations, onsite process personnel will be recruited to strengthen inspection.
2. A. The garbage storage area has been replanned, trash cans have been produced, DIKE and other catchment facilities have been re-set up and have been clearly relabeled.
   B. a. Require empty barrels to be recovered, stored neatly, and clearly labeled to avoid being mistaken as waste.
      b. After removing waste or equipment, the ground should be cleaned thoroughly.
      c. Although waste is not placed in the hazardous business waste storage area, in order to distinguish from the storage location of other equipment, the liquid tray will be set up.
3. The second steam power plant has not yet obtained the air pollution operation permit. Therefore, the online declaration system for sludge, fly ash, bottom ash, and other business waste adopts the existing steam power plant code (350001). For that part, the 000004 waste treatment procedure after combined modification was been changed.

(III) ROHS information: No impact on the Company.

* Consolidated companies

(I) Pan Asia Chemical Corporation

1. Any loss (including claim) sustained as a result of pollution and the total amount of penalty in the most recent fiscal year and up to February 28, 2021:

Item	2020	Until February 28, 2021
Date of ruling and document No.	Official letter Fei-Guan-Zi No. 10844915100 issued by the Environmental Protection Bureau, Kaohsiung City on December 16, 2019	N/A
Violated provisions and relevant details	1. FIBC mixed with waste plastic stored in the open in the waste storage area without waste name labels (in Chinese) in conspicuous locations or equipment/facilities that prevent permeation or penetration by surface water or rainwater 2. Violation of provisions set forth in Article 36 of the Waste Disposal Act and Article 6 and 10 of the Equipment Standards	N/A
Claimant or the organization handling the penalty	Environmental Protection Bureau of Kaohsiung City Government	N/A
Description of penalties	The bureau imposed a fine of NT$ 6,000 pursuant to Article 52 of Waste Disposal Act and Fine Determination Criteria for Violations of Waste Disposal Act.	N/A
Improvement Measures	1. Setting up of signs on site 2. Placement of plastic pallets for propping up and separation from ground level 3. Reorganization and covering of non-FIBC wraps and other debris with canvas	N/A

2. Future countermeasures:
   (1) Implementation of revisions and amendments pursuant to relevant environmental laws and regulations and reinforcement of employee education

and training to enhance their professional competence and immediate response capabilities in relevant operations and thereby achieve pre-incident prevention.

(2) Strengthening of patrols and controls in plant areas and communication with all units to facilitate instant detection of non-conformities and immediate correction; regular inspections of other similar facilities and implementation of improvements to ensure pre-incident prevention.

3. ROHS information: No impact on the Company.

(II) Taichung Commercial Bank: Not applicable.

V. Employer and employee relationships

* The Company

(1) The implementation of employee welfare policy, continuing education and training, and retirement system, and labor-management coordination, and the protection of the rights of the employees:

1. Continuing education and training of employees: The Company has always spared no effort in the education and training of employees. Some employees engaged in specialized functions are assigned to attend external training sessions, and they are regularly monitored and retrained from time to time. The Company provides the education and training sessions for department or specified units as needed to reinforce the occupational competence of employees at all levels.

Details on the education and training (specialized and general) of employees in 2020:

Gender	Male	Female
Average number of employees	541	72
Training category	Training hours (hr)	
Training of specialized occupational competence (preliminary training and re-training for occupational and environmental safety and firefighting certification)	1260	9
Toxic and chemical hazards training (external drills and training)	42	0
Firefighting education and training (annual dumpster firefighting training)	351	71
General knowledge training (education and training sessions for new hires)	0	0
Occupational safety and health regulation training	124	0
Continuing education courses for internal auditing personnel	144	24
Total hours of training (hr)	1921	104
Average number of hours (hr/number of people)	3.55	1.44

2020 training hours for accounting personnel

	Total	Male	Female
No. of Person	8	1	7
Class Hours	72	9	63

2. Employee behaviors or code of ethics: The Company has developed a "Work Rules" manual for employees and personnel management rules, so that employees can clearly understand their rights and the standards on behaviors to be observed.

3. Work environment and employees' personal safety protection measures:

(1) Access control security: A strict access control and monitoring system is available at all time, and a security patrol company is contracted to maintain the security and safety at night and during the weekend.

(2) Maintenance and inspection of equipment: In accordance with the Regulations for Inspecting and Reporting Public Safety of Buildings, professional firms are contracted to conduct public safety inspection every two or four years. In accordance with the Fire Services Act, firefighting equipment inspection is contracted out to be conducted every year. In accordance with the Occupational Safety and Health Act, the Company regularly conducts maintenance and inspection of air-conditioning, firefighting and various equipment.

(3) Physiological / psychological health: The Company prohibits smoking at the job site, in line with the government's policies. Non-smoking signs are posted to remind employees not to smoke at work to maintain the quality of working environment. Regular and irregular health examinations for employees are arranged to maintain employees' health.

(4) Insurance: Purchase labor insurance (including occupational disaster insurance), health insurance, group insurance according to law. In the event of any casualties, the personnel unit will assist in handling issues related to insurance.

(5) Employee benefits: The Company established an employee welfare committee on December 15, 1976, which is responsible for the welfare of all employees. The measures include welfare assistance, education scholarships, cultural and recreational activities and other welfare subsidies. The budgeting, expenditures and arrangement of welfare benefits every year are discussed and monitored by committee members of the employee welfare committee every three month in their meetings, providing positive stabilizing effect to employees' mental state. Currently, the committee provides 12 months of maternity subsidy, scholarships for employees' children based on their education levels every semester, confinement benefit payment for daily medical and hospitalization expenses and others. Based on the financial conditions of the committee, domestic group tours are held for employees to develop the bonding.

(6) Employee retirement systems: The Company rewards employees for their professional services and secures their livelihood while in service or after retirement.

Regulations to Retirement, pensions, and repatriation have been set up in accordance with the Labor Standards Act and other relevant laws and regulations. In terms of retirement measures for the existing employees who choose the old pension plan and the tenure payment of the old pension plan of the existing employees who choose the newer pension plan, the Company appropriates the proper amount of pension payment in accordance with the Labor Pension Act to the escrow account at Bank of Taiwan. Effective July 1, 2005, the Company has established a defined contribution pension plan under the Labor Pension Act, allocating 6% of monthly salaries and wages of new hires and the existing employee who selected the newer pension plan to the retirement fund personal account at Bureau of Labor Insurance. The application procedures for retirement is stipulated in the Labor Standards Act: Those who have reached the age of 55 and worked for more than 15 years, or those who have worked for more than 25 years, may apply for retirement. Pension benefits are based on the number of ears of service tenure, and two base units are accrued for each year of service. But for the rest of the service years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company also has formed a Supervisory Committee of Labor Retirement Reserve and allocated monthly an amount in accordance with the rules above to a retirement fund at the Bank of Taiwan. In terms of consolation measures, if an employee dies of occupational injury or disease, the Company pays funeral subsidy equal to five months of average wage and a lump sum survivors compensation equal to forty months of average wage to his/her survivors. Condolence payment is given to those who die not of occupational injury or disease. Various amounts of condolence payment are given according to the circumstances. In terms of severance packages, the issuance of severance is based on the service tenure. One month of average salary is given for every one year of service. For those who have not worked more than one year at the Company, the payment is at a prorated amount.

(II) Any labor disputes or loss sustained as a result of labor disputes in the most recent fiscal year and up to February 28, 2021: None.

* Consolidated companies

(I) Pan Asia Chemical Corporation

1. The implementation of employee welfare policy, continuing education and training, and retirement system, and labor-management coordination, and the protection of the rights of the employees:

(1) The Company established an employee welfare committee on July 17, 1991, which is responsible for the welfare of all employees. The measures include welfare assistance, education scholarships, cultural and recreational activities and other welfare subsidies. The budgeting, expenditures and arrangement of welfare benefits every year are discussed and monitored by committee members of the employee welfare committee every three month in their meetings, providing positive stabilizing effect to employees' mental state.

(2) To encourage employees to enrich their professional knowledge and skills and improve work quality and efficiency, the Company has developed training management measures to support the Company's sustainable management and development. The education and training program includes internal and external training courses. The planning and implementation of education, training and continuing education programs are carried out in accordance with the different needs of units within the Company. There are internal group training sessions and participation in the external professional courses, and the details regarding the participation in the external professional training courses are described below:

Item	Total number of person	Total hours	Total cost
Training for new recruits	4	32	0
Professional competence training	115	654	57,850
Managerial skills training	79	420.5	50,460
General knowledge training	203	395	6,400
Total	401	1,501.5	114,710

The course expenses are supported by the Company, and there are a variety of external free professional courses of which employees are encouraged to attend.

(3) The Company has develop retirement, consolation and severance measures in accordance with the Labor Standards Act and the Labor Pension Act to offer employees with on-the-job and retirement benefits to appreciate their dedication in providing professional services.

(A) In terms of retirement measures:

a. For those who are eligible for the old pension plan, they may apply for retirement if they have reached the age of 55 and worked for more than 15 years, or have worked for more than 25 years or have reached the age of 60 and worked for more than 10 years. Pension benefits follow the Labor Standards Act and are based on the number of years of service tenure, and two base units are accrued for each year of service. But for the rest of the service years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company also has formed a Supervisory Committee of Labor Retirement Reserve and allocated an amount to the retirement reserve fund on a monthly basis.

b. For those who are eligible for the new pension plan, the Company allocated 6% of the salary based on the Scale Tables of Monthly Deposit for Labor Pension to the retirement reserve fund. Once the employees reach the age of 60, they may apply for withdrawal from the Bureau of Labor Insurance themselves.

(B) In terms of consolation measures:

If an employee dies of occupational injury or disease, the Company pays funeral subsidy equal to five months of average wage and a lump sum survivors compensation equal to forty months of average wage to his/her survivors. Condolence payment is given to those who die not of occupational injury or disease. Various amounts of condolence payment are given according to the circumstances.

(C) In terms of severance measures:

a. The issuance of severance is based on the service tenure. One month of average salary is given for every one year of service. For those who have not worked more than one year at the Company, the payment is at a prorated amount.

b. For those who select or are eligible for the new pension plan, the issuance of severance is based on the service tenure. Half month of average salary is given for every one year of service. For those who have not worked more than one year at the Company, the payment is at most limited to six months of average salary.

(4) Working environment and personal safety protection measures: For the purpose of ensuring the protection for working environment and employee safety, the Company has continuously implemented the following measures:

(A) Environmental protection work: The factory has a wastewater treatment equipment to discharge wastewater from the manufacturing processes to the treatment plant of the industrial park through an effluent.

(B) Employee personal safety and protection:

a. Establish procedures for safety and health self-inspection, machinery inspection and maintenance, education and training, health examination, emergency response and firefighting drills, workplace and work rules, work permit, contractor management, standard operations and others.

b. Conduct comprehensive safety check and testing once a year for high-risk machinery and equipment.

c. Set up rules for the use of occupational safety gears and equipment so employees can properly wear their personal protective equipment, ensuring their own safety.

d. Job site permit, fire permit, permit-required confined space, locking permit form for electrical work, work at heights permit and other types of safety permits to ensure workers' safety.

e. Establish standard operating safety procedures for workers to abide by.

f. Conduct on-site work audit for all workers at least once a day. Report immediately if deficiencies with the facilities, work or environment are found, and implement remedies and improvements.

g. Conduct training sessions for employees' professional skills and certification based on the annual education and training program and schedule.

h. Assign on-site operators to participate in on-the-job training for 3 to 6 hours in accordance with their job characteristics and conduct regular health examination.

(5) Regulation of employee conduct or formulation of ethical guidelines: The Company has formulated numerous employee management rules and regulations including work rules and Code of Ethical Conduct. All employees are required to sign a confidentiality agreement when reporting for duty. The Company strives to provide employees with a clear understanding of the rights and interests and relevant codes of conduct.◦

2. Any labor disputes or loss sustained as a result of labor disputes in the most recent fiscal year and up to February 28, 2021: None.

(II) Taichung Commercial Bank:

1. Employees' continuing education:

(1) The Company organizes training courses for various business operations (such as depository, credit issuance, wealth management and others). Qualified employees are selected to serve as lecturers to conduct internal training and education to help employees in their job planning and career development. In response to the ever-changing trends in the financial markets, employees are encouraged to learn the latest financial knowledge, product information, regulatory systems and markets to provide customer with quality and professional services. Employees are frequently assigned to participate in external training courses. In 2020, a total of 15,379 people were assigned to attend external courses.

(2) Conceived with the corporate philosophy of "We do our best for you", the Company has upgraded its belief to "Whole-hearted concern for a bright future" and makes service attitude and common courtesy an integral part of routine training. Through the professional code of conduct and legal education, the Company makes self-discipline and affection an integral part in customer reception so that each competent employee with integrity will be the foundation of the Company in sustainable development.

2. Employee Code of Conduct and Ethical Corporate Management Best Practice Principles:

Announced on the Company's internal port for all employees to inquire.

(1) All employees shall be law abiding and perform their duties with utmost effort.

(2) The principles of honesty, integrity, caution, diligence shall be duly observed by all and there shall be no arrogance, greed, luxury, unrestrained, loitering and gambling at the expense of the reputation of the Company. Be humble and courteous in treating the customers and efficient at work.

(3) All employees shall keep the information on the business of the Company, the customers and their transactions, and any other secretive activities in strict confidence, and shall not disclose to any third party. This code shall be applicable to employees who resigned or discharged from the Company.

(4) Employees shall not have transaction with current customers of the Company in lending and borrowing, or shall not act as guarantor or the subject of guarantee.

(5) Employees shall not act as guarantor under their occupational title.

(6) Employees shall not undertake any part-time work beyond the duties of the Company unless otherwise approved by the Company.

(7) Employees shall not run business homogenous to the operation of the Company, and shall not engage in any speculative works privately.

(8) Except in weekend and recognized holidays, employees shall report to duties in designated span of time, and shall be punctual and shall not leave their duties before the end of the working day. In addition, no employee may be absent from their duties without the approval of the supervisor.

3. Work environment and employees' personal safety protection measures:

Item	Contents
Entrance guard safety	1. A strict access control and monitoring system is available at all time. 2. Contract with the security company to maintain the safety of the office premises at nighttime and holidays. 3. Access to the police authority hotline for caution.
Maintenance and inspection of equipment	1. According to the Building Public Safety Inspection and Declaration Rules, the Company will commission the profession service provider to conduct the public safety inspection and report per two or four years. 2. According to Fire Act, the Company will outsource the fire inspection per year. 3. Proceed to the maintenance and inspection of company cars, high and low voltage electrical appliances, elevators, air-conditioners, water fountain machine, fire safety equipment and related equipment in accordance with applicable laws governing occupational safety and health.
Disaster prevention measures and response actions	The Company has defined the instructions to rescue disasters and reporting procedure for occupational accidents, such as "Disaster Urgent Response Action Manual", "Guidelines for Dealing with Important Contingencies", "Instructions to Safety Protection and Organization of Relevant Business Units", "Labor Safety and Health Automatic Inspection Plan", and "Instructions to Maintenance of Facility Safety", expressly defining the job responsibilities to be taken by the Company's staff before and after important events, such as force majeure and robbery, and also requiring the various business units to perform the robbery-proof drills and natural calamity.
Physical/mental health	1. The Company provides the in-service staff with the health inspection service per two years. 2. Working environment sanition: Smoking is banned in the business premises. Develop grievance filing procedures and the related penalty measures in accordance with the Sexual Harassment Prevention Act and Preventive Plan for Violations During Performance of Tasks. 3. Set up the inter-bank forum as the opinion exchange platform.
Insurance	Be enrolled in the labor insurance and health insurance programs pursuant to laws. In the case of any casualty, it is necessary to designate the dedicated personnel to safeguard evidence, contact the insurance company, work with the accidental liability insurance investigation conducted by the employer, filing of the claims and report to the competent authority.

4. Labor-management dispute

Counterpart	Descriptions	Status	Countermeasures and anticipated loss
Yang OO	Request payment of business performance bonus deference reserve, sales bonuses, and the rest of the retention money.	The mediation is not established.	Since the non-sustained mediation case (October 5, 2020), labor has filed no further lawsuits and the Company has not sustained any losses through compensation.

VI. Major contracts

* The Company

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Product Purc hase Agreement	Pan Asia Chemical Corporation	2020.7.1~ 2025.6.30	Ethylene Oxide Sale Agreement	The buyer shall not resell products purchased from seller
Product Purc hase Agreement	Pan Asia Chemical Corporation	2020.7.1~ 2025.6.30	Nonyl Phenol Sale Agreement	The buyer shall not resell products purchased from seller
Product Purc hase Agreement	Pan Asia Chemical Corporation	2020.7.1~ 2025.6.30	Contracts for the sale of pure water, electricity, steam, and nitrogen and wastewater treatment.	The buyer shall not resell products purchased from seller
Technical cooperation	SHELL RESEARCH LTD.	From 2003.12.4	Shell EO/EG Process Use License and Engineering Service Permit	Conferred rights shall not be transferred to third parties
Raw material supply	CPC Corporation, Taiwan	2020.1.1~ 2020.12.31	Ethylene & Methane Purchase Agreement	Limited to petrochemical industry
Technical cooperation	SHELL RESEARCH LTD.	From May 19, 2011	Shell EO/EG Process Use License and Engineering Service Permit	Conferred rights shall not be transferred to third parties
Product Purc hase Agreement	Air Liquide Far Eastern Ltd.	From July 29, 2011	Supply Contract for Oxygen and Nitrogen required for EG3 Plant	The buyer shall not resell products purchased from seller
Product Purc hase Agreement	ShinHsiung Natural Gas Co., Ltd.	2011.6.14~ 2021.6.13	Agreement for Installation of Natural Gas Pipeline and Purchase of Natural Gas	The buyer shall not resell products purchased from seller
Construction	EARTH POWER Co., Ltd.	From August 14, 2018	Sanchung Plant New Construction Project	Non-restriction clauses

* Consolidated companies

1. Pan Asia Chemical Corporation

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Distributor contract	Dong-Fang Trading Co., Ltd.	1. 2021.1.1~ 2021.12.31 2. Both parties may agree to priority renewal upon the expiration of the contract 3. The contract became effective in 1984	1. Distribute products 2. Quantity of distribution 3. Price of distribution 4. Sales region	Party B shall not deal the same type of, similar or competitive products from other manufacturers.
Distributor contract	Chin Yee Chemical Industries Co., Ltd.	1. 2021.1.1~ 2021.12.31 2. Both parties may agree to priority renewal upon the expiration of the contract 3. The contract became effective in 1984	1. Distribute products 2. Quantity of distribution 3. Price of distribution 4. Sales region	Party B shall not deal the same type of, similar or competitive products from other manufacturers.
Distributor contract	Yuan Jen Enterprises Co., Ltd.	1. 2021.1.1~ 2021.12.31 2. Both parties may agree to priority renewal upon the expiration of the contract 3. The contract became effective in 1984	1. Distribute products 2. Quantity of distribution 3. Price of distribution	Party B shall not deal the same type of, similar or competitive products from other manufacturers.

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
			4. Sales region	
Distributor contract	Bun Hong Trading Co., Ltd.	1. 2021.1.1~ 2021.12.31 2. Both parties may agree to priority renewal upon the expiration of the contract 3. The contract became effective in 1984	1. Distribute products 2. Quantity of distribution 3. Price of distribution 4. Sales region	Party B shall not deal the same type of, similar or competitive products from other manufacturers.
Purchase contract	China Man-Made Fiber Corporation	1. 2020.7.1~ 2025.6.30 2. Automatic extension for one year if both parties do not negotiate to terminate the contract upon the expiration of the contract period.	Purchase EO materials	In-house use, not for resale
Purchase contract	China Man-Made Fiber Corporation	1. 2020.7.1~ 2025.6.30 2. Automatic extension for one year if both parties do not negotiate to terminate the contract upon the expiration of the contract period.	Purchase NP materials	In-house use, not for resale

2. Taichung Commercial Bank

Major Agreements	Nature of agreement	Contracting Parties	Term of Agreement	Limitation Article
Labor service procurement contracts	Yu Hsiao-lan Architects Office	2016.1.05- Construction completed	Appointment of supervision and technical design services for the construction of the corporate headquarters new building	N/A
Engineering Purchase Agreement	Da-Cin Construction Co., Ltd. EARTH POWER Co., Ltd.	2019.03.29~ 2023.06.05	The construction of the new building for the corporate headquarters	N/A
Consultation contract	Ares International Corporation	2020.02.01~ 2021.01.31	SWIFT consultation service	N/A
Lease contract	AT&T Taiwan	2018.07.13~2021.07.13	SWIFT network equipment and lines	N/A
Maintenance contract	Mercuries Data Systems	2018.01.01~2020.12.31	Maintenance fee for ATMs and automatic passbook printers	N/A
Maintenance contract	NEC Taiwan Ltd.	2019.01.01~2023.12.31	Maintenance of interbank interface software	N/A
Maintenance contract	NEC Taiwan Ltd.	2019.01.01~2021.12.31	Remote backup support for foreign exchange server	N/A
Maintenance contract	NEC Taiwan Ltd.	2020.01.01~2020.12.31	Foreign exchange mainframe system update maintenance	N/A
Maintenance contract	NEC Taiwan Ltd.	107.03.21~2021.03.20	Internal cloud storage and equipment	N/A
Maintenance contract	NEC Taiwan Ltd.	107.09.15~2021.09.14	Maintenance for NX7700i host system	N/A
Service agreement	G4S Taiwan (Security)	2019.09.01~2021.08.31	Security guards at corporate headquarters	N/A
Service agreement	G4S Taiwan (Security)	2019.09.01~2021.08.31	Security guards at the banking locations	N/A
Service agreement	Leebao Security Co., Ltd.	2020.06.01~2021.05.31	Outsourced fund delivery	N/A
Service agreement	Leebao Security Co., Ltd. Anfeng Enterprise Co., Ltd.	2020.03.04~2022.03.03	ATM cash loading and problem elimination service	N/A
Service agreement	Transnational Group of Companies	2020.07.01~2022.06.30	Outsourced financial instruments and documents courier service	N/A
Property procurement contracts.	SYSTEX SOFTWARE & SERVICE CORPORATION	2020.05..22~2022.02.16	Expansion of cloud storage equipment and new remote backup plans.	N/A
Property procurement contracts.	SYSTEX SOFTWARE & SERVICE CORPORATION	2020.07.15~2020.11.12	Procurement of artificial intelligence and financial technology application system hardware.	N/A
Service agreement	Deloitte & Touche	2020.08.12~2021.08.11	Robotic Process Automation (RPA) consultancy services.	N/A
Service agreement	M-POWER INFORMATION CO., LTD.	2020.08.24~2021.08.23	Robotic Process Automation (RPA) rental services.	N/A

Six. Financial summary

I. Condensed balance sheets and statements of comprehensive income (consolidated information from different industries)

(I) Brief Balance Sheet

Unit: NTD thousand

Year Item		Financial information for the last five year				
		2016	2017	2018	2019	2020
Current assets		571,675,943	542,862,601	561,120,444	538,261,854	573,571,299
Property, plant and equipment (Note 1)		22,666,278	22,382,631	22,428,871	23,585,296	23,932,395
Intangible assets		207,861	190,332	192,246	181,823	246,491
Other assets (Note 1)		60,552,734	126,293,656	137,165,381	149,875,263	165,340,881
Total assets		655,102,816	691,729,220	720,906,942	711,904,236	763,091,066
Current liabilities	Before Distribution	582,502,077	611,282,167	641,141,266	631,868,016	678,322,996
	After Distribution (Note 2)	582,502,077	611,425,116	641,293,507	631,868,016	Note 2
Non-current liabilities		21,680,026	27,047,662	21,484,888	19,433,814	18,367,919
Total liabilities	Before Distribution	604,182,103	638,329,829	662,626,154	651,301,830	696,690,915
	After Distribution (Note 2)	604,182,103	638,472,778	662,778,395	651,301,830	Note 2
Equity of the parent company		20,015,021	20,928,980	22,413,508	22,003,763	22,998,010
Capital stock		14,294,934	14,294,934	15,224,105	16,213,672	16,213,672
Capital surplus		1,681,992	1,677,818	1,694,875	1,710,808	1,663,531
Retained earnings	Before Distribution	5,621,967	6,394,939	6,906,131	5,012,171	5,921,888
	After Distribution (Note 2)	5,621,967	6,251,990	6,753,890	5,012,171	Note 2
Other equity		(310,286)	(210,802)	(183,694)	295,021	335,721
Treasury stock		(1,273,586)	(1,227,909)	(1,227,909)	(1,227,909)	(1,136,802)
Non-controlling interest		30,905,692	32,470,411	35,867,280	38,598,643	43,402,141
Total equity	Before Distribution	50,920,713	53,399,391	58,280,788	60,602,406	66,400,151
	After Distribution (Note 2)	50,920,713	53,256,442	58,128,547	60,602,406	Note 2

Note 1: For those who have revaluation of assets in the current year, specify the revaluation date and the value of appreciation.

Note 2: The after distribution figures are filled in according to the resolution of the shareholders' meeting of the next year.

(II) Condensed statements of comprehensive income (consolidated information from different industries)

Unit: NTD thousand

Year / Item	Financial information for the last five year				
	2016	2017	2018	2019	2020
Income	33,221,334	37,038,326	41,549,187	35,732,022	30,816,399
Expenses	30,205,523	32,831,382	36,404,425	32,615,940	25,895,694
Business units in continuing operation Net profit before taxation	3,015,811	4,206,944	5,144,762	3,116,082	4,920,705
Income tax expenses	(564,057)	(743,253)	(735,127)	(535,258)	(891,997)
Net income or loss for current period	2,451,754	3,463,691	4,409,635	2,580,824	4,048,708
Current period other comprehensive income (post-tax profit or loss)	(524,372)	204,282	4,211	592,861	345,080
Current period other comprehensive income (Gross)	1,927,382	3,667,973	4,413,846	3,173,685	4,393,788
Net profit attributable to parent company	(204,094)	793,987	1,372,035	(729,764)	942,047
Net profit attributable to non-controlling interest	2,655,848	2,669,704	3,037,600	3,310,588	3,106,661
Total comprehensive income attributable to owners of the parent company	(286,373)	872,456	1,365,286	(273,437)	1,004,138
Comprehensive income, gross, attributable to non-controlling interest	2,213,755	2,795,517	3,048,560	3,447,122	3,389,650
Earnings per share	(0.18)	0.66	1.06	(0.57)	0.73

1-1 Condensed balance sheet and income statement (individual)

(1) Brief Balance Sheet

Unit: NTD thousand

Year Item		Financial information for the last five year				
		2016	2017	2018	2019	2020
Current assets		8,113,462	8,488,418	9,994,209	6,994,181	4,258,104
Property, plant and equipment (Note 1)		11,490,124	11,357,316	11,286,138	10,917,846	9,622,004
Intangible assets		8,967	45	9	0	0
Other assets (Note 1)		15,477,341	16,331,738	17,604,254	19,670,814	21,826,922
Total assets		35,089,894	36,177,517	38,884,610	37,582,841	35,707,030
Current liabilities	Before Distribution	7,231,337	7,737,033	10,597,605	10,592,837	8,730,398
	After dividend distribution (Note 2)	7,231,337	7,879,982	10,749,846	10,592,837	Note 2
Non-current liabilities		7,843,536	7,511,504	5,873,497	4,986,241	3,978,622
Total liabilities	Before Distribution	15,074,873	15,248,537	16,471,102	15,579,078	12,709,020
	After dividend distribution (Note 2)	15,074,873	15,391,486	16,623,343	15,579,078	Note 2
Equity of the parent company		20,015,021	20,928,980	22,413,508	22,003,763	22,998,010
Capital stock		14,294,934	14,294,934	15,224,105	16,213,672	16,213,672
Capital surplus		1,681,992	1,677,818	1,694,875	1,710,808	1,663,531
Retained earnings	Before Distribution	5,621,967	6,394,939	6,906,131	5,012,171	5,921,888
	After dividend distribution (Note 2)	5,621,967	6,251,990	6,753,890	5,012,171	Note 2
Other equity		(310,286)	(210,802)	(183,694)	295,021	335,721
Treasury stock		(1,273,586)	(1,227,909)	(1,227,909)	(1,227,909)	(1,136,802)
Total equity	Before Distribution	20,015,021	20,928,980	22,413,508	22,003,763	22,998,010
	After dividend distribution (Note 2)	20,015,021	20,786,031	22,261,267	22,003,763	Note 2

Note 1: For those who have revaluation of assets in the current year, specify the revaluation date and the value of appreciation.

Note 2: The “amount after distribution” in the preceding paragraph refers to the amount resolved in the shareholders’ meeting in the following year.

(II) Brief Income Statement

Unit: NT$ 1000 (except for the earnings per share)

Year Item	Financial information for the last five year				
	2016	2017	2018	2019	2020
Operating revenue	13,511,058	16,904,870	20,064,863	13,591,338	7,476,601
Gross profit	(692,164)	695,946	810,696	(1,677,345)	(1,618,381)
Operating gains and losses	(1,242,131)	48,866	56,391	(2,380,187)	(2,077,532)
Non-operating revenues and expenses	968,377	759,023	1,293,085	1,276,084	3,141,391
Net profit before taxation	(273,754)	807,889	1,349,476	(1,104,103)	1,063,859
Current year profit of continuing business units	(204,094)	793,987	1,372,035	(729,764)	942,047
gain(loss) from discontinued operations	0	0	0	0	0
Net income or loss for current period	(204,094)	793,987	1,372,035	(729,764)	942,047
Current period other comprehensive income (post-tax profit or loss)	(82,279)	78,469	(6,749)	456,327	62,091
Current period other comprehensive income (Gross)	(286,373)	872,456	1,365,286	(273,437)	1,004,138
Earnings per share	(0.18)	0.66	1.06	(0.57)	0.73

(III) Names and opinions of auditors:

Year	CPA	Audit opinions
2016	Oscar Shih, Jin-Yen Wang	Modified unqualified opinions
2017	Oscar Shih, Jin-Yen Wang	Unqualified opinion (Emphasis of matter or others)
2018	Oscar Shih, Wen-Ya Hsu	Unqualified opinion (Emphasis of matter or others)
2019	Wen-Ya Hsu, Oscar Shih	Unqualified opinion (Other information)
2020	Wen-Ya Hsu and Su-Huan Yu	Unqualified opinion (Other information)

II. Financial analysis for the latest 5 years

(I) Consolidated information from different industries

Analytical items / Year		Financial Analysis for the most recent five years				
		2016	2017	2018	2019	2020
Financial structure	Debt to assets ratio (%)	92.23	92.28	91.92	91.49	91.30
	Long-term fund to property, plant and equipment ratio	Note	Note	Note	Note	Note
Solvency	Current ratio (%)	Note	Note	Note	Note	Note
	Liquid ratio (%)	Note	Note	Note	Note	Note
	Interest coverage ratio	Note	Note	Note	Note	Note
Operating ability	Account receivable turnover (times)	Note	Note	Note	Note	Note
	Days sales in account receivable	Note	Note	Note	Note	Note
	Inventory turnover (times)	Note	Note	Note	Note	Note
	Average days in sales	Note	Note	Note	Note	Note
	Property, plant, and equipment turnover (times)	0.38	0.46	0.54	0.39	0.13
	Total assets turnover (times)	0.03	0.03	0.03	0.03	0.02
Profitability	Return on assets (%)	0.91	1.02	1.17	0.95	0.98
	Return on equity (%)	4.84	6.64	7.9	4.34	6.38
	Pre-tax income to paid-in capital (%)	21.10	29.43	33.79	19.22	30.35
	Net profit rate (%)	14.07	16.75	18.21	14.39	33.93
	Earnings per share (NTD)	(0.18)	0.66	1.06	(0.57)	0.73
Cash flow ratio	Cash flow ratio (%)	Note	Note	Note	Note	Note
	Cash flow adequacy ratio (%)	Note	Note	Note	Note	Note
	Cash flow reinvestment ratio (%)	Note	Note	Note	Note	Note
Leverage	Operating leverage	Note	Note	Note	Note	Note
	Financial leverage	Note	Note	Note	Note	Note

Reasons for the changes in the financial ratios in the past two years (increased or decreased by more than 20%):

1. Decreased real estate, plants, equipment turnover rates and total asset turnover rates compared to the previous period: due to decreased sales revenues of parent company China Man-Made Fiber Corporation.
2. Increased profitability compared to the previous period: due to profit from land sold by parent company China Man-Made Fiber Corporation.

Note: The consolidated statements of the Company are from the consolidation of different industries, and the ratio is not applicable to the financial industry.

1. Financial structure
   (1) Liabilities to total assets =Total liabilities/total assets.
   (2) Ratio of long-term capital to property, plant and equipment＝(Total equities＋noncurrent liabilities) /property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio＝(current assets－inventories－prepaid expense) /current liabilities
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating ability
   (1) Receivable (including accounts receivable and notes receivable arising from business operation) Turnover = Net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance
   (2) Days sales in account receivable = 365 / Account receivable turnover (times)
   (3) Inventory turnover (times) = Cost of goods sold / average inventory amount
   (4) Payable (including accounts payable and notes payable arising from business operation) Turnover = Cost of goods sold / Average payable (including accounts payable and notes payable arising from business operation) balance
   (5) Average days in sales = 365 / Inventory turnover (times)
   (6) Property, plant, and equipment turnover (times) = Net sales / Net average property, plant, and equipment
   (7) T Total assets turnover (times) = Net sales / Average total assets
4. Profitability
   (1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average asset balance.
   (2) Return on shareholders' equity = after tax net profit/ total average equity.
   (3) Profit ratio＝net income/net sales
   (4) Earnings per share＝(profits or loss attributable to owners of the parent company－preferred stock dividend) /weighted average stock shares issued）
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio=net cash flow from operating activities within five years/ (capital expenditure + inventory increase + cash dividend) within five years
   (3) Cash re-investment ratio＝(net cash flow from operating activity－cash dividend) /(gross property , plant, and equipment＋long-term investment＋other noncurrent assets ＋working capital)
6. Leverage:
   (1) Operating leverage = (Net operating revenue-variable operating costs and expenses)/Operating profit
   (2) Financial leverage = Operating profit / (Operating profit - interest expense)

(II) Individual information

Analytical items	Year	Financial Analysis for the most recent five years				
		2016	2017	2018	2019	2020
Financial structure	Debt to assets ratio (%)	42.96	42.15	42.36	41.45	35.59
	Ratio of long-term capital to property, plant and equipment (%)	242.46	250.42	250.63	247.21	280.36
Solvency	Current ratio (%)	112.20	109.71	94.31	66.03	48.77
	Liquid ratio (%)	81.95	75.90	65.04	49.23	33.56
	Interest coverage ratio	(0.57)	5.83	9.09	(4.92)	7.14
Operating ability	Account receivable turnover (times)	7.15	8.38	8.20	6.00	5.68
	Days sales in account receivable	51.05	43.56	44.51	60.83	64.26
	Inventory turnover (times)	12.22	11.38	9.68	8.79	9.08
	Account payable turnover (times)	9.20	9.47	10.43	10.23	9.94
	Average days in sales	29.88	32.07	37.72	41.51	40.21
	Property, plant, and equipment turnover (times)	1.16	1.48	1.77	1.22	0.73
	Total assets turnover (times)	0.39	0.47	0.53	0.36	0.2
Profitability	Return on assets (%)	(0.17)	2.62	4.01	(1.52)	2.95
	Return on equity (%)	(1.01)	3.88	6.33	(3.29)	4.19
	Pre-tax profits to paid-up capital ratio (%)	(1.92)	5.65	8.86	(6.81)	6.56
	Net profit rate (%)	(1.51)	4.7	6.84	(5.37)	12.6
	Earnings per share (NTD)	(0.18)	0.66	1.06	(0.57)	0.73
Cash flow ratio	Cash flow ratio (%)	(9.4)	2.54	1.55	4.06	(0.37)
	Cash flow adequacy ratio (%)	45.83	54.23	40.81	42.20	1.95
	Cash flow reinvestment ratio (%)	(2.8)	0.64	0.08	1.41	(0.11)
Leverage	Operating leverage	0.1	24.04	20.12	Note	Note
	Financial leverage	0.88	(0.41)	(0.51)	Note	Note

Reasons for the changes in the financial ratios in the past two years (increased or decreased by more than 20%):

1. Decreased current ratio and quick ratio: This can mainly be attributed to a substantial decrease in cash, cash equivalents, and financial assets measured at fair value through profit or loss (FVTPL) – quick assets such as current, accounts receivable, and negotiable instruments.
2. Interest coverage ratios, return on assets, return on equity, ratio of pre-tax income to paid-in capital, net profit ratio and earnings increased compared to the previous period: due to profit from land sold.
3. Decreased cash flow ratio, cash re-investment ratio, and cash flow adequacy ratio compared to the previous period: This can mainly be attributed to a decrease in inventories and accounts receivable compared to the previous period, which in turn resulted in increased cash inflow through business activities compared to the previous period.

Note: Operating profits were negative in this period

The financial analysis formulas are as follows:

1. Financial structure
    (1) Liabilities to total assets =Total liabilities/total assets.
    (2) Ratio of long-term capital to property, plant and equipment＝(Total equities＋noncurrent liabilities) /property, plant and equipment.
2. Solvency
    (1) Current ratio = current assets / current liabilities.
    (2) Quick ratio＝(current assets－inventories－prepaid expense) /current liabilities
    (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating ability
    (1) Receivable (including accounts receivable and notes receivable arising from business operation) Turnover = Net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance
    (2) Days sales in account receivable = 365 / Account receivable turnover (times)
    (3) Inventory turnover (times) = Cost of goods sold / average inventory amount
    (4) Payable (including accounts payable and notes payable arising from business operation) Turnover = Cost of goods sold / Average payable (including accounts payable and notes payable arising from business operation) balance
    (5) Average days in sales = 365 / Inventory turnover (times)
    (6) Property, plant, and equipment turnover (times) = Net sales / Net average property, plant, and equipment
    (7) T Total assets turnover (times) = Net sales / Average total assets
4. Profitability
    (1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average asset balance.
    (2) Return on shareholders' equity = after tax net profit/ total average equity.
    (3) Profit ratio＝net income/net sales
    (4) Earnings per share＝(profits or loss attributable to owners of the parent company－preferred stock dividend) /weighted average stock shares issued）
5. Cash flow
    (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
    (2) Cash flow adequacy ratio=net cash flow from operating activities within five years/ (capital expenditure + inventory increase + cash dividend) within five years
    (3) Cash re-investment ratio＝(net cash flow from operating activity－cash dividend) /(gross property , plant, and equipment＋long-term investment＋other noncurrent assets ＋working capital)
6. Leverage:
    (1) Operating leverage = (Net operating revenue-variable operating costs and expenses)/Operating profit
    (2) Financial leverage = Operating profit / (Operating profit - interest expense)

III. Audit Committee' Review Report

Audit Committee' Review Report

The board of directors has submitted the Company's 2020 business and financial reports (including the consolidated financial reports) and profit distribution table. Among them, the financial reports (including the consolidated financial reports) have been audited and validated by the certified public accounts, Wen-Ya Hsu and Su-Huan Yu, of Deloitte Taiwan. The reports are to be presented in accordance with Article 14-4 of the Securities and Exchange Act.

To:

The 2021 Annual General Shareholders' Meeting

Audit Committee

Convener: Te-Wei Li

March 15, 2021

IV. Auditor's report, consolidated financial report and summary of notes for the most recent fiscal year

Independent Auditor’s Audit Report

To CHINA MAN-MADE FIBER CORPORATION:

Audit opinions

We have audited the accompanying consolidated balance sheet of China Man-Made Fiber Co., Ltd. and subsidiary as of December 31, 2020 and 2019, and the related consolidated statement of income, consolidated statement of changes in shareholders equity, consolidated statement of cash flows, and Note of the consolidated financial statements (including major accounting policy) for the years then ended.

In our opinion based on our audit results and the audit reports offered by other accountants (please refer to other sections), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of China Man-Made Fiber and subsidiaries as of December 31, 2020 and 2019, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance translated by Accounting Research and Development Foundation endorsed by the Financial Supervisory Commission with the effective dates.

The basis for opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of Chinese Gamer International Corporation in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the financial statements of China Man-Made Fiber Co., Ltd. and its subsidiaries, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matter that, in our professional judgment, were of most significant in our audit of the consolidated statements of China Man-Made Fiber Co., Ltd. and its subsidiaries in 2020. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Key audit procedures of the consolidated financial statements of China Man-Made Fiber Co., Ltd. and subsidiary in 2020 included:

Authenticity of specific sales revenue

Notes to key audit matters

During 2020, China Man-made Fiber Corporation and its subsidiaries received NT$2,552,415 thousand sales revenues from specific customers, accounting for 8.30% of the net individual sale revenues. Besides, sales revenues from such specific customers prove relatively higher in gross profit margins. Accordingly, the authenticity of sales income from such specific customers China Man-made Fiber Corporation and its subsidiaries is taken as the one of the very key points in audit.

Please refer to Note 4 (18) of the consolidated financial statements for the accounting policies on sales revenue recognition.

Audit response

1. Awareness of the design and implementation of the internal control system related to the recognition of sales revenues for China Man-made Fiber Corporation and its subsidiaries.
2. The efforts to obtain details of the sales revenues account for specific customers in Year 2020 and select samples to check the shipping-related forms and documents to test the authenticity of the sales facts.
3. Sampling inspection of the circumstances of sales returns and discounts and the collection after the periods to confirm the reasonableness of revenue recognition.

Assessment of the expected credit loss from discounting and advances.

Notes to key audit matters

As indicated in Notes 15 and 33(5) of the consolidated financial statements, for the net discounts and loans of China Man-made Fiber Corporation and its subsidiaries at the end of Year 2020, the anticipated credit loss amortized in Year 2020 amounted to NT$456,541,322 thousand and NT$298,742 thousand, respectively, accounting for 59.83% of the total assets and 6.80% of comprehensive profit and/or loss, respectively, deemed as quite significant toward the overall consolidated financial statement. In addition, as stated in Note 5 of the Consolidated Financial Statement, China Man-Made Fiber Corporation and its subsidiaries consider major estimates and judgments of the management level including probability of default and loss given default when determining expected credit losses pursuant to decrees and ordinances of the competent authority. For these reasons, expected credit loss of discounts and loans to the customers are determined as key audit matters.

Regarding the accounting policies related to discounts and loans, the estimated credit loss, information linked up with accounting estimate and uncertainties in hypotheses, please refer to Notes 4 (15), 5, 15 and 33 (5) of the consolidated financial statements for details.

Audit response

1. Understand and test the internal control system adopted by the Company and its subsidiaries for assessing the expected credit loss from discounting and advances.
2. Sampling inspection of each individual recognition of major expected credit loss from discounting and advances of the Company and its subsidiaries, in order to evaluate the reasonableness of collateral value used for expected credit loss.
3. For the comprehensive evaluation of the expected credit loss adopted by the Company and its subsidiaries, understand and test key parameters used in the impairment model (probability of default and loss given default) in order to evaluate the reasonableness of the expected credit loss meeting the current experience and economic situation.
4. Review of conformity of appropriated amounts with relevant decrees and ordinances of the competent authority

Other information

The financial statements of investees included in the consolidated financial statements of the Company and its subsidiaries adopting the equity method have not been audited by us. They are audited by other accountants. Therefore, we refer to the audited reports of other accountants in expressing our opinions in the consolidated statement regarding the investments by equity method and subsidiaries, affiliates, joint ventures and other comprehensive gains and losses. The investments adopting the equity method in the other auditors' reports for years ended December 31, 2020 and 2019 are NT$1,103,434 thousand and NT$1,170,017 thousand, respectively. The gains and losses from subsidiaries, affiliates and joint ventures and other sources adopting the equity method in the other auditors' reports for 2020 and 2019 are NT$(48,143) thousand and NT$20,491 thousand, respectively. Meanwhile, certain information related to the re-investees' business disclosed under Note 48 of the consolidated financial statement is, as well, disclosed based on the audit reports of other certified public accountants.

China Man-made Fiber Corporation has duly prepared and compiled individual financial statements for the years 2020 and 2019 for which, we, the certified public accountant, have issued audit reports with unqualified opinion plus other matters ready for reference.

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

The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, and applicable IFRS, IAS,SIC, and IFRIC as recognized by the Financial Supervisory Commission, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements to be free from material misstatement whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of China Man-Made Fiber Co., Ltd. and its subsidiaries as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate China Man-Made Fiber Co., Ltd. and its subsidiaries or to create operations, or has no realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of China Man-Made Fiber Co., Ltd. and its subsidiaries.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the accounting principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design, and perform audit procedures responsive risks, and obtain evidence that is sufficient and

appropriate to provide a basis of 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 internal control effective in China Man-Made Fiber Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on China Man-Made Fiber Co., Ltd. and its subsidiaries and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause China Man-Made Fiber Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated statements, including related notes, whether the consolidated statements represent the underlying transactions and events in a matter that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information or the entities or business activities with China Man-Made Fiber Co., Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the China Man-Made Fiber Co., Ltd.; also, is responsible for forming an opinion on the audit of the China Man-Made Fiber Co., Ltd. and its subsidiaries.

We communicate with those in charge of 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 in charge of 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 in charge of governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of China Man-Made Fiber Co., Ltd. and its subsidiaries of 2020 and are therefore the key audit matters. We describe these matters in our auditor's 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 communications.

Deloitte & Touche
CPA: Hsu Wen-Ya

Accountant: Su-Huan Yu

Securities and Futures Commission
Approval No.
Tai-Tsai-Cheng (VI) No. 0920123784

Securities and Futures Commission
Approval No.
Tai-Tsai-Cheng (VI) No. 0920123784

March 15, 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

China Man-Made Fiber Corporation and subsidiary
Consolidated Balance Sheet
December 31, 2020 and 2019

Unit: NTD thousand

		December 31, 2020		December 31, 2019	
Code	Assets	Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4, 6 and 37)	$ 14,685,747	2	$ 14,544,223	2
1110	Due from Central Bank and lend to Banks (Note 7 and 38)	40,371,218	5	33,876,974	5
1120	Financial assets through profit and/or loss with measuring for the faire values-current (Note 4 and 8)	31,424,974	4	25,105,212	4
1180	Bonds and securities sold under repurchase agreements (Note 4 and 9)	12,773,121	2	10,256,716	2
1201	Notes receivable (Note 4, 10 and 38)	4,481,574	1	4,431,796	1
1202	Accounts receivable (Note 4 and 10)	7,153,647	1	8,417,137	1
1203	Other receivable (Note 4 and 10)	3,519,815	-	2,384,377	-
1260	Current income tax asset (Note 4 and 34)	11,316	-	14,469	-
1270	Inventory (Note 4 and 11)	1,148,814	-	1,541,484	-
1280	Prepaid (Note 12 and 37)	859,532	-	958,391	-
1290	Non-current Assets Held for Sale - net (Note 4, 13 and 38)	-	-	769,610	-
1320	Other current assets (Note 14 and 38)	600,219	-	563,131	-
1330	Notes discounted and loans – net (Note 4, 15 and 37)	456,541,322	60	435,398,334	61
11XX	Total current assets	573,571,299	75	538,261,854	76
	Non-Current assets				
1415	Financial assets at fair value through other comprehensive income- non-current (Note 4, 16 and 38)	44,023,907	6	34,696,587	5
1435	Financial assets on the basis of cost after amortization- non-current (Note 4, 17 and 38)	112,624,454	15	108,124,373	15
1470	Investment by equity method (Note 4, 19 and 38)	1,115,825	-	1,180,884	-
1500	Real estates, plant and equipment - net (Notes 4, 20 and 38)	23,932,395	3	23,585,296	4
1595	Right-of-use assets (Note 4 and 21)	1,258,364	-	1,128,396	-
1600	Real estate investments - net (Note 4, 22 and 38)	2,165,712	-	1,464,708	-
1700	Intangible assets – net (Note 4 and 23)	246,491	-	181,823	-
1800	Deferred income tax assets – net (Note 4 and 34)	1,451,906	-	1,469,409	-
1900	Other assets (Note 24 and 38)	2,700,713	1	1,810,906	-
14XX	Total non-current assets	189,519,767	25	173,642,382	24
1XXX	Total assets	$ 763,091,066	100	$ 711,904,236	100
Code	Liabilities and equity				
	Current liabilities				
2110	Short-term loans (Note 25 and 38)	$ 14,669,340	2	$ 14,115,769	2
2120	Short-term bills payable (Note 25)	3,586,753	1	3,041,803	-
2130	Bills and bonds sold under repurchase agreements (Note 4 and 26)	2,300,077	-	10,369,025	2
2140	Financial liabilities through profit and/or loss with measuring for the faire values-current (Note 4 and 8)	785,819	-	233,803	-
2190	Due to Central Bank and other banks (Note 27)	7,037,338	1	6,527,060	1
2201	Payable notes	5,891	-	25,343	-
2202	Accounts payable (Note 37)	1,066,494	-	1,363,938	-
2204	Other accounts payable (Note 28)	7,970,409	1	6,757,265	1
2310	Current income tax liability (Notes 4 and 34)	164,433	-	398,167	-
2330	Long-term liability due in one year or one business cycle (Note 25, 30 and 38)	3,428,288	1	5,342,955	1
2335	Lease liabilities – current (Note 4 and 21)	301,722	-	241,038	-
2350	Other current liabilities	817,741	-	416,595	-
2360	Customer deposits and remittances (Note 29 and 37)	636,188,691	83	583,035,255	82
21XX	Total of current liabilities	678,322,996	89	631,868,016	89
	Non-current liabilities				
2540	Bonds payable (Note 30 and 37)	9,990,000	1	9,990,000	1
2550	Long-term loans (Note 25 and 38)	4,114,374	1	5,450,168	1
2600	Liability reserve (Note 4 and 31)	1,711,388	-	1,610,808	-
2620	Deposits received	585,349	-	600,998	-
2625	Lease liabilities – non-current (Note 4 and 21)	832,712	-	754,957	-
2630	Deferred tax liabilities (Note 4 and 34)	1,021,567	-	1,021,567	-
2660	Other liabilities	112,529	-	5,316	-
25XX	Total non-current liability	18,367,919	2	19,433,814	2
2XXX	Total liabilities	696,690,915	91	651,301,830	91
	Equity of the parent company (Note 32)				
3110	Common stock capital	16,213,672	2	16,213,672	2
3210	Capital surplus	1,663,531	-	1,710,808	-
	Retained earnings				
3310	Legal reserve	855,476	-	855,476	-
3320	Special reserve	1,940,822	-	1,936,126	-
3330	Undistributed earnings	3,125,590	1	2,220,569	1
	Other equity				
3410	Exchange differences from the translation of financial statements of foreign operations	(116,241)	-	(86,995)	-
3425	Unrealized gain on financial assets at fair value through other comprehensive profit or loss	451,962	-	382,016	-
3500	Treasury stock (Note 4)	(1,136,802)	-	(1,227,909)	-
31XX	Total equity of the parent company	22,998,010	3	22,003,763	3
32XX	Non-controlling interest (Note 32)	43,402,141	6	38,598,643	6
3XXX	Total equity	66,400,151	9	60,602,406	9
4XXX	Total Liabilities and Equity	$ 763,091,066	100	$ 711,904,236	100

The notes attached shall constitute an integral part of this consolidated financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated March 15, 2021)

Chairman: Kuei-Hsien Wang Manager: Ming-Shang Chuang Accounting Supervisor: Kuo Hua Lin

China Man-Made Fiber Corporation and subsidiary
Consolidated Income Statement
January 1 to December 31, 2020 and 2020

Unit: NTD Thousand, except for earnings (losses) per share in NTD

Code		2020		2019	
		Amount	%	Amount	%
	Revenue (Note 4)				
4010	Interest revenues (Note 33 and 37)	$ 12,069,760	39	$ 13,455,005	38
4050	Income from handling fees (Note 33)	3,145,454	10	3,152,070	9
4060	Shareholding in the affiliated companies and joint ventures under the equity method (Note 19)	-	-	13,998	-
4090	Gain (loss) on financial assets and liabilities at fair value through profit and loss (Note 33)	46,575	-	717,379	2
4105	Realized gain on financial assets at fair value through other comprehensive profit or loss	84,263	-	7,606	-
4160	Net sales revenue (Note 37)	11,931,595	39	17,936,719	50
4210	Gain in disposal of real estate, plant buildings, equipment & facilities	-	-	447	-
4200	Capital gain from disposition of investment property (Note 22)	2,863,592	10	-	-
4255	Expected credit reversal benefit (Note 10, 16, 17 and 33)	76,275	-	10,863	-
4260	Exchange gain	231,314	1	200,438	-
4270	Other income (Note 33)	367,571	1	237,497	1
4XXX	Total revenue	30,816,399	100	35,732,022	100
	Expenses				
5010	Interest expenses (Note 33 and 37)	3,960,421	13	5,284,900	15
5060	Service charges (Note 33)	239,551	1	238,755	-
5080	Loss of affiliated companies and joint ventures under the equity method (Note 19)	$ 49,755	-	$ -	-
5090	Bad debt expense, commitment and guaranty reserve (Note 10, 15, 31 and 33)	519,032	2	615,474	2
5190	Cost of goods sold (Note 11 and 37)	12,525,643	41	18,600,578	52
5230	Operating expenses (Note 31 and 33)	7,876,063	25	7,851,471	22
5250	Losses from disposal of property or equipment	20,876	-	-	-
5280	Impairment (Note 20 and 33)	605,359	2	-	-
5320	Other expenses (Note 33)	98,994	-	24,762	-
5XXX	Total expenses	25,895,694	84	32,615,940	91
6100	Net profit before taxation	4,920,705	16	3,116,082	9
6200	Income tax expenses (Note 4 and 34)	871,997	3	535,258	2
6500	Net income	4,048,708	13	2,580,824	7
	Other comprehensive profit or loss				
	The items that are not re-classified as profit or loss				
6611	Determined Benefit Plan Reevaluation (Note 4 and 31)	(51,956)	-	(155,059)	-
6617	Evaluation of the capital gain from equity instrument at fair value through comprehensive income statement as other comprehensive income	221,007	1	791,341	2
6625	The proportion of other comprehensive incomes from associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss	$ 1,105	-	$ 3,153	-
6649	Income tax related to titles without reclassification (Notes 4 and 34)	2,985	-	11,773	-
6610		173,141	1	651,208	2
	Items that may be re-classified subsequently under profit or loss				
6651	Exchange differences from the translation of financial statements of foreign operations	(95,418)	(1)	(105,314)	-
6659	Capital gain of debts instrument at fair value through comprehensive income statement as other comprehensive income	264,206	1	50,117	-
6689	Income tax related to items possibly be reclassified	3,151	-	(3,150)	-
6650		171,939	-	(58,347)	-
6600	Other comprehensive income (post-tax profit or loss)	345,080	1	592,861	2
6700	Total amount of comprehensive income of the current year	$ 4,393,788	14	$ 3,173,685	9
	Profit (loss) attributable to:				
6810	Owners of parent	$ 942,047	3	($ 729,764)	(2)
6820	Non-controlling interest	3,106,661	10	3,310,588	9
6800		$ 4,048,708	13	$ 2,580,824	7
	The total comprehensive income belongs to				
6910	Owners of parent	$ 1,004,138	3	($ 273,437)	(1)
6920	Non-controlling interest	3,389,650	11	3,447,122	10
6900		$ 4,393,788	14	$ 3,173,685	9
	Earnings (losses) per share (Note 35)				
7000	Basic earnings per share (losses)	$ 0.73		($ 0.57)	
7100	Diluted earnings per share (losses)	$ 0.73		($ 0.57)	

The notes attached shall constitute an integral part of this consolidated financial statement.

(Refer to Auditor's Report presented by Deloitte & Touche dated March 15, 2021)

Chairman: Kuei-Hsien Wang Manager: Ming-Shang Chuang Accounting Supervisor: Kuo Hua Lin

China Man-Made Fiber Corporation and subsidiary
Consolidated Statements of Changes in Shareholders' Equity
January 1 to December 31, 2020 and 2020

Unit: NTD thousand

		Equity of the company										
		Capital stock		Retained earnings			Other equity					
Code		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	Treasury stock	Total	Non-controlling interest	Total equity
A1	Balance as of January 1, 2019	$ 15,224,105	$ 1,694,875	$ 718,272	$ 1,956,409	$ 4,231,450	($ 54,591)	($ 129,103)	($ 1,227,909)	$ 22,413,508	$ 35,867,280	$ 58,280,788
	The 2018 appropriation and distribution of earnings											
B1	Legal reserve appropriated	-	-	137,204	-	(137,204)	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(152,241)	-	-	-	(152,241)	-	(152,241)
B9	Stock dividends	989,567	-	-	-	(989,567)	-	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	(20,283)	20,283	-	-	-	-	-	-
D1	Net income (loss) in 2019	-	-	-	-	(729,764)	-	-	-	(729,764)	3,310,588	2,580,824
D3	Other comprehensive net income in 2019	-	-	-	-	(33,250)	(32,404)	521,981	-	456,327	136,534	592,861
D5	Total comprehensive profit and loss in 2019	-	-	-	-	(763,014)	(32,404)	521,981	-	(273,437)	3,447,122	3,173,685
M1	Dividends distributed to the subsidiaries adjusted to the additional paid-in capital	-	15,933	-	-	-	-	-	-	15,933	15,146	31,079
Q1	Equity instrument at fair value through other comprehensive income statement	-	-	-	-	10,862	-	(10,862)	-	-	-	-
O1	Increase/ decrease in Non-controlling interest (Note 32)	-	-	-	-	-	-	-	-	-	(730,905)	(730,905)
Z1	Balance as of December 31, 2019	16,213,672	1,710,808	855,476	1,936,126	2,220,569	(86,995)	382,016	(1,227,909)	22,003,763	38,598,643	60,602,406
	The 2019 appropriation and distribution of earnings											
B1	Legal reserve appropriated	-	-	-	-	-	-	-	-	-	-	-
B3	Special reserve appropriated	-	-	-	4,696	(4,696)	-	-	-	-	-	-
C7	Changes of the associates and joint ventures recognized under the Equity Method	-	-	-	-	452	-	(1,208)	-	(756)	-	(756)
D1	109 Profit	-	-	-	-	942,047	-	-	-	942,047	3,106,661	4,048,708
D3	Other comprehensive net income in 2020 (after tax)	-	-	-	-	(15,146)	(29,246)	106,483	-	62,091	282,989	345,080
D5	Total comprehensive profit and loss in 2020	-	-	-	-	926,901	(29,246)	106,483	-	1,004,138	3,389,650	4,393,788
L1	Repurchase of treasury stock	-	-	-	-	-	-	-	(1,745)	(1,745)	-	(1,745)
M5	The differences between carrying amount and market price of acquisition or disposal of shares in subsidiaries (Note 36)	-	(6,270)	-	-	(47,133)	-	-	92,852	39,449	131,778	171,227
M7	Changes in the ownership equity on a subsidiary	-	(41,007)	-	-	(5,832)	-	-	-	(46,839)	-	(46,839)
O1	Increase/ decrease in Non-controlling interest (Note 32)	-	-	-	-	-	-	-	-	-	1,282,070	1,282,070
Q1	Equity instrument at fair value through other comprehensive income statement	-	-	-	-	35,329	-	(35,329)	-	-	-	-
Z1	Balance as of December 31, 2020	$ 16,213,672	$ 1,663,531	$ 855,476	$ 1,940,822	$ 3,125,590	($ 116,241)	$ 451,962	($ 1,136,802)	$ 22,998,010	$ 43,402,141	$ 66,400,151

The notes attached shall constitute an integral part of this consolidated financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated March 15, 2021)

Chairman: Kuei-Hsien Wang

Manager: Ming-Shang Chuang

Accounting Supervisor: Kuo Hua Lin

China Man-Made Fiber Corporation and subsidiary
Consolidated Statements of Cash Flow
January 1 to December 31, 2020 and 2020

Unit: NTD thousand

Code		2020	2019
	Cash flow from operating activities		
A00010	Income before tax from continuing operations	$ 4,920,705	$ 3,116,082
	Profits and loss		
A20100	Depreciation expenses	1,255,337	1,237,905
A20200	Amortization expenses	59,138	52,488
A20300	Expected credit impairment loss	441,393	604,611
A20400	Gain (loss) on financial assets and liabilities at fair value through profit and loss	(46,575)	(717,379)
A20900	Interest expenses	3,960,421	5,284,900
A21200	Interest revenue	(12,069,760)	(13,455,005)
A21300	Dividend income	(149,450)	(133,539)
A21800	Net change in other provisions for liabilities	1,364	(12,000)
A22300	Loss (gain) of affiliated companies and joint ventures under the equity method	49,755	(13,998)
A22500	Loss (gain) on disposal and scrapping of property, plant and equipment	20,876	(447)
A22700	Capital gain from disposition of investment property	(2,863,592)	-
A23100	Capital gain of instrument investments measured at fair value through other comprehensive income	(84,263)	(7,606)
A23700	Loss in impairment of non-financial assets	605,359	-
A24100	Unrealized foreign currency exchange loss	1,319,878	524,497
A29900	Termination of lease profits	(1,184)	(1,130)
	Net change in operating assets and liabilities		
A91110	Due from Central Bank and lend to Banks	(1,452,847)	132,740
A91120	Financial assets at fair value through profit and loss	(5,425,284)	3,868,985
A91190	Accounts receivable	(145,945)	683,555
A91250	Inventory	392,670	1,147,550
A91260	Prepayments	85,810	72,736
A91280	Other current assets	14,301	(7,804)
A91290	Discounts and loans	(21,387,413)	16,703,241
A91320	Other financial assets	740	837
A92110	Bills and bonds sold under repurchase agreements	(8,068,948)	464,558
A92120	Financial liabilities at fair value through profit and loss	(295,887)	(779,460)
A92150	Due to Central Bank and other banks	510,278	3,148,308
A92160	Payables	1,035,429	(6,740,475)
A92280	Other current liabilities	401,113	(21,730)
A92290	Customer deposits and remittances	53,153,436	(4,685,651)
A92330	Other financial liabilities	107,246	(2,127)
A92300	Increase in liability reserve	64,908	-
A92310	Employee benefit liabilities reserve	(78,578)	(154,206)
A33000	Cash inflow from operating activities	16,330,431	10,310,436
A33100	Interest received	12,437,273	13,813,182
A33200	Dividends received	167,891	212,971
A33300	Interest payment	(4,099,602)	(5,373,790)
A33500	Income tax payment	(1,088,066)	(949,472)
AAAA	Net cash inflow from operating activities	23,747,927	18,013,327
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive profit or loss	(15,564,275)	(7,773,132)
B00020	Disposal of financial assets at fair value through other comprehensive profit or loss	6,608,047	4,856,999
B00040	Financial assets acquired on the basis of cost after amortization	(793,961,984)	(753,231,971)
B00060	Held-to-maturity financial assets based on cost after amortization	787,997,560	744,915,247
B01800	Acquisition of investment under the equity method	-	(1,386)
B02700	Acquisition of property, plant and equipment	(2,466,991)	(2,170,807)
B02800	Disposal of property, plant and equipment	29,358	32,572
B03700	Increase in refundable deposits	(500,197)	(26,854)
B04500	Acquisition of Intangible assets	(110,317)	(41,520)
B05400	Acquisition of investment property	(264,388)	(136,785)
B05500	Disposition of investment property	3,668,277	-
B06800	Decrease (increase) in other assets	(314,110)	15,788
B09900	Decrease (increase) in restricted assets	(51,389)	62,422
BBBB	Net cash outflow from investing activities	(14,930,409)	(13,499,427)
	Net cash outflow from financing activities		
C00100	Increase (decrease) in short-term loans	553,571	(451,420)
C00500	Increase in short-term notes payable	544,950	684,099

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Code		2020	2019
C01500	Repayment of financial bonds	($ 2,500,000)	($ 6,000,000)
C01600	Proceeds from long-term loan	7,838,828	6,390,000
C01700	Re-payments of long-term borrowings	(8,589,289)	(5,055,688)
C03000	Increase in deposits received	-	15,483
C03100	Decrease in guarantee deposits	(15,649)	-
C04020	Payment of principal element of lease liabilities	(256,761)	(238,099)
C04500	Cash dividend released	-	(121,162)
C04900	Cost of treasury stock repurchase	(1,745)	-
C05500	Proceeds from disposal of partial interest in a subsidiary	171,227	-
C05800	Change in non-controlling interest	1,235,231	(730,905)
CCCC	Net cash outflow from financing activities	(1,019,637)	(5,507,692)
DDDD	Impact of changes in exchange rate on cash and cash equivalents	(98,555)	(105,282)
EEEE	Increase (decrease) in current cash and cash equivalents	7,699,326	(1,099,074)
E00100	Balance of cash and cash equivalents, beginning of period	41,526,021	42,625,095
E00200	Balance of cash and cash equivalent, end of period	$ 49,225,347	$ 41,526,021

Ending cash and cash equivalents adjustment

Code		December 31, 2020	December 31, 2019
E00210	Cash and cash equivalents on the balance sheet	$ 14,685,747	$ 14,544,223
E00220	The "Due from Central Bank and Banks" in compliance with the definition of cash and cash equivalents under IAS 7	21,766,479	16,725,082
E00230	The "bonds and securities sold under repurchase agreements" that meet the definitions of cash and cash equivalents under IAS 7	12,773,121	10,256,716
E00200	Balance of cash and cash equivalent, end of period	$ 49,225,347	$ 41,526,021

The notes attached shall constitute an integral part of this consolidated financial statement.

(Refer to Auditor's Report presented by Deloitte & Touche dated March 15, 2021)

Chairman: Kuei-Hsien Wang Manager: Ming-Shang Chuang Accounting Supervisor: Kuo Hua Lin

Notes to consolidated financial statement

January 1 to December 31, 2020 and 2020
(In Thousands of New Taiwan Dollars, Unless Otherwise Noted)

1. Company Profile
   (1) China Man-made Fiber Corporation (hereinafter referred to as the Company or CMFC) was founded on May 11, 1955 in accordance with the Company Act and other related regulations. The Company was approved to be traded on the TWSE on December 2, 1963. Over the years after several rounds of increase and decrease in cash capital, the paid-in capital as of December 31, 2019 is NT$16,213,672 thousand.
   (2) CMFC's main businesses are:
      1. Manufacturing, processing and buying and selling of man-made fiber, cellophane, polyamine fiber, polyester fiber, chemicals and the raw materials.
      2. Development, manufacturing and buying and selling of machinery used for the above products.
      3. Manufacturing and buying and selling of ethylene glycol, ethylene oxide, nonylphenol, ethylene, liquefied petroleum gas and the related petrochemical industry products.
      4. Lease and sale of national housing and commercial buildings constructed by commissioned contractors;
      5. Distribution, sorting and storage of various products.
      6. Management of supermarkets, trading of fresh foods, vegetables, fish, dried merchandise and various seasonings;
      7. Manufacturing and sales of steam and industrial and commercial electricity by cogeneration (electricity shall not be sold to energy users).
      8. Agency, distribution and contract bidding for installation of cogeneration and pollution control equipment.
      9. Manufacturing and sales of oxygen, liquid oxygen, nitrogen, liquid nitrogen, air argon, liquid argon, carbon dioxide and compressed air.
      10. Gas station.
   (3) The consolidated financial statements are presented in the Company’s functional currency – New Taiwan Dollar.
2. Financial reporting date and procedures

   The Board of Directors approved the consolidated financial statements for publication on March 15, 2021.
3. Application of new and revised standards and interpretation
   (1) The Company has applied the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) Interpretations (abbreviated collectively as “IFRSs”) endorsed and published by the Financial Supervisory Commission (abbreviated as “the FSC” in the following context) for the first time .

   Other than the explanations below, it is applicable for the amended IFRSs recognized by the Financial Supervisory Commission, R.O.C. (Taiwan) and promulgated to take effect, which will not cause major changes in the consolidated company’s accounting policy.
      1. Amendment to “Definition of a business” in IFRS 3

         This amendment is applicable for the consolidated company’s transactions taking place after January 1, 2020. This amendment regulates that the input and major processes should be at least included. Both jointly render major contribution on generating output capacity. Determine if “the acquisition process” is major will depend on whether there is output on the day, which may give rise to different determination elements. In addition, a concentration test was added to evaluate whether activities and asset portfolios obtained are in line with a simplified way of business. It is available for use at the discretion of enterprises.
      2. Amendments to IAS 1 and IAS 8 “Definition of Materiality”

         The amendment shall be applicable for the Company beginning January 1, 2020. The threshold of materiality has been changed to “reasonably expected to affect users.” The disclosure of individual financial statements has been adjusted, and insignificant information that may obscure major information has been deleted.

3. IFRS 16 amended "COVID-19 related rental reductions."

The consolidated company has selected practical expedients to which the amendment is applicable to conduct a directly COVID-19 related rental negotiation with the lessor. See Note 4 for related accounting policies. Before the amendment shall be deemed applicable, the consolidated company should determine if the above-mentioned rental negotiation is applicable for the rental modification requirements.

The amendment shall be applicable to the Company beginning January 1, 2020. Since the above-mentioned negotiation only affected 2020. The retrospective application of the revision shall not affect the retained earnings on January 1, 2020.

(2) The Applicable IFRS endorsed by the Financial Supervisory Commission (hereinafter referred to as the "FSC") in 110

The new / amended / revised standards or interpretation	Effective Date per IASB
The IFRS 4 amended "Extension of temporary exemption applicable for IFRS 9" shall be effective	beginning the date of release.
IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 amended "Change in interest rate indicators-second stage."	Effective beginning the annual reporting period commenced after January 1, 2021.

As of the release date of the consolidated financial report, the consolidated company continues to evaluate the impact on the financial position and performance from the abovementioned standards and interpretations, and the relevant impacts will be disclosed when the evaluation is completed.

(3) The IFRSs released by the IASB but not yet approved and announcement effective by the Financial Supervisory Commission

The new / amended / revised standards or interpretation	IASB publication effective date (Note 1)
"2018 – 2020 annual improvement"	January 1, 2022 (Note 2)
IFRS 3 amended "Updated index of conceptual framework."	January 1, 2022 (Note 3)
Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and Investment in Associates".	Undefined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
IAS 1 amended "Disclosure of accounting policies."	January 1, 2023 (Note 6)
IAS 8 amended "Definition of accounting estimations."	January 1, 2023 (Note 7)
IAS 16 amended "Real estate and plants and equipment: reaching the price before the scheduled use status."	January 1, 2022 (Note 4)
IAS 37 amended "Onerous contracts-cost for contract fulfillment."	January 1, 2022 (Note 5)

Note 1: Unless otherwise stated, the aforementioned new / revised / amended standards or interpretations become effective in the year after the respective date stated.

Note 2: IFRS 9 amended is applicable for financial liability exchange or clause modifications during the annual report period after January 1, 2022; IAS 41 amended "Agriculture" is applicable for the fair value measurement commenced during the annual reporting period after January 1, 2022; IFRS 1 The IFRSs amended for the first time is applicable for the annual reporting period after January 1, 2022.

Note 3: This amendment is applicable for enterprise mergers whose acquisition date is after January 1, 2022 during the annual reporting period.

Note 4: This amendment is applicable for plants, real estate, and equipment whose venue and status necessarily reaching the management level's expected operational methods only after January 1, 2021.

Note 5: This amendment is applicable for contracts whose obligations have not yet been fulfilled on January 1, 2022.

Note 6: This amendment is applicable for annual reporting period extension commenced after January 1, 2023.

Note 7: This amendment is applicable for changes in accounting estimation and accounting policy occurring during the annual reporting period after January 1, 2023.

IAS 1 amended "Disclosure of accounting policies."

The amendment stipulates that the consolidated company decide major accounting policy information to be disclosed in accordance with major definitions. If the accounting policy information can be reasonably expected to affect the main users of financial statements for general purpose who use the said financial statements as the basis for making decisions. Amendment and Clarification:

- Policy accounting information not related to major transactions or other matters or situations, the said information is considered not major. If that is the case, the consolidated company needs not disclose such information.
- The consolidated company may determine related accounting policy information as major due to the nature of transactions or other matters or situations. The same shall apply even if the amount is insignificant.
- All accounting policy information not related to major transactions, other matters, or situations is considered major.

In addition, the amendment also cites examples to explain if the accounting policy information is related to major transactions or others matters or situations and that the following situations occur, the said information may be considered major:

1. The consolidated company has changed its accounting policy during the reporting period, and the change will lead to major changes in information in the financial statement.
2. The consolidated company shall select a suitable accounting policy among the options allowed in the standards.
3. Due to a lack of regulations in the specific standards, the consolidated company shall establish accounting policies in accordance with IAS8 "Accounting Policy, Accounting Estimated Changes and Errors."
4. The consolidated company discloses its need for relevant accounting policies to make major judgements and assumptions; or
5. involves complex accounting disposal regulations and financial statement users' dependence on information on the said information to understand major transactions, or other matters or situations.

As of the release date of the consolidated financial report, the consolidated company continues to evaluate the impact on the financial position and performance from the other standards and interpretations, and the relevant impacts will be disclosed when the evaluation is completed.

4. Summary of important accounting policies

(1) Compliance Statement

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms and the IFRSs recognized by and declared effective by the FSC.

(2) Basis of preparation

Except for the financial instruments on the basis of fair value and the recognition of net defined benefit liabilities on the basis of the present value of net defined benefit obligation net of the fair value of planned assets, this consolidated financial statement was compiled on the basis of historical cost.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

(3) Current and non-current assets and liabilities

Current assets including:

1. Assets held mainly for trading purpose;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (not including those that are limited to exchange or repay liabilities exceeding 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held for trading purposes;
2. The liabilities to be liquidated upon due within 12 months after the balance sheet date (those with long-term refinancing or payment term rearrangement completed from the balance sheet date to the financial reports approved and published date are also classified as current liabilities), and
3. Liabilities with the repayment deadline that cannot be unconditionally deferred to at least 12 months after the balance sheet date. Where the liabilities might be paid off at the discretion of the other party through the tools of the issuance equity, the classification would remain unaffected.

However, CMFC is engaged in construction projects through Taichung Commercial Bank and Taichung Bank Leasing, and the business cycle is longer than one year. Therefore, the assets and liabilities related to the business adopt the business cycle as the standard to be classified as current or non-current.

(4) Basis of consolidation

This consolidated financial statement contains the information of the financial statements of the Company and its controlled entities (subsidiaries).

The consolidated income statement includes the results of a subsidiary up to the date of disposal.

The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the consolidated company.

The transactions, account balances, income, expenses and losses among subsidiaries are written-off at the time of consolidation.

The non-controlling interests of the subsidiaries are expressed separately from the interests of the owners of the Company.

The comprehensive income was proportioned to the non-controlling interest.

The total comprehensive incomes of the subsidiaries were non-controlling interest attributed to the Company's owners and the non-controlling interest, to become the balance of loss even as the non-controlling interest.

Changes in the ownership equity on a subsidiary

When the changes of interest of the subsidiaries' ownership by the Consolidated Company do not lead to the loss of control, it is disposed of as interest transactions. The book value of the Consolidated Company and non-controlling interest has been adjusted to reflect the changes of the relative interest of subsidiaries. The differential between the adjustment amount of non-controlling interest and the fair value of consideration received is directly recognized as interest and belongs to the owner of the Company.

When the consolidated company loses its control of the subsidiary, the profit or loss from the disposal is the difference between the following two items: (1) The fair value of the consideration received and the total remaining investment at fair value of the former subsidiary at the date of control loss, and (2) The assets (including goodwill) and liabilities and the total carrying amount of the non-controlling interest at the date of control loss of the former subsidiary. With respect to all amounts related to the subsidiary recognized by the consolidated company in other comprehensive profit loss, the accounting treatment is the same basis on which the consolidated company directly disposes of assets or liabilities.

The fair value of the remaining investment to a former subsidiary at the date of control loss is the amount of investment in an associate company and joint venture on initial recognition.

Please refer to Note 18 for the details, shareholding ratio, and business operation of the subsidiaries.

(5) Foreign Currency

When preparing the financial statements of each business entity of the consolidated company, the transactions in currencies other than the functional currency (the currency of the primary economic environment in which the entity operates) of the respective business entity (foreign currency) should be translated into the functional currency in accordance with the exchange rate on the transaction day.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. Non-monetary items carried at fair value should be reported at the rate that existed when the fair values were determined. The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Exchange differences arising when monetary items are settled or when monetary items are translated at different rates are reported in profit or loss in the period, with the following exceptions.

With respect to the monetary items receivable or payable of foreign operations, the settlement is currently neither planned for foreseeable in the future (thus forming part of the reporting entity's net investment in a foreign operation). The exchange differences originally are recognized as other comprehensive income, and the disposal of net investment is re-classified from equity to income.

The exchange difference arising from the non-monetary assets or liabilities (such as, equity instruments) in foreign currency measured at fair value that are translated in accordance with the spot exchange rate at the balance sheet date is booked as a profit or loss. However, the exchange difference arising from the changes in fair value recognized as other comprehensive profit or loss should be booked in the “Other comprehensive profit or loss.”

When preparing the consolidated financial statements, the assets and liabilities of the consolidated company’s foreign operations should be translated into New Taiwan dollars in accordance with the exchange rate on the balance sheet date. Except for the translations at the exchange rate on the transaction date during a period which has sharp fluctuations, the other income and loss are translated at the the average exchange rate for the current period. The resulting exchange differences are recognized as other comprehensive income and are attributed to the owner of the Company and non-controlling interest.

(6) Bonds Purchased under Resell/Notes Issued under Repurchase Agreements

For underwritten bonds and securities that are sold under RP and RS agreements, recognize interest expense and interest income on the accrual basis between the purchase and sale dates and agreed RP and RS date; also, recognize RP (Debt) and bonds and securities sold under resell agreements between the sale and purchase dates.

(7) Inventory

Inventories include raw materials, supplies, work-in-progress, products contracted to be processed, finished goods and products. Inventory is valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. Inventory cost is determined by the weighted-average method.

The construction inventories were stated at the cost invested actually. The cost for available-for-sale housing and land was amortized based on weighted-average building coverage method, and stated at the lower of cost or net realizable value at the end of period.

(8) Investments in the affiliated company

The term “associate” as set forth herein denotes an enterprise, which has significant effect upon the Consolidated Company, but is not a subsidiary or a joint venture.

The Consolidated Company' adopts equity method for investment in associates. Under the equity method, investments in the affiliated companies were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the affiliated company and other comprehensive profit or loss by the consolidated company. Additionally, the change in the interests the Consolidated Company' holds in the associates was recognized *pro rata* to the shareholding percentages.

When associates issue new shares, if the Consolidated Company fails to subscribe stock share proportionally to their shareholding, resulting in changes in shareholding ratio and thus causing changes in net equity investment, the increase or decrease amount should be adjusted to the additional paid-in capital – recognizing changes in net equity of associates under the equity method and investment under equity method. If the Consolidated Company' did not subscribe to the new shares *pro rata* to the shareholding percentages and led to a decrease of the shareholding percentages subscribed to or obtained from the associate, nevertheless, the amount of other comprehensive income so recognized was reclassified *pro rata* to the decrease ratio in the associate. The accounting management was on the grounds same as the grounds the associate must comply with if it directly disposed assets or liabilities. If the aforementioned adjustment must be debited into capital reserve where the balance of capital reserve yielded by the investment in equity method, the difference was debited as retained earnings.

In the event that the Consolidated Company''s shares of loss in the associates equal to or exceed its equity in the associates (including the book value of investment in the associates in equity method and other long-term interest of the Consolidated Company' in the investment composition of the associates), the Consolidated Company' discontinued recognition of the further losses. The Consolidated Company' recognized extra losses and liabilities only in the event of occurrence of legal obligations, presumed obligations or within the scope that the Consolidated Company' had made payment on behalf of the associate.

When assessing impairment, the consolidated company has the overall book value (including goodwill) of the investment deemed as a single asset when comparing the recoverable amount and the book amount in order to conduct impairment testing. The recognized impairment loss is an integral part of the book amount of the investment. Any reversal of the impairment loss can be recognized within the range of the recoverable amount of the subsequently increased investment.

Besides, all relevant amounts relevant to the associates recognized in other comprehensive income were managed on the accounting grounds same as the grounds which it should comply with if the associates directly disposed the relevant assets or liabilities.

The profit or loss resulting from the countercurrent, downstream and side-stream transactions between the consolidated company and the affiliated company is recognized in the consolidated financial statement within the range that is irrelevant to the consolidated company's interest in the affiliated company.

(9) Property, plant and equipment

Real property, plant and equipment are recognized as costs, and they will be measured by the amount after the costs less the amount of accumulated depreciation and accumulated impairment afterwards.

Those real estate, plant buildings, equipment & facilities under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. Cost includes professional service fees and loan costs that qualify for capitalization. When such assets are completed and reach expected use status, such assets will be classified to proper items under real property, plant and equipment and the provision of depreciation shall begin.

Proprietary land is not depreciated.

The depreciation of each material part of real estate, plants, and equipment should be appropriated independently in accordance with the useful year and a straight-line method. The Consolidated Company shall at least inspect the estimated service life, residual value and depreciation method by the day of the end of each fiscal year and postpone the effect of applying estimated accounting changes.

In the case of delisting real estate, plants, and equipment, the difference between the net disposal price and the book value of the asset is recognized in profit or loss.

(10) Investment property

Investment property is the real property held for purpose of earning of rental income or appreciation or both. Investment property includes lands held at present without determination of future use.

Investment property is measured on the basis of initial cost (including transaction cost) and subsequent measurement shall be based on the subtraction of accumulated depreciations and accumulated impairment from cost.

The Consolidated Company has depreciation appropriated in accordance with the straight-line method

In removing investment property, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(11) Goodwill

Goodwill from business combination is recorded at acquisition cost and subsequently measured at cost less accumulated impairment.

For impairment test purposes, goodwill is allocated to each cash-generating unit that benefits from the synergy of a business combination.

In testing assets for impairment, the Company compares the carrying amounts of operating segments (CGUs with allocated goodwill) to their recoverable amounts on a yearly basis (or when impairment indicators exist). CGUs with allocated goodwill arisen from company combination in the current year should be tested for impairment before the end of the year. When the recoverable amount of CGUs is below the carrying amount, an impairment loss should be recognized to reduce first the carrying amount of goodwill of the CGU, and then the carrying amounts of other assets of the CGU proportionately. Any impairment loss should be directly recognized as loss in the current period. Subsequent reversal of impairment loss is not allowed.

On disposal of the relevant CGU, the amount attributable to goodwill is included in the determination of the gain or loss on disposal.

(12) Intangible assets

1. Acquired separately

   The intangible asset with limited useful life acquired separately was originally measured at cost and subsequently measured at cost, net of accumulated amortization and accumulated impairment losses. Intangible assets shall be subject to amortization under the straight-line method during its life span, and the estimation of life span, residual value and depreciation method shall be subject to review at least once a year and extend the effect of changes in applicable accounting policy. Intangible asset with indefinite useful lives is measured at cost net of accumulated impairment losses.

2. de-recognition

   In removing intangible assets, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(13) The impairment of real estate, plants and equipment, right-of-use assts, and intangible assets (except goodwill)

The consolidated company shall evaluate on each asset balance sheet date whether there are any signs showing possible impairment of real estate, plants and equipment, right-of-use assets, and intangible assets (except goodwill). If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the consolidated company is to estimate the recoverable amount of the respective cash-generating unit. The common asset is amortized to each cash-generating unit in accordance with a consistent and reasonable sharing basis.

The intangible asset with indefinite useful lives and not yet available for use should be tested for impairment at least annually or should be tested when there is an indication of impairment.

The recoverable amount is the fair value net of cost or the value in use whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

When the impairment loss was reversed subsequently, the book amount of the asset or cash-generating unit is increased to the adjusted recoverable amount, but the increased book amount may not exceed the book amount of the asset or cash-generating unit without recognizing the impairment loss in prior periods (net of amortization or depreciation). The reversed impairment loss is recognized in the profit or loss.

(14) Available-for-sale noncurrent assets

Noncurrent assets are classified as noncurrent assets held-for-sale if their carrying amount is mainly recovered through a sale rather than through usage. The non-current assets complying with the classification must be available for immediate sale in the current state and the probability of the sale must be highly likely. When the appropriate level of the management commits to sell the plan asset and the sale is expected to be completed within one year from the date of classification, the probability of the sale is highly likely.

The classified held-for-sale non-current asset is measured at book amount or fair value net of the selling cost whichever is lower and stop the appropriate depreciation for such assets.

(15) Financial instruments

When the consolidated company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the consolidated balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

1. Financial Assets

The customary transaction of financial assets is recognized and de-recognized in accordance with the trade date accounting. A customary transaction refers to the purchase or sale of financial assets and the delivery period is within the period prescribed by the regulations or customary market practice.

(1) Classification of measurement

The financial assets held by the consolidated company are financial assets at fair value through income statements, financial assets on the basis of cost after amortization, investment of debt instruments at fair value through other comprehensive income statements, and equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit and loss

Financial assets measured at fair value through profits or losses are financial assets that are mandatorily measured at fair value through profits or losses. Financial instruments designated at fair value through income statements included the investment of equity instruments not designated at fair value through other comprehensive income and those not conforming to the standard of debt instruments on the basis of cost after amortization or at fair value through other comprehensive income.

Through the measurement of profit and loss according to the fair value, the financial assets are measured according to the fair value. The remeasured dividends and interests generated from profit or loss shall be recognized as other income and interest income. The profit or loss remeasured is recognized as other profit and loss. Please refer to Note 41 for the determination of fair value.

B. Financial assets on the basis of cost after amortization

If the financial assets of the consolidated company met both of the following conditions, classify as financial assets on the basis of cost after amortization:

a. Financial assets held under particular mode of operation and the purpose of holding is for the collection of cash flow from contracts; and
b. Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Financial assets on the basis of cost after amortization (including cash and cash equivalents and accounts receivable on the basis of cost after amortization) shall be determined for the total book value under the effective interest rate method after the initial recognition net of the cost of any impairment after amortization for measurement. Any exchange gains or loss will be recognized as income.

Interest income will be the product of effective interest rate and total book value of financial assets except under the following two conditions:

a. The interest income of financial assets procured or initiated under credit impairment will be the product of the effective interest rate after credit adjustment and the cost of financial assets after amortization.

b. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents are time deposits within 3 months from the date of acquisition, with high liquidity, can be converted into cash with marginal risk on the change in value, and are used for the fulfillment of short-term commitment in cash settlement.

C. Debt instrument investments measured at fair value through other comprehensive income

if the investment of debt instruments by the consolidated company met both the two conditions below, classify as financial instruments at fair value through comprehensive income:

a. Financial assets held under the particular mode of operation and the purpose of holding being for collection of cash flow from contracts; and

b. Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Other investment of debt instruments at fair value through comprehensive income should be measured at fair value. Changes in the book value shall be recognized as income under the calculation of interest income under the effective interest rate method, and exchange gain and loss and impairment or reversal benefits shall be recognized as income. Other changes shall be recognized as other comprehensive income and reclassified as income at the disposition of investment.

D. Equity instrument investments measured at fair value through other comprehensive income

The consolidated company may make an irrevocable choice at the time of initial recognition for designating the investment of equity instruments not available-for-sale and not recognized by the acquirer under corporate merger and acquisition or with consideration at fair value through other comprehensive income for measurement.

The investment of equity instruments at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as income.

The dividend of the investment of equity instruments at fair value through other comprehensive income shall be recognized as income when the right of the consolidated company in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

Cash equivalents are time deposits within 3 months from the date of acquisition, with high liquidity, can be converted into cash with marginal risk on the change in value, and are used for the fulfillment of short-term commitment in cash settlement.

(2) Impairment of financial assets

The consolidated company shall, on each balance sheet day, evaluate the financial assets on the basis of cost after amortization on the basis of anticipated credit loss (including accounts receivable), the investment of debt instruments at fair value through other comprehensive income, and loss from receivable rents and impairment of contract assets.

Discounts and loans, accounts receivable and receivable rents shall be recognized for provisions for loss on the basis of anticipated credit loss within the perpetuity of the assets. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is, recognize for provision of anticipated credit risk within the perpetuity of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the perpetuity of the financial instruments means the expected loss of credit from the financial instruments within the perpetuity of these financial instruments.

Further to the aforementioned evaluation, refer to the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" for information on loan assets, and consider the financial position of the borrowers and any overdue accounts in principal or interest payments. In addition, evaluate the collaterals pledged for the security of the debts and the possibility of recovery of loan assets. As per the aforementioned requirements, non-performing assets shall be classified as loss, doubtful, substandard, special mentioned and normal by the status of the collaterals and the duration of delinquency. Appropriation of 100%, 50%, 10%, 2% and 1 % of the balances of the aforementioned loans as provision for loss shall be necessary. The aforementioned provision for loss shall be recognized in accordance with Letter Jin-Guan-Yin-Fa-Zi. No. 10010006830, which accounted for approximately 1% of the total loans. The appropriation for provision of property for loss shall be made at a ratio not falling below 1.5% as stated in Letter Jin-Guan-Yin-Guo-Zi. No. 10300329440, and appropriated at the higher amount of the aforementioned evaluation result and the ratio.

All impairment of financial assets is recognized through the reduction of the book value of the provisioned account. However, the provision for loss of investment of debt instruments at fair value through comprehensive income shall be recognized as other comprehensive income without the reduction of its book value.

(3) The de-recognition of financial assets

The consolidated company has financial assets de-recognized only when the contractual rights from the cash flows of a financial asset becomes invalid or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When financial assets measured at amortized cost are derecognized, the carrying amounts and collected considerations plus the difference between the sums of any cumulative gains or losses already recognized as other comprehensive income will be recognized as profit or loss. When particular debt instruments measured at fair value through comprehensive income is entirely removed, the total sum of any other accumulated gains or loss of the difference between book value and consideration recognized as other comprehensive income shall be recognized as income. When particular equity instruments measured at fair value through comprehensive income are entirely removed, the accumulated gains of loss shall be directly transferred to retained earnings without being classified as income.

2. Equity instruments

The debt and equity instruments issued by the consolidated company are classified as financial liabilities or equity pursuant to the contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments issued by the consolidated company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The Company's equity retrieved is debited or credited to the equity. The Company's equity purchased, sold, issued, or cancelled is not recognized in the profit or loss.

3. Financial Liabilities

(1) Subsequent measurement

All financial assets shall be measured under the effective interest rate method on the cost after amortization except under the following circumstances:

A. Financial liabilities at fair value through profit and loss

Financial liabilities measured at fair value through profit or loss includes held-for-sale.

Financial liabilities measured at fair value through profit or loss (FVTPL) are evaluated at fair value. Generated interest is recognized as financial costs. Other profits or losses generated by remeasurement are recognized as other gains and losses. Please refer to Note 41 for the determination of fair value.

B. Financial guarantee contract

The consolidated company issued financial guarantee contracts not at fair value through income statement with initial recognition to reflect provision for loss for anticipated credit impairment and the amount after amortization, whichever is higher.

(2) De-recognition of financial liabilities

When de-recognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

4. Derivatives

The derivative instruments signed by the consolidated company include forward foreign exchange contracts, currency swap contracts, and convertible bond asset swap contracts that are used to manage the interest rate and exchange rate risk of the consolidated company.

Upon signing the contracts, derivatives are recognized at fair value initially and then subsequently measured at fair value on the balance sheet date. The profit or loss resulting from the subsequent measurement is directly booked under the profit or loss. Then, the timing of recognizing the designated and effective hedging derivatives depends on the nature of the hedging relationship. When the fair value of the derivatives is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

Derivatives embedded in the master contract of the assets within the scope of IFRS 9 shall be classified on the basis of the overall contracts of the financial assets. If the derivatives are not embedded in the master contract of the assets within the scope of IFRS 9 (such as embedded in financial liabilities master contracts), and the embedded derivatives meet the definition of derivatives and the risks and characteristics of which are not closely associated with the risks and characteristics of the master contract and the omnibus contracts are not measured at fair value through income statement, such derivatives shall be construed as a unitary derivative.

(16) Liability reserve

The recognized liability reserve amount is with the risk and uncertainty of the obligation considered, and it is the optimum estimate of the expenditure required to settle the obligations on the balance sheet date. Provision for liabilities shall be measured based on the discount value of the estimated cash flow for the settlement of obligation.

(17) Treasury stock

Treasury stock was stated at cost and shown as a deduction in shareholders¡¦ equity when the Company repurchased the stock, while it was stated at fair value if it was donation accepted by the Company.

The gains resulting from disposal of the treasury stock, if any, were higher than the book value, the difference thereof was stated under “capital surplus - treasury stock”. If gains were lower than the book value, the difference should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, should be debited to retained earnings.

When the Company retired treasury stock, the treasury stock was written off, and against the “capital surplus – stock premium” and “capital stock” on a pro rata basis. When the book value of the treasury stock exceeded the total of the “capital stock” and “capital surplus-capital stock premium”, the difference was charged to capital surplus generated from the same class of treasury stock transactions and to retained earnings for any remaining amount. When the book value was lower than the total, the difference was credited to capital surplus arising from the same class of treasury stock transactions.

(18) Recognition of revenue

The consolidated company, after identifying the performance obligations, had the transaction price amortized to each performance obligation and recognized as income when the performance obligations were fulfilled.

Contracts of which the time interval between the transfer of goods or services and the consideration is less than one year shall not have its major financial components, such as transaction price, adjusted.

1. Sales of products

The revenue from product sales is recognized as revenue and accounts receivable by the consolidated company at the time when the customer have set the prices and the right-of-use and are responsible for the resales and bear the risks of obsolete products.

When the material is supplied for processing, the ownership of the processed product is not transferred; therefore, the income is not recognized when the material is supplied.

2. Interest revenue

The interest income generated from financial assets is recognized when the economic benefit is likely to flow to the consolidated company and the amount of income can be reliably measured. Dividend revenues are recognized by the outstanding capital by the passage of time and the applicable effective interest rate on a accrual basis.

For a single or a group of similar financial asset that is reduced due to impairment losses, the subsequently recognized interest income is calculated in accordance with the interest rate that is used for the discounting of future cash flow when measuring the impairment loss.

3. Labor service provided

Labor service income is recognized at the time the service is provided.

Revenues yielded by the labor services rendered in accordance with the contract were recognized based on the progress degrees set forth under the contract.

4. Service fees and commission income

With respect to fee income and expense on the provision of loans or other services, the consolidated company allocates the transaction price to each contract obligation when customers contracts recognize the obligation and then recognizes the income upon fulfilling each performance obligation. Contracts of which the time interval between the services and the consideration is less than one year shall not have its major financial components, such as transaction price, adjusted.

5. Dividend income

Dividend income from investments is recognized when the shareholders' right to receive payment is established; however, it is under the preconditions that the economic benefits associated with the transaction system are likely to flow into the consolidated company and the amount of revenues can be measured reliably.

(19) Leases

The Consolidated Company assesses whether or not the arrangement is (or includes) a lease arrangement on the agreement date

1. The consolidated company is the lessor

When the lease term is to have all risks and returns attached to the ownership of assets transferred to the lessee, it is classified as a financing lease. All other leases are classified as operating leases.

Lease payments associated with finance leases include fixed payments, in-substance fixed lease payments, and variable lease payments determined by indices or rates, guaranteed residual value, exercise price of purchase options exercised with reasonable assurance, lease termination penalties reflected in the lease period, deducted payable lease incentives. Net investment in a lease is measured based on the sum of the present values of receivable lease payments and unguaranteed residual value plus initial direct costs and shall be expressed as finance lease receivables. Financial revenue is amortized into each accounting period to reflect the consolidated company's fixed rate of return available for each respective period from the outstanding net lease investment.

Lease payments for operating leases upon deduction of lease incentives are recognized as income on a straight-line basis in relevant lease periods. Initial direct costs generated in the acquisition of operating leases are added to the underlying asset carrying amount and recognized as expenses on a straight-line basis in lease periods.

2. The consolidated company is the lessee

Except for recognizing low-value asset leases applying to exemption and lease payments for short-term leases being recognized as an expense on a straight-line basis over the lease term, other leases will be recognized as right-of-use assets and lease liabilities at lease commencement date.

The right-of-use asset is measured at cost (including the amount equal to the lease liability at its initial recognition, lease payments made before the commencement of the lease less any lease incentives received, any initial direct costs incurred by the lessee, and an estimate of costs to be incurred by the restoring the underlying asset to the condition required) less any depreciation and any accumulated impairment losses. Additionally, the cost is subsequently adjusted for any remeasurement of the lease liability. Right-of-use assets are separately presented on the Consolidated Balance Sheet.

The right-of-use assets were depreciated on a straight-line basis over the period from the commencement date of the lease to expiration of its useful life or expiration of the lease term, whichever date is earlier.

Lease liabilities are measured initially based on the present value of lease payments (incl. fixed payments, in-substance fixed lease payments, and variable lease payments determined by indices or rates). If the implied interest rate of the lease is easily determined, the lease payments will be discounted to their present value using that interest rate. If such interest rate is not easily determined, the incremental borrowing rate will be used.

Subsequently, the lease liabilities are measured at amortised cost using effective interest method and the interest expenses are amortized over the lease term. If changes in indices or rates utilized to determine lease payments lead to changes in future lease payments, the merged company should remeasure lease liabilities and adjust right-of-use assets correspondingly. However, if right-of-use asset carrying amounts have already dropped to zero, remaining remeasurement amounts are recognized as profit or loss. Lease liabilities are separately presented on the Consolidated Balance Sheet.

Changes in rent as stipulated in lease agreements not determined by indices or rates are recognized as expenses in the current period.

(20) Borrowing costs

Borrowing costs directly belonging to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities that the assets reaching the status of expected use or sale.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit and loss upon occurring.

(21) Government grants

The government subsidies shall only be recognized, provided that it can be reasonably convicted the Company will comply with the supplementary terms for government subsidies and that the subsidies can be received.

If the government subsidies are used for compensating expenses or losses that have already incurred, or if the purpose is to provide the Company with immediate financial support and if there are no related costs in the future, they shall be recognized as profit or loss during the collection period.

(22) Employee welfare

1. Short-term employee benefits

Liabilities relating to short-term employee benefits are measured by the non-discounted amount of the expected payment in exchange for employee services.

2. Retirement benefits

The retirement benefit for the retirement plan is determined by the amount of the pension that should be paid during the period in which the employee provides the service, and is recognized as expenses for that period.

The determined cost of benefit for determined benefit retirement plan (including the cost of service, net interest, and reevaluation) is based on the actuary of projected unit method. The net interest arising from the cost of services (including current service costs and net defined benefit liabilities) is recognized as an employee benefits expense when incurred. The value of second measurement (including the profits and loss under actuary and the return on assets of the plan net or interest) shall be recognized as other comprehensive incomes and as retained earnings, if realized. No reclassification as profits and loss in subsequent periods.

Net defined benefit liability (asset) is the appropriation deficit (surplus) of the defined benefit pension plan. Net determined benefit asset shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

3. Employees preferential deposit benefit

The companies of the consolidated financial statements provide preferred deposit for the employees, including the offering of fixed amount preferred deposit at special rate for the employees currently in employment and for the payment to the retired employees and current employees at their retirement. The difference between the interest rate for the aforementioned preferred deposits and market rate shall fall within the scope of employee welfare.

According to the “Regulations Governing the Preparation of Financial Reports by Public Banks”, the interest from the preferred deposit for employees prearranged after retirement in excess of the interest under regular market rate shall be subject to actuarial calculation at the time of the retirement of the employees pursuant to IAS 19, “Employee Benefits” as recognized by FSC. However, the parameters for the assumptions in the actuarial calculation may be regulated by the competent authority, comply accordingly, if applicable.

4. Other long-term employee benefits

The accounting of long-term employee benefit and benefit after retirement is the same but related value under reevaluation shall be recognized as income.

(23) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax expenses in the current period

The consolidated company shall determine the current income (loss) based on the regulations set by the respective tax income declaration jurisdictions. The payable (recoverable) income tax shall be calculated accordingly.

Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholder resolution meeting.

The adjustment to prior period income tax payable is booked as current income tax.

2. Deferred tax

Deferred tax is computed in accordance with the temporary differences between the book value of assets and liabilities and the tax bases of taxable income. Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized when there is a likelihood to have taxable income available for income tax credit resulting from the expenses of deductable temporary differences and tax loss carryforwards.

The taxable temporary differences related to the investment in the equities of the subsidiaries, affiliates, and joint ventures are recognized as deferred income tax liabilities, except for those that the Consolidated Company can control the timing of reversing the temporary difference and the temporary difference is unlikely reversible in the foreseeable future. The deferred income tax asset arising from deductible temporary differences associated with such investment and equity is recognized as deferred income tax assets within the range of earnings that are with sufficient taxable income to realize temporary differences and are expected to be reversed in the foreseeable future.

The book amount of deferred income tax asset must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset, should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of its assets should be adjusted up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.

3. Current & deferred income taxes

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity are recognized in the other comprehensive profit or loss or directly included in the equity. If the current income tax or deferred income tax is resulting from a business consolidation, the income tax effect is included in the accounting process for consolidated company.

5. Major sources leading to major accounting judgments and uncertainties in estimate

When the accounting policies stated in Note IV adopted by the consolidated company, for the information that is hard to collect from other sources, the management should have the relevant judgments, estimates, and assumptions made in accordance with the historical experience and other relevant factors. Actual results may differ from the estimates.

The consolidated company included the economic impacts caused by the COVID-19 pandemic in major accounting estimation considerations. The management level will continue to examine the estimations and basic assumptions. If the correction of estimates affects only the current period, it is recognized upon amendment. If the amended estimate affects both current and future periods, it is recognized in the current and future periods.

Estimates and assumptions with regard to the main source of uncertainty

(1) Estimated impairment of financial assets

Estimated impairment of loans, discounts, bills purchased, receivables, debt instrument investments, and financial guarantee contracts is based on assumptions by the merged company with regard to default rate and expected loss ratio. Taking into account the consolidated company's past experience, current market situation and future prediction, the consolidated company shall prepare a pro forma report and select appropriate inputs for impairment. For adopted key assumptions and entered values please refer to Note 41 and 42. If the actual future cash flows are less than expected, a material impairment loss may have resulted.

(2) Impairment of real property, plant and equipment

The evaluation of real-estate, plant, and equipment impairment is based on the recoverable amount of the said equipment (i.e. the fair value of the said assets deducted by sales costs and higher value of use). The market price or changes in future cash flow will affect the recoverable amount of the said assets, which may result in the Company's need to recognize impairment costs or reverse recognized impairment losses.

6. Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 4,417,980	$ 4,556,792
Bank deposits	2,972,492	3,181,118
Notes and checks for clearing	1,249,821	1,007,649
Due to Central Bank and other banks	6,045,454	5,798,664
	$ 14,685,747	$ 14,544,223

(1) With regard to the aforementioned cash and cash equivalent balances, it has been determined based on past experience and foresight that no loss allowances are appropriated for expected credit losses over 12 months as of December 31, 2020 and 2019.

(2) For cash and cash equivalent balances on the Consolidated Statement of Cash Flows and relevant items on the consolidated balance sheet as of December 31, 2020 and 2019, please refer to the Consolidated Statement of Cash Flows.

(3) The amounts of certificate of deposit at other banks from the consolidated company used as the operation bond of Taichung Commercial Bank Securities Brokerage as of December 31, 2020 and 2019 are both NT$200,000 thousand, and they are transferred to the refundable deposit, as described in Note 24.

7. Due from Central Bank and lend to Banks

	December 31, 2020	December 31, 2019
Reserve for deposits		
Reserve for deposits –checking account	$ 19,301,038	$ 14,879,013
Reserve for deposits –demand account	18,458,399	16,997,138
Financial Information Service Co., Ltd. – liquidated account	2,017,397	1,512,809
Reserve for deposits in foreign currency	73,057	60,000
Call loans to banks	461,327	368,014
Reserve for trust funds compensation	60,000	60,000
	$ 40,371,218	$ 33,876,974

(1) With regard to the aforementioned Due from the Central Bank & Call Loans to Banks, it has been determined based on past experience and foresight that no loss allowances are appropriated for expected credit losses over 12 months as of December 31, 2020 and 2019.

(2) The deposit reserve is the average balance of various deposits that are required to be deposited as reserve by Taichung Commercial Bank on a monthly basis, and it is deposited to the reserve account at the Central Bank in accordance with the required deposit reserve ratio. The demand account reserve can be used only for the monthly adjustment of the deposit reserve. The consolidated company paid the Central Bank's project financing deposit through the deposit reserve account B in the amount of NT$5,000,000,000 on December 31, 2020. See Note 38.

(3) The Reserve for trust funds compensation by Government bonds on the basis of cost after amortization on December 31, 2020 is stated at the par value of NTD 60,000 thousand. Please refer to Note 38 for details.

8. Financial instrument at fair value through profit and loss

	December 31, 2020	December 31, 2019
Financial assets at fair value through profit and loss		
Commercial papers	$ 24,872,947	$ 20,074,138
Shares traded on the Taiwan Stock Exchange or OTC exchange	862,470	914,420
Shares traded on foreign exchange or OTC exchange	88,533	98,199
Non listed (OTC) domestic stock	7,508	-
	December 31, 2020	December 31, 2019
PEM Group Insurance policy assets	$ 799,269	$ 1,029,839
Beneficiary certificate	920,885	801,720
Corporate bond	203,112	89,816
Assets swap agreement	3,048,884	1,812,530
Foreign exchange contracts	96,053	71,394
Forward contract	168,822	82,809

FX options contracts	354,336	125,545
NDF	-	4,802
Interest rate derivatives	2,155	-
	$ 31,424,974	$ 25,105,212

Financial liabilities at fair value through profit and loss		
Foreign exchange contracts	$ 369,085	$ 88,092
Forward contract	66,415	27,168
FX options contracts	348,164	113,590
NDF	-	4,953
Interest rate derivatives	2,155	-
	$ 785,819	$ 233,803

(1) The consolidated company financial derivative contract related to a foreign exchange rate is a non-trading operation performed for the purpose of providing customers with a hedging tool for the foreign exchange position generated from import/export and foreign exchange and hedging the risk from business and meeting the need for foreign exchange funds.

(2) As of 2020 and December 31, 2019, the amounts (notional amounts) in the agreement of derivative financial instruments that have not matured are as follows:

	December 31, 2020		December 31, 2019	
	Contract amount	Interest Rate Collars	Contract amount	Interest Rate Collars
Assets swap agreement	$ 3,039,300	0.90%~ 3.50%	$ 1,811,600	0.90%~ 1.35%
Foreign exchange contracts	9,459,647	-	3,916,766	-
Forward contract	7,224,302	-	5,500,507	-
FX options contracts	23,537,713	-	12,750,872	-
NDF	-	-	183,000	-
Interest rate derivatives contract	109,938	5.25%~ 6.20%	-	-

9. Bonds and securities sold under repurchase agreements

The consolidated company's bills and bonds traded with resell terms in 2020 and on December 31, 2019 accounted for NT$12,773,121,000 and NT$10,256,716,000 respectively. The interest rates were between 0.21%–0.25% and 0.54%–0.56%. The agreed resell prices after the period accounted for NT$12,774,072,000 and NT$10,258,145,000 respectively.

10. Notes receivable, accounts receivable, and other accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable		
Notes receivable - Taichung Commercial Bank	$ 4,694,417	$ 4,586,001
Notes receivable	69,005	100,471
Less: Unrealized gain on interest	(220,748)	(198,902)
Less: Loss allowance - Taichung Commercial Bank	(61,100)	(55,774)
	$ 4,481,574	$ 4,431,796

Please refer to Note 38 for the status on notes receivable as short-term loan guarantee.

	December 31, 2020	December 31, 2019
Accounts receivable		
Accounts receivable	$ 1,532,327	$ 2,453,033
Accounts receivable - Taichung Commercial Bank	742,251	785,636
Rent receivables	3,461,743	3,358,947
Interest receivable - Banking industry	1,049,138	1,216,731
Receivable transfers	991,861	756,458
Receivable factoring	154,805	649,997

	December 31, 2020	December 31, 2019
Less: Unrealized interest income	(501,889)	(459,883)
Less: Allowance for losses	(150,410)	(234,602)
Less: Loss allowance - Taichung Commercial Bank	(126,179)	(109,180)
	$ 7,153,647	$ 8,417,137
Other receivables		
Receivable spot exchange settlement payment	$ 1,082,521	$ 870,200
Acceptances receivable	443,447	505,650
Receivable proceeds for delivery of securities	1,324,586	686,758
Others	806,435	453,044
	3,656,989	2,515,652
Less: Allowance for losses	(1,932)	(1,932)
Less: Loss allowance - Taichung Commercial Bank	(135,242)	(129,343)
	$ 3,519,815	$ 2,384,377

(1) Accounts receivable

The consolidated company's average credit period for product sales was 30–90 days. Interests for accounts receivables were not calculated. If the credit term of 30 days is exceeded, the interest rate of 3% per annum will be calculated for the remaining balance of some customers whose payment has not been rendered. The consolidated company only conducts transactions with the parties which have passed the internal credit check, and if necessary, shipment may be stopped and guarantee notes may be needed to mitigate the potential risk of financial losses caused by default. The consolidated company will use other publicly available financial information and historical transaction records to rate major customers. The consolidated company continuously monitors the credit risk exposure and the credit rating of the counterparty, and the total transaction amount is distributed to various customers with qualifying credit ratings. Every year, the management reviews and approves, based on their level of authorization, the credit limit of counterparties to manage the credit risk exposure.

In order to mitigate credit risk, the management of the consolidated company assigns dedicated personnel responsible for the decision on credit line, credit approval and other monitoring procedures to ensure that the overdue receivables are recovered and appropriate actions are taken. In addition, the consolidated company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Under the circumstance, the Company's management believes that the consolidated company's credit risk is significantly reduced.

Except for Taichung Commercial Bank and its subsidiary, the consolidated company adopts the simplified approach of the IFRS 9 to recognize the loss allowance of receivables based on the expected credit loss of the duration. The full-lifetime expected credit losses are calculated using Provision Matrix, which considers the historical default records and current financial status, industry economic conditions, as well as GDP forecast and industry outlook. Due to the historical experience of credit losses of the consolidated companies, there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of receivables.

If there is evidence that the counterparty is facing serious financial difficulties and the consolidated company cannot reasonably expect the recoverable amount back, the consolidated company will directly write off the relevant accounts receivable, but will continue its recourses, and the amount recovered will be recognized in profit or loss.

The consolidated company (excluding Taichung Commercial Bank and its subsidiary) measures the notes receivable and the loss allowance of accounts in accordance with the provision matrix:

December 31, 2020

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue 61 to 120 days	Overdue over 120 days	Total
Expected credit loss rate	0%~7%	13%~50%	50%~75%	75%~100%	100%	
Total Book Value	$1,389,274	$168,535	$ 32,824	$ -	$ 10,699	$1,601,332
Allowance for loss (expected credit loss of the given duration)	(97,076)	(22,943)	(19,692)	-	(10,699)	(150,410)
Cost after amortization	$ 1,292,198	$145,592	$ 13,132	$ -	$ -	$1,450,922

December 31, 2019

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue 61 to 120 days	Overdue over 120 days	Total
Expected credit loss rate	0%~7%	13%~50%	50%~75%	75%~100%	100%	
Total Book Value	$1,926,882	$476,222	$139,877	$ -	$ 10,523	$2,553,504
Allowance for loss (expected credit loss of the given duration)	(73,931)	(78,245)	(71,903)	-	(10,523)	(234,602)
Cost after amortization	$ 1,852,951	$397,977	$ 67,974	$ -	$ -	$2,318,902

Changed information on receivables allowance loss (including bad debt expense withdrawal and deposit allowance loss) is as follows:

	2020	2019
Balance, beginning of year	$ 536,195	$ 546,536
Add: Recover the bad debts that have been written off	16,115	16,492
Added: provisioned bad debt expense withdrawal and deposit impairment loss.	147,059	121,546
Less: actual write-off	(133,775)	(196,126)
Reduced: Inversed expected credit impairment loss	(84,343)	(4,412)
Reclassification	-	56,624
Foreign currency translation differences	(1,737)	(4,465)
Balance, end of year	$ 479,514	$ 536,195

The loss allowance of the above-mentioned receivables include notes receivable, accounts receivable, other receivables and the loss allowance from non-loans transferred to collection.

(2) Changes in carrying amount of accounts receivable of Taichung Commercial Bank and its subsidiary:

2020

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Total
Balance as of January 1, 2020	$ 62,904,165	$ 557,317	$ 315,071	$ 63,776,553
Converted as anticipated credit loss within the perpetuity of the financial assets	(168,938)	169,381	(443)	-
Converted as financial assets with credit impairment	(60,834)	(135,950)	196,784	-
Converted as anticipated credit loss in 12 months	8,573	(8,352)	(221)	-
Initiated or procured receivables	17,811,257	27,469	35,974	17,874,700
Write-off bad debts	-	(430)	(133,345)	(133,775)
de-recognition	(7,174,494)	(237,307)	(128,195)	(7,539,996)
Foreign exchange settlement and other changes	111,100	(692)	27,793	138,201
Balance - ending	$ 73,430,829	$ 371,436	$ 313,418	$ 74,115,683

2019

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Total
Balance as of January 1, 2019	$ 59,094,832	$ 226,460	$ 314,656	$ 59,635,948
Converted as anticipated credit loss within the perpetuity of the financial assets	(477,280)	483,005	(5,725)	-
Converted as financial assets with credit impairment	(73,185)	(35,874)	109,059	-
Converted as anticipated credit loss in 12 months	22,944	(9,661)	(13,283)	-
Initiated or procured receivables	11,259,104	6,425	133,797	11,399,326
Write-off bad debts	-	(20,242)	(175,884)	(196,126)
de-recognition	(6,473,610)	(95,016)	(71,408)	(6,640,034)
Foreign exchange settlement and other changes	(448,640)	2,220	23,859	(422,561)
Balance - ending	$ 62,904,165	$ 557,317	$ 315,071	$ 63,776,553

The receivables of the Taichung Commercial Bank Co., Ltd. and its subsidiaries include: due from banks, due from CBC and lend to banks, bills & bonds purchased under resell agreements, bills receivable, credit card payments receivable, accounts receivable, bank acceptance bills, interest receivable, lease payments receivable, accounts receivable factoring, securities sold receivable, securities settlement receivable, other receivables, other financial assets-total (including non-loan listing collection), refundable deposits, etc.

(3) Statement of Changes in Loss Allowance for Accounts Receivable of Taichung Bank and its subsidiaries:

2020

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance as of January 1, 2020	$ 95,880	$ 11,625	$165,224	$272,729	$ 23,828	$296,557
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(1,842)	2,120	(278)	-	-	-
Converted as financial assets with credit impairment	(505)	(2,511)	3,016	-	-	-
Converted as anticipated credit loss in 12 months	1,290	(1,115)	(175)	-	-	-
Financial assets removed in current period	(65,036)	(4,856)	(38,360)	(108,252)	-	(108,252)
Procured or initiated new financial assets	71,065	1,947	17,365	90,377	-	90,377
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	94,872	94,872
Write-off bad debts	-	(430)	(47,750)	(48,180)	(85,595)	(133,775)
Recovered amount after write-off bad debts	-	-	-	-	16,115	16,115
Foreign exchange settlement and other changes	(9,540)	2,419	75,269	68,148	-	68,148
Balance - ending	$ 91,312	$ 9,199	$174,311	$274,822	$ 49,220	$324,042

2019

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance as of January 1, 2019	$ 87,567	$ 5,695	$151,315	$244,577	$ 57,500	$302,077
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(6,905)	7,332	(427)	-	-	-
Converted as financial assets with credit impairment	(641)	(819)	1,460	-	-	-
Converted as anticipated credit loss in 12 months	6,542	(1,335)	(5,207)	-	-	-
Financial assets removed in current period	(71,437)	(2,039)	2,892	(70,584)	-	(70,584)
Procured or initiated new financial assets	84,315	776	80,009	165,100	-	165,100
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	8,507	8,507
Write-off bad debts	-	(20,242)	(117,213)	(137,455)	(58,671)	(196,126)
Recovered amount after write-off bad debts	-	-	-	-	16,492	16,492
Foreign exchange settlement and other changes	(3,561)	22,257	52,395	71,091	-	71,091
Balance - ending	$ 95,880	$ 11,625	$165,224	$272,729	$ 23,828	$296,557

allowance loss for above-mentioned receivables includes allowance for bad debts for delinquent loans other than loans transferred from loans. Please refer to Note 24 for details.

11. Inventory

	December 31, 2020	December 31, 2019
Merchandise	$ 68,921	$ 416,548
Finished goods	556,130	742,021
Work in process	54,455	92,277
Raw materials	391,089	214,869
Supplies	78,219	75,769
	$ 1,148,814	$ 1,541,484

(1) The inventories of finished goods included the finished goods, by-products, supplies in transit by the consolidated company, primarily the finished goods produced by Kaohsiung petrifaction plant, ethylene glycol, and the finished goods of the polyester plant, polyester silk, et al.

(2) The consolidated company's inventory related costs of goods sold in 2020 and 2019 were NT$12,525,643,000 and 18,600,578,000 respectively. The sales costs included gains from price recovery of inventory amounting to NT$15,204,000 and NT$104,091,000 and included losses from work stop amounting to NT$1,010,746,000 and NT$660,388,000.

(3) As of 2020 and December 31, 2019, the allowance for reduction of inventory to market amounted to NT$318,671,000 and NT$360,125,000.

12. Prepayments

	December 31, 2020	December 31, 2019
Pre-paid expenses	$ 647,455	$ 760,261
Pre-paid material purchases	56,569	87,029
Tax credit	155,508	111,101
	$ 859,532	$ 958,391

13. Available-for-sale noncurrent assets

	December 31, 2020	December 31, 2019
Land for sale	$ -	$ 769,610

(1) China Man-Made Fiber Corporation has approved a land sale plan as per board resolution in 2018 and is currently actively searching for buyers. The land in question has therefore been reclassified as a non-current asset held for sale.

(2) Upon remeasurement of the carrying amount and fair value less costs to sell of the disposal group held for sale, it has been determined that no impairment loss is present.

(3) On April 20, 2020, the Company board resolved to modify the plan to sell non-current assets to be sold. Solar power generation equipment will be constructed on the land. According to the evaluation of the management level, the said land no longer meets the provisions for the category of assets to be sold since the said date. See Note 22.

(4) For the available-for-sale noncurrent assets furnished as the security for mortgage, please see Note 38.

14. Other current assets

	December 31, 2020	December 31, 2019
Restricted assets – bank deposits	$ 595,184	$ 543,795
Others	5,035	19,336
	$ 600,219	$ 563,131

Restricted current assets are earmarked for Customs Office clearance procedures and pledged collateral for short-term loans – please refer to Note 38.

15. Discounting and advances - Net

	December 31, 2020	December 31, 2019
Bills negotiated and discounts	$ 293,388	$ 393,291
Overdraft	1,310	1,404
Secured overdraft	30,988	38,166
Accounts receivable financing	51,149	51,595
Securities receivable financing	1,099,366	929,368
Short-term loan	39,175,727	39,586,875
Short-term secured loans	101,315,539	100,653,393
Mid-term loans	54,480,676	49,151,361
Mid-term secured loans	110,808,195	103,127,599
Long-term loans	6,842,847	5,210,470
Long-term secured loans	147,939,346	141,838,997
Delinquent Accounts	814,242	963,045
	462,852,773	441,945,564
Add: Adjustment of premium/discount	23,940	26,487
Less: Allowance for losses	(6,335,391)	(6,573,717)
	$ 456,541,322	$ 435,398,334

(1) As of December 31, 2020 and 2019, the balance of loans and other credits with frozen interest rates at Taichung Commercial Bank was NT$805,311 thousand and NT$949,601 thousand, respectively. The interest receivables not recorded were NT$18,132 thousand and NT$22,534 thousand, respectively.

(2) In 2020 and 2019, Taichung Commercial Bank did not have the cases of translation of creditor's rights without prosecution.

(3) The changes in the total book value of discounting and advances of Taichung Commercial Bank and its subsidiary are shown as follows:

2020

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Total
Balance as of January 1, 2020	$415,543,744	$16,873,865	$ 9,554,442	$441,972,051
Converted as anticipated credit loss within the perpetuity of the financial assets	(6,082,112)	6,325,653	(243,541)	-
Converted as financial assets with credit impairment	(691,922)	(1,670,809)	2,362,731	-
Converted as anticipated credit loss in 12 months	3,710,454	(3,688,229)	(22,225)	-
Initiated or procured discount and loans	242,052,505	2,407,137	412,670	244,872,312
Write-off bad debts	(86,432)	(119,711)	(882,681)	(1,088,824)
de-recognition	(200,050,154)	(5,008,302)	(2,839,452)	(207,897,908)
Foreign exchange settlement and other changes	(14,787,455)	(262,136)	68,673	(14,980,918)
Balance - ending	$439,608,628	$14,857,468	$ 8,410,617	$462,876,713

2019

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Total
Balance as of January 1, 2019	$435,868,501	$15,341,731	$ 7,916,421	$459,126,653
Converted as anticipated credit loss within the perpetuity of the financial assets	(7,768,850)	7,849,116	(80,266)	-
Converted as financial assets with credit impairment	(3,018,334)	(1,694,994)	4,713,328	-
Converted as anticipated credit loss in 12 months	2,487,600	(2,417,603)	(69,997)	-
Initiated or procured discount and loans	217,508,394	2,752,410	593,167	220,853,971
Write-off bad debts	(41,246)	(366,663)	(927,477)	(1,335,386)
de-recognition	(210,078,061)	(4,281,192)	(2,954,801)	(217,314,054)
Foreign exchange settlement and other changes	(19,414,260)	(308,940)	364,067	(19,359,133)
Balance - ending	$415,543,744	$16,873,865	$ 9,554,442	$441,972,051

(4) Changes in allowance loss of discounting and advances of Taichung Commercial Bank and its subsidiary:

2020

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance as of January 1, 2020	$1,776,628	$852,354	$2,468,257	$5,097,239	$1,476,478	$6,573,717
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(13,847)	183,729	(169,882)	-	-	-
Converted as financial assets with credit impairment	(4,145)	(91,716)	95,861	-	-	-
Converted as anticipated credit loss in 12 months	148,413	(145,767)	(2,646)	-	-	-
Financial assets removed in current period	(1,028,000)	(207,309)	(621,706)	(1,857,015)	-	(1,857,015)
Procured or initiated new financial assets	1,120,880	160,030	199,554	1,480,464	-	1,480,464
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	$ -	$ -	$ -	$ -	$381,150	$381,150
Write-off bad debts	(245)	(20,452)	(432,530)	(453,227)	(635,597)	(1,088,824)
Recovered amount after write-off bad debts	-	-	-	-	606,074	606,074
Foreign exchange settlement and other changes	(274,379)	194,957	319,247	239,825	-	239,825
Balance - ending	$1,725,305	$925,826	$1,856,155	$4,507,286	$1,828,105	$6,335,391

2019

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance as of January 1, 2019	$ 1,768,334	$661,840	$ 2,035,208	$ 4,465,382	$ 2,066,719	$ 6,532,101
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(20,881)	31,563	(10,682)	-	-	-
Converted as financial assets with credit impairment	(8,619)	(99,038)	107,657	-	-	-
Converted as anticipated credit loss in 12 months	133,519	(128,814)	(4,705)	-	-	-
Financial assets removed in current period	(1,053,833)	(155,288)	(632,674)	(1,841,795)	-	(1,841,795)
Procured or initiated new financial assets	1,127,791	112,374	192,290	1,432,455	-	1,432,455
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(559,801)	(559,801)
Write-off bad debts	(118)	(50,704)	(370,099)	(420,921)	(914,465)	(1,335,386)
Recovered amount after write-off bad debts	-	-	-	-	884,025	884,025
Foreign exchange settlement and other changes	(169,565)	480,421	1,151,262	1,462,118	-	1,462,118
Balance - ending	$ 1,776,628	$852,354	$ 2,468,257	$ 5,097,239	$ 1,476,478	$ 6,573,717

16. Financial assets at fair value through other comprehensive profit or loss

	December 31, 2020	December 31, 2019
Equity instrument investments measured at fair value through other comprehensive income		
Equity investment	$ 6,190,174	$ 4,696,243
Debt instrument	37,833,733	30,000,344
	$ 44,023,907	$ 34,696,587

(1) Equity instrument investments measured at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Domestic publicly listed, OTC and Emerging Stock Board companies	$ 4,640,069	$ 3,319,533
Non listed (OTC) domestic stock	1,230,836	1,085,654
Overseas listed, OTC and non-listed companies	319,269	291,056

	$ 6,190,174	$ 4,696,243

1. The consolidated company invested in the aforementioned common shares of companies in line with its long-term investment strategic objective with the anticipation of return from long-term investment. The management of the consolidated company holds that the short-term fluctuation in the fair value of these investments shall be recognized as income or loss and is not congruent with the aforementioned long-term investment plan, therefore they chose to designate these investments as financial assets at fair value through other comprehensive income.
2. For circumstances of equity instruments posting for mortgaging guarantee under other general loss or gain measured by fair value, please refer to Note 38.

(2) Debt instrument investments measured at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Corporate bond	$ 26,959,132	$ 21,503,613
Government bonds	5,379,466	5,997,423
Overseas bond	3,486,270	799,314
Financial bonds	2,008,865	1,699,994
	$ 37,833,733	$ 30,000,344

Foreign bonds are valued in foreign currencies as follows:

	December 31, 2020	December 31, 2019
USD	$ 50,000	$ 26,000
RMB	445,000	-
AUD	6,000	-

1. The consolidated company assessed the expected credit loss of debt instruments measured at fair value through other comprehensive income in 2020 and 2019 and recognized a reversal of asset impairment (loss) at (NT$5,318) thousand and NT$113 thousand.
2. With respect to the credit risk management of debt instruments measured at fair value through comprehensive income and the assessment of impairment, please refer to Note 42.

17. Investment of debt instruments on the basis of cost after amortization

	December 31, 2020	December 31, 2019
Overseas bond	$ 24,794,803	$ 23,806,064
Government bonds	12,654,717	14,246,649
Negotiable certificate of deposits issued by Central Bank	64,970,000	59,535,000
Corporate bond	11,159,474	11,413,931
Debt instruments	-	9,291
	113,578,994	109,010,935
Less: Allowance for losses	(34,140)	(41,662)
Less: Deduction of provision for trust compensation reserve and refundable security deposits.	(920,400)	(844,900)
	$ 112,624,454	$ 108,124,373

(1) Foreign bonds are valued in foreign currencies as follows:

	December 31, 2020	December 31, 2019
USD	$ 661,159	$ 638,859
RMB	890,000	550,000
AUD	66,000	61,000
ZAR	490,000	450,000

(2) The face value of government bonds/foreign bonds measured at amortized cost provided by the merged company as repurchase agreement terms amounted to NT$ 1,200,000 thousand and NT$ 1,123,960 thousand (US$ 40,000 thousand), and NT$ 2,000,000 thousand and NT$ 8,850,000 thousand (US$ 295,000 thousand), in December 31, 2020 and 2019, respectively. For more information on carrying amounts, please refer to Note 42.

(3) The consolidated company recognized asset impairment (loss) reversal benefits in the amounts of NT$(2,750),000 and NT$6,338,000 in 2020 and 2019 after evaluating the liability tool expected credit loss cost measurement after amortization.

(4) With respect to the credit risk management of debt instruments carried at cost after amortization and the assessment of impairment, please refer to Note 42.

18. Subsidiaries

(1) Subsidiaries included in the consolidated financial statements

The business entities of the consolidated financial statements are as follows:

			Percentage of shareholdings	
Investor	Name of Subsidiary	Nature of the operation	December 31, 2020	December 31, 2019
CHINA MAN-MADE FIBER CORPORATION	Deh Hsing Investment Co., Ltd.	General investment business	100%	100%
	Chou Chin Industrial CO., LTD.	Manufacturing and trading	50%	50%
	Pan Asia Chemical Corporation	Petrochemical business	44%	49%
	Taichung Securities Investment Trust Co., Ltd. (Original name: Reliance Securities Investment Trust Co., Ltd.)	Securities investment trust business	50%	50%
	Taichung Commercial Bank Co.	Banking business	29%	29%
	EUREKA INVESTMENT COMPANY LIMITED	General investment business	100%	100%
	Melasse	Cosmetics and cleaning appliances manufacturing	100%	100%
Deh Hsing Investment Co., Ltd.	Xiang-Feng Development	General investment business	100%	100%
	IOLITE COMPANY LIMITED	General investment business	100%	100%
IOLITE COMPANY LIMITED	Hammock (Hong Kong) Company Limited	General investment business	100%	100%
	Precious Wealth International Limited	General investment business	100%	100%
Hammock (Hong Kong) Company Limited	Hebei Hanoshi Contact Lens Co., Ltd.	Manufacturing and trading	100%	100%
Xiang-Feng Development	Tou-Ming Industry	Real estate development and leasing industry	99%	99%
Tou-Ming Industry	Jin-Bang-Ge Industry	Real estate development and leasing industry	99%	99%
Chou Chin Industrial CO., LTD.	GREENWORLD FOOD CO., LTD.	Food manufacturing, and distribution and warehousing of beverages	96%	96%
	Chou Chang Corporation	Distribution and warehousing of beverages	64%	64%
	Pan-Feng Industry	Restaurant industry	100%	100%
	Bomy Enterprise	General investment business	62%	62%
	Yuju Universal Corporation	General investment business	90%	90%
Yuju Universal Corporation	Noble House Glory	Short-term accommodation service	100%	100%
Bomy Enterprise	Bomy Shanghai	Manufacturing and trading	99%	99%
Bomy Shanghai	Shanghai Bomy Consultancy Management Co., Ltd.	Consultation service	100%	100%
	Shanghai Bangyi International Trading Co., Ltd.	International trade	100%	-%
Taichung Commercial	Taichung Commercial Bank	Taichung Commercial Bank	100%	100%

Investor	Name of Subsidiary	Nature of the operation	Percentage of shareholdings December 31, 2020	 December 31, 2019
Bank Co.	Insurance Broker Co., Ltd.	Co., Ltd.		
	Taichung Commercial Bank Lease Enterprise	Leasing	100%	100%
	Taichung Commercial Bank Securities Co., Ltd.	Securities Brokerage	100%	100%
Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd.	General investment business	100%	100%
TCCBL Co., Ltd.	Taichung Bank Leasing (Suzhou)	Financing Leasing and investments	100%	100%
Taichung Commercial Bank Securities Co., Ltd.	Taichung Bank Venture Capital Co., Ltd.	Venture Investment	100%	-%

1. The shareholding percentages of the above are based on the combined shareholding percentages.
2. The consolidated company has substantial control over Taichung Commercial Bank, so the Company and its subsidiaries are included in the consolidated financial statements.
3. The consolidated company participated in the cash capital increase of Dehsing Investment Co., Ltd. in March and May 2019, with 10,000 thousand shares of new investment and the investment cost of NT$100,000,000 for each.
4. In the context of the subscription by the merged company to common stock issued for cash by Jinbangge Construction Co., Ltd. in September 2019, a total of 2 million new shares were acquired at a cost of NT$ 20 million.
5. In July and September 2019, the merged company acquired 23,000 new shares from Bomy at a cost of NT$ 115,000.
6. In July and August 2019, the merged company acquired 88,000 new shares from JeouChang Co., Ltd. at a cost of NT$ 819,000.
7. The consolidated company increased investment in IOLITE COMPANY Ltd. in 2019 in the amount of NT$93,171,000 (US$3,000 thousand).
8. The consolidated company newly invested in Shanghai Bomy Consultancy Management Co., Ltd. through Shanghai Bomy Foodstuff Co., Ltd. in June 2020.
9. The consolidated company sold 13,437 thousand shares of Pan Asia Chemical Corporation from March to May 2020. The merged shareholding ratio decreased by 44%. The above transaction has not changed the consolidated company's' control over the subsidiary. The consolidated company deems it equity transaction disposal.
10. The consolidated company participated in the cash capital increase of Shiangfeng Development Co., Ltd. in June 2020, with 3,000 thousand shares of new investment and the investment cost of NT$30,000,000.
11. The consolidated company participated in the cash capital increase of Touming Industries Co., Ltd. in July 2020, with 3,000,000 shares of new investment and the investment cost of NT$30,000,000.
12. The consolidated company newly invested in Shanghai Bangyi International Trading Co., Ltd. through Shanghai Bomy Foodstuff Co., Ltd. in June 2020.
13. The consolidated company participated in the 2020 capital increase of Taichung Commercial Bank Co., Ltd., with 55,092 thousand shares of new investment and the investment cost of NT$561,936,000. Due to non-subscription in accordance with the shareholding ratio, the shareholding ratio changed. The reduction of Additional Paid-In Capital was adjusted-the equity method is adopted to recognize changes in the net worth of the associated company's equity in the amount of NT$41,007,000 and reserved earnings in the amount of NT$5,832,000.
14. The consolidated company's new investment of Taichung Commercial Bank Securities Co., Ltd. in Taichung Bank Venture Capital Co., Ltd., with the investment cost of NT$210,000,000 in June 2020.

(2) Information of the significant but non-controlling equity in subsidiaries

Name of Subsidiary	Main places of business operations	Non-controlling equity shareholding and voting right ratio December 31, 2020	 December 31, 2019
Taichung Commercial Bank Co.	Taichung City	72%	71%

Name of Subsidiary	Profit and loss distributed to the non-controlling equity		Non-controlling interest	
	2020	2019	December 31, 2020	December 31, 2019
Taichung Commercial Bank Co.	$ 3,018,747	$ 3,225,225	$ 41,013,714	$ 36,511,631
Others	87,914	85,363	2,388,427	2,087,012
Total	$ 3,106,661	$ 3,310,588	$ 43,402,141	$ 38,598,643

The following summary of financial information of subsidiaries with significant non-controlling interests is prepared based on the amount before the inter-company cancelled transaction:

Taichung Commercial Bank and its subsidiaries

	December 31, 2020	December 31, 2019
Assets	$ 736,770,021	$ 682,688,922
Liabilities	679,448,268	631,379,716
Equity	$ 57,321,753	$ 51,309,206
Equity attributable to:		
Owners of he Company	$ 16,308,039	$ 14,797,575
Non-controlling interests of Taichng Commercial Bank	41,013,714	36,511,631
	$ 57,321,753	$ 51,309,206

	2020	2019
Net revenue	$ 11,643,742	$ 12,095,628
Net income	$ 4,025,533	$ 4,319,883
Other comprehensive profit or loss	448,863	152,812
Total comprehensive income	$ 4,474,396	$ 4,472,695
Profit attributable to:		
Owners f the Company	$ 1,006,786	$ 1,094,658
Non-controlling interests of Taicung Commercial Bank	3,018,747	3,225,225
	$ 4,025,533	$ 4,319,883
The total comprehensive income belongs to:		
Owners o the Company	$ 1,119,046	$ 1,131,592
Non-controlling interests of Taichug Commercial Bank	3,355,350	3,341,103
	$ 4,474,396	$ 4,472,695
Cash flows		
Operatng activities	$ 23,761,460	$ 17,392,955
Invsting activities	(17,455,206)	(12,246,988)
finace activities	1,626,413	(6,399,696)
Impac of changes in exchange rate on cash and cash equivalents	(24,794)	(57,989)
Net cash inflow (outflow)	$ 7,907,873	($ 1,311,718)

19. Investment under the equity method

	December 31, 2020	December 31, 2019
Investments in the affiliated company	$ 1,115,825	$ 1,180,884

Investments in the affiliated company

(1) The balance of the consolidated company's investments in associate companies:

	December 31, 2020	December 31, 2019
A major affiliated company		
Nan Chung Petrochemical Corp.	$ 1,103,434	$ 1,170,017
Individual non-dominant associates		
Wei-Kang International	4,275	3,710
Storm Model Management	7,441	6,616
BONWELL	675	541
	$ 1,115,825	$ 1,180,884

(2) A major affiliated company

			Shareholding and voting right ratio	
Company name	Nature of the operation	Main places of business operations	December 31, 2020	December 31, 2019
Nan Chung Petrochemical Corp.	Petrochemical business	Yunlin County	50%	50%

Summary financial information of Nan-Chung Petrochemical:

	December 31, 2020	December 31, 2019
Total assets	$ 2,318,077	$ 3,045,138
Total Liabilities	111,210	705,103
Equity	2,206,867	2,340,035
The consolidated company's shareholding ratio	50%	50%
Book value of investment	$ 1,103,434	$ 1,170,017

	2020	2019
Operating income - current	$ 4,144,306	$ 6,757,302
Net income (loss) for current period	($ 98,496)	$ 34,675
Current period other comprehensive income	$ 2,210	$ 6,306

(3) Summarized information of individually immaterial associates.

	2020	2019
Share of the Consolidated Company		
Net income (loss) for the year	($ 507)	($ 3,339)
Current period other comprehensive income	-	-
Total comprehensive income	($ 507)	($ 3,339)

With respect to investments adopting the equity method and the consolidated company's share of profit or loss and the other comprehensive income, Wei-Kang International, Storm Model Management and Bonwell did not have audited financial reports, while the rest did offer audited financial reports. The management of the consolidated company believed that the un-audited companies should not have significant impact to the overall financial report.

(4) For the mortgage guarantee situation of investments through the equity method, see Note 38.

20. Property, plant and equipment

	December 31, 2020	December 31, 2019
The book amount of each category		
Proprietary land	$ 11,341,678	$ 11,263,642
House and Building	2,159,536	2,543,621
Machine and Equipment	6,258,234	7,251,448
Transportation Equipment	43,735	54,023
Machinery and equipment	153,061	174,437
Other equipment	345,617	377,018
Construction in process and prepayment for machinery purchase	3,630,534	1,921,107
		$ 23,585,296

2020

	Land	House and Building	Machine and Equipment	Transportation and communication equipment	Machinery and equipment	Miscellaneous equipment	Uncompleted construction and equipment pending inspection	Total
Cost								
Balance, beginning of year	$11,348,355	$5,119,706	$14,183,873	$159,608	$479,011	$1,454,612	$1,921,107	$34,666,272
Increase in current period	-	526	70,085	7,401	4,746	95,130	2,289,103	2,466,991
Decrease in current period	-	-	(67,237)	(7,343)	(2,366)	(14,921)	(48,777)	(140,644)
Reclassification	78,030	(33,448)	12,757	(2,336)	(4,256)	2,180	(531,982)	(479,055)
Foreign exchange impact amount	6	2,000	7,490	(13)	-	393	1,083	10,959
Balance, end of year	11,426,391	5,088,784	14,206,968	157,317	477,135	1,537,394	3,630,534	36,524,523
Accumulated depreciation								
Balance, beginning of year	-	2,393,429	6,716,206	104,590	303,904	1,048,171	-	10,566,300
Increase in current period	-	134,471	693,598	14,943	16,094	127,846	-	986,952
Decrease in current period	-	-	(66,736)	(6,819)	(2,355)	(14,371)	-	(90,281)
Reclassification	-	-	-	-	-	-	-	-
Foreign exchange impact amount	-	1,811	6,289	2	-	687	-	8,789
Balance, end of year	-	2,529,711	7,349,357	112,716	317,643	1,162,333	-	11,471,760
Accumulated impairment								
Balance, beginning of year	84,713	182,656	216,219	995	670	29,423	-	514,676
Increase in current period	-	216,719	382,879	-	5,761	-	-	605,359
Decrease in current period	-	-	-	(129)	-	-	-	(129)
Reclassification	-	-	-	-	-	-	-	-
Foreign exchange impact amount	-	162	279	-	-	21	-	462
Balance, end of year	84,713	399,537	599,377	866	6,431	29,444	-	1,120,368
Balance - net	$11,341,678	$2,159,536	$6,258,234	$ 43,735	$153,061	$345,617	$3,630,534	$23,932,395

	2019							
	Land	House and Building	Machine and Equipment	Transportation and communication equipment	Machinery and equipment	Miscellaneous equipment	Uncompleted construction and equipment pending inspection	Total
Cost								
Balance, beginning of year	$11,112,292	$4,844,813	$11,153,083	$150,566	$396,697	$1,403,857	$3,570,262	$32,631,570
Increase in current period	216	43,989	201,995	20,871	7,346	321,083	1,575,307	2,170,807
Decrease in current period	-	(28,850)	(13,553)	(11,753)	(37,690)	(23,739)		(115,585)
Reclassification	236,109	265,756	2,859,863	-	112,658	(243,262)	(3,213,656)	17,468
Foreign exchange impact amount	(262)	(6,002)	(17,515)	(76)	-	(3,327)	(10,806)	(37,988)
Balance, end of year	11,348,355	5,119,706	14,183,873	159,608	479,011	1,454,612	1,921,107	34,666,272
Accumulated depreciation								
Balance, beginning of year	-	2,259,341	6,054,515	100,082	325,002	947,974	-	9,686,914
Increase in current period	-	131,507	689,636	15,158	15,042	126,001	-	977,344
Decrease in current period	-	-	(13,324)	(10,632)	(36,140)	(23,326)	-	(83,422)
Reclassification	-	6,603	-	-	-	-	-	6,603
Foreign exchange impact amount	-	(4,022)	(14,621)	(18)	-	(2,478)	-	(21,139)
Balance, end of year	-	2,393,429	6,716,206	104,590	303,904	1,048,171	-	10,566,300
Accumulated impairment								
Balance, beginning of year	$ 84,713	$183,032	$216,880	$ 1,018	$ 670	$ 29,472	$ -	$515,785
Increase in current period	-	-	-	-	-	-	-	-
Decrease in current period	-	-	(15)	(23)	-	-	-	(38)
Reclassification	-	-	-	-	-	-	-	-
Foreign exchange impact amount	-	(376)	(646)	-	-	(49)	-	(1,071)
Balance, end of year	84,713	182,656	216,219	995	670	29,423	-	514,676
Balance - net	$11,263,642	$2,543,621	$7,251,448	$ 54,023	$174,437	$377,018	$1,921,107	$23,585,296

(1) As mentioned in Note 40, the consolidated company adjusted the 2020 ethylene glycol capacity based on market conditions. The consolidated company anticipates reduced future economic benefits from plants and equipment in the chemical industry sector. As a result, the recoverable amount will fall below the book value. The 2020 recognized impairment loss amounted to NT$605,359,000. The impairment loss has been included under other income and expenses in the consolidated income statement.

The Company determines the recoverable amount of plants and equipment in the chemical industry sector after deducting the fair value from cost of disposal. Relevant fair values are determined through comprehensive evaluation using the cost method and market approach. The main assumptions include replacement cost under cost method, market approach functionality, economic loss, and other necessary adjustments, which fall under Level 3 fair value measurement.

(2) Property and equipment of the consolidated company are appreciated in accordance with the straight line method over the useful years as follows:

House and Building

Buildings	20 to 60 years
Renovation engineering	8 to 29 years
Machine and Equipment	2 to 47 years
Transportation and communication equipment	2 to 15 years
Miscellaneous equipment	2 to 30 years
Machinery and equipment	5 years

(3) Uncompleted projects and prepayments for business facilities by the merged company as of December 31, 2020 are mainly related to the office building of the merged company which is currently under construction.

(4) The Company's financial costs before capitalization in 2020, and 2019 accounted for NT$3,960,421,000 andNT$5,287,172,000. The capitalized financial costs for real estate, plants and equipment amounted to 0, and NT$2,272,000 respectively, with the capitalized interest rate of 1.85% per annum.

(5) Buildings leased out by the merged company as operating leases for a period of 1–2 years The lessee has no preferential purchase option with regard to the asset when the lease period ends. Total receivable lease payments for operating leases are as follows:

	December 31, 2020	December 31, 2019
First year	$ 133	$ 860
Second year	-	133
	$ 133	$ 993

(6) Please see Note 38 for the status on property, plant and equipment provided as pledge collaterals.

21. Lease contract

(1) Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amount of the right-of-use asset		
Land and house	$ 999,510	$ 959,169
Transportation Equipment	212,857	111,637
Machine and Equipment	45,997	57,590
	$ 1,258,364	$ 1,128,396

	2020	***2019***
Addition of right-of-use assets	$ 447,908	$ 340,629
Depreciation expense of the right-of-use asset		
Land and house	$ 148,552	$ 155,331
Transportation Equipment	105,866	93,611
Machine and Equipment	11,695	9,918
	$ 266,113	$ 258,860

(2) Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amount of the lease liabilities		
Current	$ 301,722	$ 241,038
Non-current	$ 832,712	$ 754,957

The range of discount rates for lease liabilities is as follows:

	December 31, 2020	December 31, 2019
Land and house	1.01%~5.95%	1.01%~5.95%

	December 31, 2020	December 31, 2019
Transportation Equipment	1.01%~5.96%	1.01%~5.96%
Machine and Equipment	1.82%	1.82%

(3) Important rental activities and terms

The merged company has leased several machines and transportation equipment for production and operations for a period of 1–8 years. The lease agreement does not stipulate renewal of the lease or purchase options at the time of expiry of the lease.

The merged company has also leased several plots of land and buildings as factory buildings, offices, branches, and ATM sites for a period of 1–7 years. Lease payments have been adjusted in accordance with market lease rates. The merged company has no preferential purchase option with regard to the leased land and buildings at the time of expiry of the lease.

(4) Other lease information

For more details on operating lease agreements for self-owned buildings and investment property of the merged company, please refer to Note 20 and 22.

	2020	2019
Short-term lease expense	$ 61,178	$ 82,422
Low-value asset lease expense	$ 8,089	$ 11,441
Total cash of leases outflow	($ 363,232)	($ 372,627)

The merged company chooses to apply recognition exemption as applicable to office and transportation equipment leased for short periods and computer and office equipment that meets low-value asset criteria. Right-of-use assets and lease liabilities for said equipment is not recognized.

22. Investment property

	2020			
	Land	Buildings	Investment property in construction	Total
Cost				
Balance, beginning of year	$ 1,290,814	$ 214,229	$ -	$ 1,505,043
Increase in current period	-	264,388	-	264,388
Decrease in current period	(804,685)	-	-	(804,685)
Reclassification	1,197,920	45,653	-	1,243,573
Balance, end of year	1,684,049	524,270	-	2,208,319
Accumulated depreciation				
Balance, beginning of year	-	21,241	-	21,241
Increase in current period	-	2,272	-	2,272
Balance, end of year	-	23,513	-	23,513
Accumulated impairment				
Balance, beginning of year	18,094	1,000	-	19,094
Increase in current period	-	-	-	-
Balance, end of year	18,094	1,000	-	19,094
Balance - net	$ 1,665,955	$ 499,757	$ -	$ 2,165,712

	2019			
	Land	Buildings	Investment property in construction	Total
Cost				
Balance, beginning of year	$ 1,295,282	$ 99,047	$ 86,290	$ 1,480,619
Increase in current period	-	121,785	15,000	136,785
Reclassification of finance leases	-	-	(101,290)	(101,290)
Reclassification	(4,468)	(6,603)	-	(11,071)
Balance, end of year	1,290,814	214,229	-	1,505,043
Accumulated depreciation				
Balance, beginning of year	-	26,143	-	26,143
Increase in current period	-	1,701	-	1,701
Reclassification	-	(6,603)	-	(6,603)
Balance, end of year	-	21,241	-	21,241
Accumulated impairment				
Balance, beginning of year	18,094	1,000	-	19,094
Increase in current period	-	-	-	-
Reclassification	-	-	-	-
Balance, end of year	18,094	1,000	-	19,094
Balance - net	$ 1,272,720	$ 191,988	$ -	$ 1,464,708

Investment property is leased out for a period of 2-5 years. Upon closure of the leasehold duration, the lessee was not entitled to preferential leasehold power over the real estate.

As of December 31, 2020 and 2019, total receivable lease payments for operating leases of investment property are as follows:

	December 31, 2020	December 31, 2019
First year	$ 972	$ 600
Second year	114	482
	$ 1,086	$ 1,082

The merged company has adopted general risk management policies to reduce residual asset risks of leased out investment property at the time of lease expiry.

Investment property of the appreciated in accordance with the straight line method over the useful years as follows:

House and Building	
Buildings	30 to 60 years
Renovation engineering	2 to 29 years

(1) Eureka Investment Company Limited sold part of the investment real estate in February 2020 upon resolution by the board of directors. The sale price amounted to NT$34,982,000. The disposal losses incurred amounted to NT$93,000.

(2) China Man-Made Fiber Corporation, as resolved by the board of directors on April 20, 2020, was to set up solar power generation equipment on the land at Kejia Section, Douliou City, Yunlin County (recognized as real estate, factory and equipment, later reclassified into investment real estate). However, in order to activate assets, the board of directors resolved to sell the idle assets on August 2020. The sale price was NT$3,644,503,000. After deducting related fees in the amount of NT$11,208,000, the disposed benefit generated amounted to NT$2,863,685,000.

(3) The fair values of the consolidated company's investment real estate amounted to NT$2,461,334,000 and NT$1,733,829,000 in 2020 and on December 31, 2019. In particular, the amounts not evaluated by independent appraisers amounted to NT$ 477,384,000 and NT$298,999,000. The rest were measured in 2020 and on December 31, 2019 using Level 3 input values. The evaluations are in reference to market proof of similar real estate trading prices. The important assumptions and evaluated fair values evaluated are as follows:

	December 31, 2020	December 31, 2019
Asset earning power	14%~20%	15%~19%
The overall capital interest rate during development	1.09%	1.91%

(4) All investment in real estate owned by the Consolidated Company' was in its own interests. Please see Note 38 for the status on investment property provided as pledge collaterals.

23. Intangible assets

	December 31, 2020	December 31, 2019
Goodwill	$ 426,381	$ 426,381
Business right	28,000	28,000
Royalties for waterway facilities	277	-
Computer software	189,942	125,551
Shell Royalty	159,052	159,052
	803,652	738,984
Less: accumulated impairment	(557,161)	(557,161)
	$ 246,491	$ 181,823

(1) With respect to the consolidated company acquiring the shareholding of its subsidiaries, goodwill is considered when the acquisition cost is higher than the net asset value. As of December 31, 2020, the accumulated impairment loss was NT$398,109 thousand.

(2) The intangible assets of the consolidated company is the assigned right of operation from Feng Sing Securities. The right of operation is intangible assets that the life span cannot be determined and no amortization is made. As of December 31, 2020, no impairment of such right of operation has been declared in the evaluation.

(3) Changes in computer software costs and royalties are as follows:

	2020		
	Royalties	Computer software	Total
Cost			
Balance, beginning of year	$ 159,052	$ 125,551	$ 284,603
Increase in current period	282	110,035	110,317
Amortization in the current period	-	(59,138)	(59,138)
Reclassification	-	13,049	13,049
Net exchange differences	(5)	445	440
Balance, end of year	159,329	189,942	349,271
Accumulated impairment			
Balance, beginning of year	159,052	-	159,052
Provided in the current period	-	-	-

Balance, end of year	159,052	-	159,052
Balance - net	$ 277	$ 189,942	$ 190,219

	2019		
	Royalties	Computer software	Total
Cost			
Balance, beginning of year	$ 159,052	$ 135,974	$ 295,026
Increase in current period	-	41,520	41,520
Amortization in the current period	-	(52,488)	(52,488)
Reclassification	-	610	610
Net exchange differences	-	(65)	(65)
Balance, end of year	159,052	125,551	284,603
Accumulated impairment			
Balance, beginning of year	159,052	-	159,052
Provided in the current period	-	-	-
Balance, end of year	159,052	-	159,052
Balance - net	$ -	$ 125,551	$ 125,551

In order to obtaining patent technologies required for the operations of ethylene glycol plant, CMFC signed an EO/EG patent agreement with Shell Research Limited. The authorized use of the patent lasts 5 years, starting the effective date of the agreement. However, due to the environmental concern of the construction site, the progress was seriously delayed. The follow-up negotiation with Shell Research enabled the continued use of patent, but royalty in full was recognized as impairment after assessment. CMFA later on updated the design and then constructed a new ethylene glycol plant following a revised cash capital increase. The Company signed a Shell EO/EG manufacturing process patent agreement (different from the manufacturing technologies originally signed as mentioned above) with Shell, and the total of the technical service fees of royalty according to the terms of contract was US$5,323 thousand.

Royalties for waterway facilities refer to NOBLE HOUSE GLORY Corporation's payment for using waterway facilities in accordance with laws and regulations in Japan.

24. Other assets

	December 31, 2020	December 31, 2019
Refundable deposit	$ 2,380,608	$ 1,804,910
Non-delinquent loans restated from loans-net	2,246	2,246
Collected payment of shares underwritten and pending payments to be delivered	111,004	4
Others	206,855	3,746
	$ 2,700,713	$ 1,810,906

(1) The time deposits and government bonds held to maturity deposited by the consolidated company as the security bond for provisional seizure at court and for business guarantee on December 31, 2020 and 2019 were NTD 1,060,400 thousand and NTD 984,900 thousand, which are stated as refundable deposits.

(2) Non-loans transferred to collection - Breakdown of net:

	December 31, 2020	December 31, 2019
Non-delinquent loans restated from loans	$ 3,767	$ 4,506
Less: Allowance for bad debts - Taichung Commercial	(1,521)	(2,260)

Bank (Note 10)	$ 2,246	$ 2,246

(3) Details of delinquent accounts, net are summarized as follows:

	December 31, 2020	December 31, 2019
Delinquent Accounts	$ 3,130	$ 3,104
Less: Allowance for bad debts - Collection (Note 10)	(3,130)	(3,104)
	$ -	$ -

25. Borrowing

(1) Shot-term borrowings

	December 31, 2020	December 31, 2019
Secured loans		
-Secured loan	$ 10,232,808	$ 7,469,532
Unsecured loans		
- Credit loan	$ 3,537,843	$ 4,397,507
- Material procurement loan	898,689	2,248,730
	4,436,532	6,646,237
	$ 14,669,340	$ 14,115,769

1. The interest rates of bank borrowings as of December 31, 2020 and 2019 were 0.95% to 5.23% and 1.00% to 5.44%, respectively.
2. For the foresaid loan collateral information, please refer to Note 38

(2) Short-term notes payable

	December 31, 2020	December 31, 2019
Short-term notes payable	$ 3,590,000	$ 3,045,000
Less: Discount of short-term notes and bills payable	(3,247)	(3,197)
	$ 3,586,753	$ 3,041,803

The commercial notes payable's interest rate as of December 31, 2020 and 2019 are at between 0.412%~1.45% and 0.64%~1.568% respectively.

(3) Long-term borrowings

	December 31, 2020	December 31, 2019
Secured loans		
- Bank loans	$ 7,542,662	$ 8,293,123
Less: Amount due in one year	(3,428,288)	(2,842,955)
Long-term borrowings	$ 4,114,374	$ 5,450,168

1. China Man-Made Fiber Corporation conducted joint long-term borrowing in cooperation with the Taiwan Cooperative Bank in 2020 and on December 31, 2019 amounted to NT$1,900,000,000 and NT$1,694,100,000. The borrowing rate of interest is currently 1.80%. The borrowing will be repaid every year according to the loan contract. NT$1,005,000,000 will mature within one year. The borrowing is provided as collateral for China Man-Made Fiber Corporation's Kaohsiung plant land and buildings.
2. As of December 31, 2020 and 2019, CMFC had intermediate- and long-term borrowings from Taiwan Business Bank at NT$215,600 thousand and NT$232,800 thousand, for both year, with the borrowing rate currently at 1.12%. Starting March 2019, CMFC will repay the borrowings periodically based on the loan agreement and a total of $17,200 thousand will be due in the next year. The land and buildings are used as the collateral for the borrowing.
3. The long-term borrowing of China Man-Made Fiber Corporation's from the Mizuho Bank Ltd. amounted to NT$300,000,000 in 2020 and on December 31, 2019. The borrowing rate of

interest is currently 1.22%. The contract is renewed every six months. NT$300,000,000 will mature within one year.

4. As of December 31, 2020 and 2019, CMFC had long-term borrowings from Land Bank of Taiwan at NT$47,384 thousand and NT$60,923 thousand, respectively, with the borrowing rate currently at 1.59%. CMFC has repaid the borrowings periodically based on the loan agreement and a total of $13,538 thousand will be due in the next year. The land and buildings are used as the collateral for the borrowing.
5. As of December 31, 2020 and 2019, China Man-Made Fiber Corporation's long-term loans with Union Bank of Taiwan amounted to NT$ 350,000 thousand and 650,000 thousand, respectively, with a borrowing rate of interest of 1.28%. The original loan payment start date of May 2019 was extended to November 2020. Loan payments will be made in a timely manner as prescribed in the loan agreements. In the upcoming year, a loan of NT$ 100,000 thousand will reach maturity. Said loans serve as collateral for 97,000 thousand shares of Taichung Bank.
6. The long-term borrowing of China Man-Made Fiber Corporation from the Company of Panhsin in 2020 and on December 2019 amounted to NT$728,828,000 and NT$500,000,000. The borrowing rate of interest is currently 1.27%–1.52%. The borrowing is to be repaid on schedule every year. NT$330,000,000 will mature within one year. China Man-Made Fiber Corporation's land and building premises in Xiaogang District, Kaohsiung City are provided as borrowing collateral.
7. The long-term borrowing of China Man-Made Fiber Corporation from the Sunny Bank in 2020 and on December 31, 2019 amounted to NT$400,000,000 and NT$600,000,000. The borrowing rate of interest is currently 1.25%. The contract is renewed every year. 95,000,000 shares of the Taichung Commercial Bank Co., Ltd. shall be provided as borrowing collateral.
8. The long-term borrowing of China Man-Made Fiber Corporation from the JihSun Bank in 2020 and on December 31,2019 amounted to NT$905,000,000 and NT$1,030,00,000. The borrowing rate of interest is currently 1.25%. The original maturity to be paid in full in October 2019 has been extended to maturity in June 2021. NT$605,000,000 will mature within one year. Th remaining NT$300,000,000 will be paid in full upon maturity in January 2022. 130,000 thousand shares from the Taichung Commercial Bank Co., Ltd. and 15,000 thousand shares from Taiwan Tea Corp. are provided as borrowing collateral.
9. The long-term borrowing of China Man-Made Fiber Corporation from the Taiwan Cooperative Bank in 2020 and on December 31, 2019 amounted to NT$650,000,000. The borrowing rate of interest is 1.50%. The remained borrowing was paid in full in August 2020. The land and building premises of the land in Douliou City, Yunlin County are provided as borrowing collateral.
10. The borrowing of China Man-Made Fiber Corporation from the Shanghai Commercial Bank in 2020 and on December 31, 2019 amounted to NT$500,000,000 and NT$200,000,000. The borrowing rates of interest currently stand at 1.25%–1.30%. The borrowing is to be repaid on schedule starting January 2021. NT$107,500,000 will mature within one year. China Man-Made Fiber Corporation's 33,400 thousand shares from the Taichung Commercial Bank Co., Ltd. and the land and building premises in Xiaogang District, Kaohsiung City are provided as borrowing collateral.
11. The borrowing of China Man-Made Fiber Corporation from the Company of Kaohsiung in 2020 and on December 31, 2019 amounted to NT$100,000,000 respectively. The borrowing rate is currently 1.25%. The contract is renewed every three months. NT$100,000,000 will mature within one year.
12. As of December 31, 2020 and 2019, PACC had intermediate-term borrowings from Taiwan Cooperative Bank at NT$508,000 thousand and NT$604,000 thousand, respectively, with the borrowing rate currently at 1.35%. PACC has repaid the borrowings periodically based on the loan agreement and a total of $24,000 thousand will be due in the next year. Said loan serves as collateral for land and buildings of the Kaohsiung Plant of Pan Asia Chemical Corporation.
13. As of December 31, 2020 and 2019, Pan Asia's long-term loans with Union Bank of Taiwan amounted to NT$ 115,000 thousand and NT$175,000 thousand, respectively, with a borrowing rate of interest of 1.39%. Loan payments are made in a timely manner as prescribed in the loan

agreements. Said loans serve as collateral for China Man-Made Fiber Corporation stocks held by Pan Asia Chemical Corporation.

14. As of December 31, 2020 and 2019, PACC had long-term borrowings from Bank of Panhsin at NT$90,000 thousand and NT$60,000 thousand, respectively, with the borrowing rate currently at 1.36%. PACC has repaid the borrowings periodically based on the loan agreement and a total of $20,000 thousand will be due in the next year.
15. The long-term borrowing of the Pan Asia Chemical Corporation from the JihSun Bank in 2020 and on December 31, 2019 amounted to NT$122,000,000 and NT$100,000,000. The borrowing rate of interest is currently 1.28%. The original maturity in October 2020 has been extended to maturity in October 2022 to be paid in full. The shares of China Man-Made Fiber Corporation are provided as borrowing collateral.
16. The long-term borrowing of the Pan Asia Chemical Corporation from the Taiwan Business Bank in 2020 and on December 31, 2019 amounted to NT$535,000,000 and NT$595,000,000. The borrowing rate of interest is currently 1.25%. The borrowing is to be repaid on schedule every year according to the loan contract. NT$535,000,000 will mature within one year
17. The long-term borrowing of Jinbange Industries Co., Ltd. amounted to NT$41,000,000 and NT$49,000,000 in 2020 and on December 31, 2019. The borrowing rate of interest is currently 2.37%. The original maturity in May 2019 to be paid in full has been extended to maturity in May 2021 to be paid in full. NT$8,000,000 principal was paid in advance in January 2020. NT$41,000,000 will mature within one year. The land in Zhihsing Section, Wanhua are provided as borrowing collateral.
18. The long-term borrowing of the Chou-Chin Industrial Co., Ltd. from the Union Bank of Taiwan in 2020 and on December 31, 2019 and amounted to NT$130,000,000 and NT$110,400 thousand. The borrowing rates of interest is currently 1.53–1.70%. The shares of Hua Nan Financial Holdings and the financial debentures of Taichung Commercial Bank Co., Ltd. are provided as borrowing collateral.
19. The long-term borrowing of the Chou-Chin Industrial Co., Ltd. from the JihSun Bank in 2020 and on December 31, 2019 amounted to NT$116,000,000 and NT$120,000,000. The borrowing rate of interest is currently 1.45–1.70%. NT$60,000,000 will mature within one year. The shares of Hua Nan Financial Holdings are provided as borrowing collateral.
20. The long-term borrowing of the Chou-Chin Industrial Co., Ltd. from the First Commercial Bank in 2020 and on December 31, 2019 amounted to NT$160,000,000 and NT$170,000,000. The borrowing rates of interest is currently 1.45–1.60%. NT$10,000,000 will mature within one year. The plant in Changhua is provided as borrowing collateral.
21. The long-term borrowing of the Chou Chang Co., Ltd. from the Sunny Bank (Fuhsing Branch) in 2020 and on December 31, 2019 amounted to NT$156,000,000 and NT$165,000,000. The borrowing rates of interest are currently 1.75% and 2.03%. NT$156,000,000 will mature within one year. The financial debentures of the Taichung Commercial Bank Co., Ltd. are provided as borrowing collateral.
22. The long-term borrowing of the Chou Chang Co., Ltd. from the Far Eastern Int'l bank (Business Department) on December 31, 2019 and December 31, 2020 amounted to NT$122,850,000 and NT$126,900,000. The borrowing rates of interest are currently 1.72% and 2.02%. NT$4,050,000 will mature within one year. The financial debentures of the Taichung Commercial Bank Co., Ltd. are provided as borrowing collateral.
23. Please refer to Note 38 for the collateral of the long-term borrowings:

26. Bills and bonds sold under repurchase agreements

	December 31, 2020	December 31, 2019
Government bonds	$ 1,203,592	$ 2,002,755
Overseas bond	1,096,485	8,366,270
	$ 2,300,077	$ 10,369,025

Post-period re-purchase amount and interest rate are as follows:

	December 31, 2020	December 31, 2019
Government bonds	$ 1,203,981	$ 2,003,566
Overseas bond	1,097,527	8,415,535

	$ 2,301,508	$ 10,419,101
Government bonds	0.20%~ 0.21%	0.50%~ 0.54%
Overseas bond	0.38%	2.18%~ 2.45%

Foreign bonds are valued in foreign currencies as follows:

	December 31, 2020	December 31, 2019
USD	$ 39,022	$ 278,876

27. Due to Central Bank and other banks

	December 31, 2020	December 31, 2019
Call loans to banks	$ 6,411,231	$ 6,200,860
Due to Chunghwa Post Co., Ltd.	326,094	326,187
Deposits of other banks	300,013	13
	$ 7,037,338	$ 6,527,060

28. Other payables

	December 31, 2020	December 31, 2019
Payable expenses	$ 2,550,424	$ 2,397,682
Receivable accounts for settlement	1,526,955	716,756
Notes and checks in clearing	1,249,821	1,007,649
Payable spot exchange settlement payment	1,083,053	870,282
Acceptances payable	455,797	514,383
Payable interest	333,395	472,580
Account payable for underwriting	105,876	49,615
Others	665,088	728,318
	$ 7,970,409	$ 6,757,265

29. Deposits and remittances

	December 31, 2020	December 31, 2019
Check deposits	$ 8,826,200	$ 8,067,416
Demand deposits	171,030,484	137,883,306
Current saving deposits	150,643,016	134,211,159
Time deposits	150,412,288	143,685,998
Time saving deposits	155,188,149	159,025,088
Remittances	88,554	162,288
	$ 636,188,691	$ 583,035,255

30. Bonds payable

	December 31, 2020	December 31, 2019
Subordinate financial bonds	$ 11,500,000	$ 14,000,000
Less: Part owned by the consolidated company	(1,510,000)	(1,510,000)
Bills with less than one year to maturity	-	(2,500,000)
	$ 9,990,000	$ 9,990,000

(1) As approved by FSC's Letter under Jin-Guan-Yin-Piao-Zi No. 10100305900 dated September 24, 2012, the Taichung Bank issued 1st term subordinate financial bonds November 13, 2012 upon the following terms and conditions:
   1. Approved: NTD3,000,000 thousand.
   2. Issued: NTD3,000,000 thousand.
   3. Denomination: NTD1,000 thousand, issued at par value.
   4. Duration: 7 years, matured on November 13, 2019.
   5. Coupon rate: Fixed annual interest rate 2.1%.
   6. Repayment Methods: repayment in lump sum upon maturity.
   7. Payment of interest: interest paid per six months as of the date of issuance.

(2) As approved by FSC's Letter under Jin-Guan-Yin-Piao-Zi No. 10200089330 dated April 8, 2013, the Taichung Bank issued 1st term and 2nd term subordinate financial bonds June 25 and December 16, 2013 upon the following terms and conditions:
   1. Amount approved for issuance: NT$6,000,000 thousand.
   2. Issued:
      (1) 1st term 2013: 2,500,000 thousand.
      (2) 2nd term 2013: 3,000,000 thousand.
   3. Denomination:
      (1) 1st term 2013: NTD 500 thousand, issued at par value.
      (2) 2nd term 2013: NTD 500 thousand, issued at par value.
   4. Duration:
      (1) 1st term 2013: 7 years, matured on June 26, 2020.
      (2) 2nd term 2013: 6 years, matured on December 16, 2019.
   5. Bond interest rate:
      (1) 1st term 2013: the fixed annual rate of 2.1%.
      (2) 2nd term 2013: the fixed annual rate of 2.1%.
   6. Repayment Methods: repayment in lump sum upon maturity.
   7. Payment of interest: interest paid per six months as of the date of issuance.

(3) The Company has been approved by Financial Supervisory Commission under Letter Jin-Guan-Yin-Piao-Zi No. 10400200460 dated August 26, 2015 for the issuance of no maturity non-cumulative subordinated financial debentures 1st term for 2015 on December 28 2015. The terms and conditions for issuance are shown below:
   1. Amount approved for issuance: NT$1,500,000 thousand.
   2. Amount issued: NT$1,500,000 thousand.
   3. Face value: NT$10,000 thousand, issued at face value.
   4. Maturity: no maturity date.
   5. Bond interest rate is the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 3.08%.
   6. Repayment Methods: executed in accordance with the regulations of issuance.
   7. Interest payment: once annually from the issuing date.

(4) The Taichung Bank has been approved by Financial Supervisory Commission under Letter Jin-Kuan-Yin-Piao-Zi No. 10500210950 dated September 2, 2016 for the issuance of no maturity non-cumulative subordinated financial debentures 1st term and 2nd term and 3rd term for 2017 and 1st term for 2016 on March 28, May 18, August 28, 2017 and December 28, 2016. The terms and conditions for issuance are shown below:
   1. Amount approved for issuance: NT$3,500,000 thousand.
   2. Issued:
      (1) 1st term 2016: 1,500,000 thousand.
      (2) 1st term 2017: 1,000,000 thousand.
      (3) 2nd term 2017: 500,000 thousand.
      (4) 3rd term 2017: 500,000 thousand.
   3. Denomination:
      (1) 1st term 2016: NTD 10,000 thousand, issued at par value.
      (2) 1st term 2017: NTD 10,000 thousand, issued at par value.

(3) 2nd term 2017: NTD 10,000 thousand, issued at par value.
(4) 2nd term 2017: NTD 10,000 thousand, issued at par value.

4. Maturity: no maturity date.
5. Bond interest rate is the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 3.08%.
6. Repayment Methods: executed in accordance with the regulations of issuance.
7. Interest payment: once annually from the issuing date.

(5) The Company has been approved by Financial Supervisory Commission under Letter Jin-Guan-Yin-Piao-Zi No. 10600229120 dated September 22, 2017 for the issuance of no maturity non-cumulative subordinated financial debentures 1st term for 2018 and 4th, 5th term for 2017 on April 25, 2018 and December 5, December 27, 2017. The terms and conditions for issuance are shown below:

1. Approved: NTD5,000,000 thousand.
2. Issued:
   (1) 4th term 2017: 1,350,000 thousand.
   (2) 5th term 2017: 2,650,000 thousand.
   (3) 1st term 2018: 1,000,000 thousand.
3. Denomination:
   (1) 4th term 2017: NTD 10,000 thousand, issued at par value.
   (2) 5th term 2017: NTD 10,000 thousand, issued at par value.
   (3) 1st term 2018: NTD 10,000 thousand, issued at par value.
4. Maturity: no maturity date.
5. Bond interest rate is the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 3.08%.
6. Repayment Methods: executed in accordance with the regulations of issuance.
7. Interest payment: once annually from the issuing date.

(6) The Company has been approved by Financial Supervisory Commission under Letter Jin-Guan-Yin-Piao-Zi No. 10702156550 dated August 23, 2018 for the issuance of no maturity non-cumulative subordinated financial debentures 2nd term for 2018 on December 18, 2018. The terms and conditions for issuance are shown below:

1. Amount approved for issuance: NT$1,500,000 thousand.
2. Amount issued: NT$1,500,000 thousand.
3. Face value: NT$10,000 thousand, issued at face value.
4. Maturity: no maturity date.
5. Bond interest rate is the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 3.08%.
6. Repayment Methods: executed in accordance with the regulations of issuance.
7. Interest payment: once annually from the issuing date.

31. Provision for liabilities

	December 31, 2020	December 31, 2019
Employee benefit liabilities reserve	$ 1,311,270	$ 1,361,110
Reserve for guarantee liability	235,963	174,463
Provision for commitment of financing	72,060	63,357
Other reserves	13,097	11,878
Pending litigation reserves	78,998	-
	$ 1,711,388	$ 1,610,808

(1) Employee benefit liabilities reserve is detailed as follows:

	December 31, 2020	December 31, 2019
Defined benefit liabilities	$ 1,135,842	$ 1,200,158
Employees preferential deposit plan	139,406	131,433

Other long-term employee benefit liabilities	36,022	29,519
	$ 1,311,270	$ 1,361,110

1. Defined contribution pension plan

The pension system of the "Labor Pension Act" that is applicable to the Company and its subsidiaries of the consolidated company is a defined contribution pension plan subject to government management with an amount equivalent to 6% of the monthly salary appropriated and contributed to the personal account with the Bureau of Labor Insurance.

2. Defined benefit plan

The consolidated company's pension system under the "Labor Standards Act" of the R.O.C. is a defined benefit pension plan. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The consolidated company has contributed to the employee pension fund monthly based on the total salaries to Labor Pension Reserve Supervisory Committee for deposit at the special account in the Bank of Taiwan bearing the title of the committee. If the balance of the special account before the end of the fiscal year is insufficient to settle the payment for employees qualified for retirement in the next fiscal year, the Company shall make up the difference in lump sum by the end of March of the next fiscal year. The special account has been commissioned to the Bureau of Labor Fund of the Ministry of Labor Affairs for management. The Company contained in the consolidated financial statements exercises no influence on the right of the bureau in its investment management strategy.

The amount of determined benefit plan recognized in the consolidated balance sheet is shown below:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ 2,249,380	$ 2,295,198
The fair value of plan assets	(1,113,538)	(1,095,040)
Appropriation shortage	1,135,842	1,200,158
Net determined benefit liability	$ 1,135,842	$ 1,200,158

Change in net determined benefit liability is shown below

	Present value of the defined benefit obligations	The fair value of plan assets	Net determined benefit liability
January 1, 2019	$ 2,222,641	($ 976,641)	$ 1,246,000
Service cost			
Current service cost	17,586	-	17,586
Interest expenses (revenues)	24,545	(13,057)	11,488
Recognized in the profit or loss	42,131	(13,057)	29,074
Reevaluation			
Planned ROE (except the amount of net interest)	-	(30,630)	(30,630)
Actuarial loss – change in the assumption of the census	1,742	-	1,742
Actuarial loss – change in financial assumptions	87,656	-	87,656
Actuarial loss – adjustment through experience	68,344	-	68,344
Recognized in the other comprehensive profit of loss	157,742	(30,630)	127,112
Employer appropriation	-	(183,288)	(183,288)
Planned asset payment	(108,576)	108,576	-
Company account payment	(18,740)	-	(18,740)

	Present value of the defined benefit obligations	The fair value of plan assets	Net determined benefit liability
December 31, 2019	2,295,198	(1,095,040)	1,200,158
Service cost			
Current service cost	$ 12,785	$ -	$ 12,785
Interest expenses (revenues)	17,271	(8,775)	8,496
Recognized in the profit or loss	30,056	(8,775)	21,281
Reevaluation			
Planned ROE (except the amount of net interest)	-	(32,591)	(32,591)
Actuarial loss – change in the assumption of the census	1,417	-	1,417
Actuarial loss – change in financial assumptions	62,456	-	62,456
Actuarial gain – experience adjustments	(267)	-	(267)
Recognized in the other comprehensive profit of loss	63,606	(32,591)	31,015
Employer appropriation		(88,352)	(88,352)
Planned asset payment	(111,220)	111,220	-
Company account payment	(28,260)	-	(28,260)
December 31, 2020	$ 2,249,380	($ 1,113,538)	$ 1,135,842

The pension fund system of the Company contained in the consolidated financial statements is exposed to the following risks due to the "Labor Standards Act":

(1) Investment risk: The Bureau of Labor Fund of the Ministry of Labor Affairs uses the labor pension fund for investment in domestic and foreign equity securities and debt securities, and as bank deposits through proprietary trade or commissioned third parties. However, the amount attributable to the planned asset of the consolidated company shall not fall below the interest rate offered by the banks in the regions or countries of investment for 2-year time deposit as return.

(2) Interest risk: the decline of the interest rate for government/corporate bonds will cause an increase in the present value of determined benefit obligation. However, the ROI of the debt of the planned assets will also increase accordingly. The effect of the two on net determined benefit liability is mutually offsetting.

(3) Salary risk: the calculation of the present value of determined benefit obligation is based on the salaries of the members in the plan of the future. As such, an increase of the salaries of the members of the plan is bound to increase the present value of determined benefit obligation.

The determined benefit obligation of the Company contained in the consolidated financial statements is based on the actuarial calculation of the actuary and the major assumption as of the evaluation day is shown below:

	2020	2019
Discount rate	0.29%~ 0.50%	0.68%~ 0.80%
The expected rate of increase in salaries	1.50%~ 2.75%	1.50%~ 2.75%

In case of reasonable and possible change in the major actuarial assumptions, and other assumptions remained unchanged, the amount of increase (decrease) in the present value of determined benefit obligation will be:

	December 31, 2020	December 31, 2019
Discount rate		
Increase by 0.25%	($ 56,438)	($ 60,535)
Decrease by 0.25%	$ 58,420	$ 62,757
The expected rate of		

	December 31, 2020	December 31, 2019
increase in salaries		
Increase by 0.25%	$ 56,714	$ 61,080
Decrease by 0.25%	($ 55,071)	($ 59,225)

Actuarial assumptions may be inter-related. The possibility of change in specific assumption is not high. The aforementioned sensitivity analysis may not be able to reflect the actual change in the present value of determined benefit obligation.

	December 31, 2020	December 31, 2019
Prepaid amount for 1 year	$ 78,468	$ 147,951
Average maturity of determined benefit obligation	9 to 15 years	9 to 16 years

3. Employees preferential deposit plan

With effect on December 21, 2014, Taichung Bank in the financial statements adjusted the interest rate for the deposit of the banking staff. According to Order Jin-Guan-Yin-Fa-Zi No. 10110000850 and the Regulations Governing the Preparation of Financial Reports by Public Banks, the employee preferred deposit plan liabilities shall be subject to the actuarial calculation of a qualified actuary professional.

Contingent liabilities included in the consolidated balance sheet due to employees' preferential deposit plan at Taichung Commercial Bank are shown as follows:

	December 31, 2020	December 31, 2019
Present value of preferred deposit plan	$ 139,406	$ 131,433
The fair value of plan assets	-	-
Appropriation shortage	139,406	131,433
Provision for liability – preferred deposit plan	$ 139,406	$ 131,433

Change in employee preferred deposit plan liability is shown below:

	Present value of the defined benefit obligations	The fair value of plan assets	Net determined benefit liability
January 1, 2019	$ 120,769	$ -	$ 120,769
Service cost			
Service costs from previous period	6,700	-	6,700
Interest expenses	4,286	-	4,286
Recognized in the profit or loss	10,986	-	10,986
Reevaluation			
Actuarial loss – change in the assumption of the census	6,770	-	6,770
Actuarial loss – adjustment through experience	21,177	-	21,177
Recognized in the other comprehensive profit of loss	27,947	-	27,947
Company account payment	(28,269)	-	(28,269)
December 31, 2019	131,433	-	131,433
Service cost			
Service costs from previous period	11,407	-	11,407

	Present value of the defined benefit obligations	The fair value of plan assets	Net determined benefit liability
Interest expenses	4,692	-	4,692
Recognized in the profit or loss	16,099	-	16,099
Reevaluation			
Actuarial loss – adjustment through experience	20,941	-	20,941
Recognized in the other comprehensive profit of loss	20,941	-	20,941
Company account payment	(29,067)	-	(29,067)
December 31, 2020	$ 139,406	$ -	$ 139,406

The amount of employee preferred deposit plan recognized as profit and loss by function is summarized below:

	2020	2019
Operating expenses	$ 16,099	$ 10,986

The employee preferred deposit obligation of the Taichung Commercial Bank is based on the actuarial calculation of professional actuary and the major assumption as of the evaluation day is shown below:

	December 31, 2020	December 31, 2019
Discount rate	4.00%	4.00%
Return on deposited fund	2.00%	2.00%
Excessive interest rate	2.00%	2.00%
The withdrawal rate of preferred deposits	3.50%	3.50%

In case of reasonable and possible change in the major actuarial assumptions, and other assumptions remained unchanged, the amount of increase (decrease) in the present value of employee preferred deposit obligation will be:

	December 31, 2020	December 31, 2019
Discount rate		
Increase by 0.25%	($ 3,381)	($ 3,202)
Decrease by 0.25%	$ 3,529	$ 3,343
The withdrawal rate of preferred deposits		
Increase by 0.25%	$ 3,647	$ 3,454
Decrease by 0.25%	($ 3,799)	($ 3,599)

Actuarial assumptions may be inter-related. The possibility of change in specific assumption is not high. The aforementioned sensitivity analysis may not be able to reflect the actual change in the present value of employee preferred deposit obligation.

	December 31, 2020	December 31, 2019
Prepaid amount for 1 year	$ -	$ -
The average maturity of employee preferred deposit obligation	10.3 years	10.4 years

4. Other long-term employee benefits

The other long-term employee benefits of the Taichung Commercial Bank meant for the long-term disability benefits. The Company will issue pensions to the employees who die of sickness or accidents at work for reasons other than occupational hazards.

Taichung Commercial Bank recognized long-term employee benefits in the consolidated comprehensive income statement for an amount of NTD 6,503 thousand and NTD 6,531 thousand in 2020 and 2019, respectively. The other long-term employee benefit liabilities reserve amounted to NT$ 36,022 thousand and NT$ 29,519 thousand as of December 31, 2020 and 2019, respectively.

(2) Taichung Bank Statement of Changes in Reserves for Guarantees

2020

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance as of January 1, 2020	$ 109,720	$ 1,778	$ 58,621	$ 170,119	$ 4,344	$ 174,463
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(5)	3,399	(3,394)	-	-	-
Converted as financial assets with credit impairment	(6)	-	6	-	-	-
Converted as anticipated credit loss in 12 months	3,815	(736)	(3,079)	-	-	-
Financial assets removed in current period	(78,990)	(1,042)	(15,768)	(95,800)	-	(95,800)
Procured or initiated new financial assets	141,620	3,975	-	145,595	-	145,595
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	21,507	21,507
Write-off bad debts	-	-	-	-	-	-
Recovered amount after write-off bad debts	-	-	-	-	-	-
Foreign exchange settlement and other changes	(7,196)	(2,575)	(31)	(9,802)	-	(9,802)
Balance - ending	$ 168,958	$ 4,799	$ 36,355	$ 210,112	$ 25,851	$ 235,963

2019

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance as of January 1, 2019	$ 121,061	$ 1,751	$ 55,221	$ 178,033	$ 11,815	$ 189,848
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(3)	3	-	-	-	-
Converted as financial assets with credit impairment	(434)	-	434	-	-	-
Converted as anticipated credit loss in 12 months	11,027	(292)	(10,735)	-	-	-
Financial assets removed in current period	(86,834)	(1,458)	(7,647)	(95,939)	-	(95,939)
Procured or initiated new financial assets	80,868	1,720	4,221	86,809	-	86,809
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(7,471)	(7,471)
Write-off bad debts	-	-	-	-	-	-
Recovered amount after write-off bad debts	-	-	-	-	-	-
Foreign exchange settlement and other changes	(15,965)	54	17,127	1,216	-	1,216
Balance - ending	$ 109,720	$ 1,778	$ 58,621	$ 170,119	$ 4,344	$ 174,463

Bad debt expense, commitment and guarantee liability provisions recognized in 2020 and 2019.

(3) The table of changes in other reserves of the Taichung Commercial Bank Co., Ltd. is as follows:

2020

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance as of January 1, 2020	$ 9,638	$ -	$ 7	$ 9,645	$ 2,233	$ 11,878
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	-	-	-	-	-	-
Converted as financial assets with credit impairment	-	-	-	-	-	-
Converted as anticipated credit loss in 12 months	-	-	-	-	-	-
Financial assets removed in current period	(9,638)	-	(7)	(9,645)	-	(9,645)
Procured or initiated new financial assets	9,157	3,263	-	12,420	-	12,420
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(1,556)	(1,556)
Write-off bad debts	-	-	-	-	-	-
Recovered amount after write-off bad debts	-	-	-	-	-	-
Foreign exchange settlement and other changes	-	-	-	-	-	-
Balance - ending	$ 9,157	$ 3,263	$ -	$ 12,420	$ 677	$ 13,097

2019

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance as of January 1, 2019	$ 12,108	$ -	$ -	$ 12,108	$ 11,825	$ 23,933
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	-	-	-	-	-	-
Converted as financial assets with credit impairment	-	-	-	-	-	-
Converted as anticipated credit loss in 12 months	-	-	-	-	-	-
Financial assets removed in current period	(12,073)	-	-	(12,073)	-	(12,073
Procured or initiated new financial assets	9,628	-	7	9,635	-	9,635
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(9,592)	(9,592
Write-off bad debts	-	-	-	-	-	-
Recovered amount after write-off bad debts	-	-	-	-	-	-
Foreign exchange settlement and other changes	(25)	-	-	(25)	-	(25
Balance - ending	$ 9,638	$ -	$ 7	$ 9,645	$ 2,233	$ 11,878

Bad debt expense, commitment and guarantee liability provisions recognized in 2020 and 2019.

(4) Taichung Bank Statement of Changes in Reserves for Financial Commitments

2020

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance as of January 1, 2020	$ 57,484	$ 1,848	$ 4,025	$ 63,357	$ -	$ 63,357
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(5,991)	5,353	638	-	-	-
Converted as financial assets with credit impairment	(3)	(8)	11	-	-	-
Converted as anticipated credit loss in 12 months	1,685	(1,685)	-	-	-	-
Financial assets removed in current period	(8,260)	(141)	(4,025)	(12,426)	-	(12,426)
Procured or initiated new financial assets	24,551	1,298	1,917	27,766	-	27,766
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(5,392)	(5,392)
Write-off bad debts	-	-	-	-	-	-
Recovered amount after write-off bad debts	-	-	-	-	-	-
Foreign exchange settlement and other changes	(1,774)	540	(11)	(1,245)	-	(1,245)
Balance - ending	$ 58,968	$ 7,205	$ 2,555	$ 68,728	$ 3,332	$ 72,060

2019

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance as of January 1, 2019	$ 61,769	$ 2,040	$ -	$ 63,809	$ -	$ 63,809
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(4)	4	-	-	-	-
Converted as financial assets with credit impairment	(4)	(4,032)	4,036	-	-	-
Converted as anticipated credit loss in 12 months	1,177	(1,177)	-	-	-	-
Financial assets removed in current period	(9,439)	(791)	-	(10,230)	-	(10,230
Procured or initiated new financial assets	21,880	1,041	-	22,921	-	22,921
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	-	-
Write-off bad debts	-	-	-	-	-	-
Recovered amount after write-off bad debts	-	-	-	-	-	-
Foreign exchange settlement and other changes	(17,895)	4,763	(11)	(13,143)	-	(13,143
Balance - ending	$ 57,484	$ 1,848	$ 4,025	$ 63,357	$ -	$ 63,357

As of December 31, 2020 and 2019, bad debt expense allowances and commitment/guarantee reserve allowances.

(5) The consolidated company's 2020 pending litigation reserve provision amounts to NT$78,998,000. See Note 39.

32. Equity

(1) Capital stock

	December 31, 2020	December 31, 2019
Authorized number of shares (thousand shares)	1,680,000	1,680,000
Authorized capital	$ 16,800,000	$ 16,800,000
Number of shares issued with fully paid-in capital (thousand shares)	1,621,367	1,621,367
Outstanding capital	$ 16,213,672	$ 16,213,672

Common stock shares issued at NTD 10 Par and each share is entitled to one voting right and dividends.

As of January 1, 2019, CMFC's paid-in capital was $15,224,105 thousand, consisting of 1,522,410 thousand shares of common stock, with a par value of $10 per share. On June 5, 2019, the shareholder meeting resolved to recapitalize the undistributed earnings of NT$989,567 thousand to 989,567 shares (both in thousand), at a par value of NT$10 per share, all of which were common stocks. As of December 31, 2020, the paid-in capital of CMFC has increased to NT$16,213,672 thousand, consisting of 1,621,367 thousand shares of common stock at a par value of NT$10 per share.

(2) Capital surplus

	December 31, 2020	December 31, 2019
For covering loss carried forward, payment in cash or capitalization as equity shares (Note)		
Shares issued in excess of par value	$ 590,001	$ 590,001
The differences between carrying amount and market price of actual acquisition or disposal of shares in subsidiaries.	-	6,270
Assets received	2,129	2,129
Treasury stock transactions	772,194	772,194
<u>For covering loss carried forward only.</u>		
Changes in the ownership equity on a subsidiary	143,231	184,238
Transaction of treasury stock (cash dividends paid to subsidiaries)	153,376	153,376
Invalid ESO	2,600	2,600
	$ 1,663,531	$ 1,710,808

NoteSuch additional paid-in capital can be used to make up for losses; also, when the Company is without any loss, it can be applied for cash distribution or capitalization. However, it is limited to a certain percentage of the annual paid-in capital for the purpose of capitalization.

(3) Retained earnings and Dividend Policy

According to the Articles of Incorporation of China Man-Made Fiber Corporation, the policy for the distribution of earnings stated that if there is a surplus after account settlement of the fiscal year, the Company shall pay applicable taxes and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve, and appropriate for special reserve or reverse special reserve. If there is still a balance, it will be pooled up with the undistributed earnings carried forward from previous years for distribution as shareholder dividend under a proposal prepared by the Board subject to the final approval of the General Meeting of Shareholders. For information on the policy of remuneration to employees, Directors, and Shareholders to the Articles of Incorporation, refer to Note 33 (10) remunerations for employees, directors and supervisors.

The Company’s dividend policy shall be drafted subject to the Company’s future investment environment and long-term financial planning, and also takes the shareholders' equity into consideration. The dividends shall be allocated in the form of cash dividend as the first priority per year, and may be allocated in the form of stock dividend, provided that the ratio of allocation of stock dividend shall be no more than 95% of the total dividends.

China Man-Made Fiber Corporation has a special reserve appropriated and reversed in accordance with FSC.Certificate.Issue.Tzi No. 1010012865 Letter, FSC.Certificate.Issue.Tzi No. 1010047490 Letter, and “Special reserve appropriation Q&A after the adoption of International Financial Reporting Standards (IFRSs).” If the amount debited to the other shareholders’ equity is reversed subsequently, the reversed amount can be distributed.

The legal reserve should be contributed until its balance reaches the Company’s total paid-in capital. The legal reserve may be applied to make up loss. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

China Man-Made Fiber Corporation held General Shareholders Meetings on June 2, 2020 and June 5, 2019, which adopted resolutions with regard to the 2019 and 2018 surplus distribution proposals as follows:

	Earnings Distribution Proposal		Dividend Per Share (NTD)	
	2019	2018	2019	2018
Legal reserve	$ -	$ 137,204	$ -	$ -
Special reserve	4,696	(20,283)	-	-
Cash dividends	-	152,241	-	0.10
Stock dividends	-	989,567	-	0.65

China Man-Made Fiber Corporation recorded an after-tax loss in 2019. The shareholders’ meeting therefore proposed on June 2, 2020 not to distribute dividends and set aside a special reserve of NT$ 4,696,000 pursuant to the Securities and Exchange Act.

The Company had resolved in the board meeting the earnings distribution of 2020 on March 15, 2021 as follows:

	Earnings Distribution Proposal	Dividend Per Share (NTD)
Legal reserve	$ 90,972	$ -
Special reserve	(6,177)	-
Cash dividends	162,106	0.1
Stock dividends	648,425	0.4

The proposal for the distribution of earnings in 2020 is pending on the resolution of the General Meeting of shareholders scheduled to be held in June 2021.

For more information on the proposal approved by the board of directors of China Man-Made Fiber Corporation and the surplus distribution proposal adopted by resolution of the General Shareholders Meeting, please refer to the TWSE Market Observation Post System.

(4) Other equity

1. Exchange differences from the translation of financial statements of foreign operations

	2020	***2019***
Balance, beginning of year	($ 86,995)	($ 54,591)
The exchange differences yielded by net assets of overseas operating institutions	(29,246)	(32,404)
Balance, end of year	($ 116,241)	($ 86,995)

2. Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss

	2020	2019
Balance, beginning of year	$ 382,016	($ 129,103)
Accrued in current year		
Unrealized gain or loss		
Debt instruments	56,180	12,476
Equity instruments	50,303	509,505
Recognized share of the subsidiary adopting the equity method.	(1,208)	-
The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings.	(35,329)	(10,862)
Balance, end of year	$ 451,962	$ 382,016

(5) Treasury stock

The details and changes of the treasury stocks of CMFC in 2020 and 2019 are shown as follows:

Cause	Transfer of shares to employees (Thousand shares)	Shares of parent company held by subsidiaries (in thousand shares)	Total (thousand shares)
Number of shares on January 1, 2020	-	330,985	330,985
Increase in current period	304	-	304
Decrease in current period	-	-	-
Number of shares as of December 31, 2020	304	330,985	331,289
Number of shares on January 1, 2019	-	310,784	310,784
Increase in current period	-	20,201	20,201
Decrease in current period	-	-	-
Number of shares as of December 31, 2019	-	330,985	330,985

1. The Company repurchased the Company’s stock totaling 304 thousand shares, at the price of NT$1,745 thousand, pursuant to the Securities and Exchange Act in 2020.
2. As of December 31, 2020 and 2019, CMFC shares held by the subsidiaries are as follows:

Name of Subsidiary	Quantity of Shares (Thousand Shares)	Book Value	Market Value
December 31, 2020			
Pan Asia Chemical Corporation	251,443	$ 879,074	$ 1,250,375
Deh Hsing Investment Co., Ltd.	11,172	25,787	125,133
Chou Chin Industrial Co., Ltd.	59,123	195,060	313,540
Chou Chang Corporation (subsidiary of Chou Chin	9,247	35,136	38,936

Industrial CO., LTD.)			
		$ 1,135,057	$ 1,727,984
December 31, 2019			
Pan Asia Chemical Corporation	251,443	$ 971,926	$ 1,023,453
Deh Hsing Investment Co., Ltd.	11,172	25,787	92,733
Chou Chin Industrial Co., Ltd.	59,123	195,060	229,558
Chou Chang Corporation (subsidiary of Chou Chin Industrial CO., LTD.)	9,247	35,136	28,960
		$ 1,227,909	$ 1,374,704

3. According to the Securities and Exchange Act, the treasury stocks held by CMFC shall not be pledged, nor shall they be entitled to dividends distribution and voting rights. Shares of CMFC held by its subsidiaries shall be considered as treasury stocks, and except for the provisions of Article 167 and 179 of the Company Act, the rest share the same rights as the general shareholders.

(6) Non-controlling interest

	2020	2019
Balance, beginning of year	$ 38,598,643	$ 35,867,280
Adjusted non-controlling interest of dividends distributed to subsidiaries	-	15,146
The number of shares attributed to non-controlling interests		
Net income	3,106,661	3,310,588
Reevaluation of determined benefit plan	(27,684)	(92,309)
Financial assets at fair value through other comprehensive profit or loss	376,845	301,753
Exchange differences from the translation of financial statements of foreign operations	(66,172)	(72,910)
Disposal of part of the equity of the subsidiary.	131,778	-
Cash dividends paid by subsidiaries	(779,458)	(730,905)
Change in non-controlling interest	2,061,528	-
Balance, end of year	$ 43,402,141	$ 38,598,643

33. Business units in continuing operation income

Income from continuing operations department includes the following items

(1) Interest income and expense

	2020	2019
Interest revenue		
Discount and loan interest income	$ 9,918,006	$ 11,046,706
Due from bank and interbank offered interest income	139,603	158,560
Security investment interest income	1,505,616	1,592,043
Others	506,535	657,696

	$ 12,069,760	$ 13,455,005
Interest expenses		
Deposits Interest expenses	$ 3,008,739	$ 3,895,512
Central Bank and interbank interest expense	178,613	207,985
Bond issuance interest expense	389,100	643,380
Interest expense on borrowings	238,393	257,879
Lease liability interest expenses	37,204	40,665
Other Interest expenses	108,372	241,751
	3,960,421	5,287,172
Less: Recognized cost of property, plant and equipment (Note 20)	-	(2,272)
	$ 3,960,421	$ 5,284,900

(2) Fee income and expense

	2020	2019
Income from handling fees		
Brokerage fee revenue	$ 1,040,643	$ 1,292,348
Trust business income	1,068,056	901,283
Loan service fee income	565,057	466,542
Commission income for bank guarantee	154,934	152,298
Other service fee revenue	316,764	339,599
	$ 3,145,454	$ 3,152,070
Service charges		
Commission expense	$ 76,213	$ 93,237
Inter-bank service fee	37,004	35,904
Other service fee expenses	126,334	109,614
	$ 239,551	$ 238,755

The consolidated company provides custody, trust, investment management and advisory services to third parties; therefore, the consolidated company engages in the planning, management and trading decision of financial instruments. For a trust fund or investment portfolio that is commissioned for management and utilization, a separate bookkeeping is arranged and financial statements are prepared for internal management purposes, excluding the financial statements of the consolidated company.

(3) Gain (loss) on financial assets and liabilities at fair value through profit and loss

	2020	2019
The realized gain (loss) of financial assets and liabilities measured at fair value through profit or loss		
Commercial papers	$ 85,066	$ 132,342
Stock	145,924	345,149
Beneficiary certificate	(18,578)	(2,310)
Bonds	1,507	(2,580)
Derivatives	72,852	9,206
	286,771	481,807
The valuation gain (loss) of financial assets and liabilities measured at fair value through profit or loss		
Commercial papers	($ 11,436)	($ 1,507)
Stock	(27,090)	23,679
Beneficiary certificate	190,600	102,011
PEM Group Insurance policy assets	(202,381)	51,349
Bonds	1,428	-
Open-end funds and money market instruments	103	(109)
Derivatives	(191,420)	60,149
	(240,196)	235,572

	$ 46,575	$ 717,379

(4) Expected credit reversal benefit

	2020	2019
Capital gain (loss) on reversal of debts instrument at fair value through comprehensive income statement as other comprehensive income	($ 5,318)	$ 113
Debt of instruments measured on the basis of cost after amortization impairment loss reversal gain (loss)	(2,750)	6,338
Accounts receivable	84,343	4,412
	$ 76,275	$ 10,863

(5) Loss in impairment of non-financial assets

Impairment loss of property, plant and equipment	$ 605,359	$ -

(6) Bad debt expense, commitment and guaranty reserve

	2020	2019
Lodgment of the expenses of doubtful account receivables	$ 147,059	$ 121,547
Lodgment of the expenses of doubtful accounts for discount and loans	298,742	509,127
Withdrawal and deposit of guarantee responsibility reserve (reversal)	61,500	(15,226)
Provision for commitment of financing	10,367	26
Other provision	1,364	-
	$ 519,032	$ 615,474

(7) Other income

	2020	2019
Dividend income	$ 149,450	$ 133,539
Management fee income	42,170	35,997
Rental revenue	33,057	32,704
Government grants	41,738	-
Compensation income	31,217	-
Others	69,939	35,257
	$ 367,571	$ 237,497

(8) Other expenses

	2020	2019
Litigation compensation reserve	$ 64,908	$ -
Others	34,086	24,762
	$ 98,994	$ 24,762

(9) Depreciation and amortization

	2020	2019
Property, plant, and equipment expenses	$ 986,952	$ 977,344
Depreciations of Investment Property	2,272	1,701
Intangible assets amortization expenses	59,138	52,488
Right-of-use assets	266,113	258,860
Total	$ 1,314,475	$ 1,290,393
Consolidation of depreciation expenses based on functions		
Operating cost	$ 767,028	$ 765,407
Operating expenses	488,309	472,498
	$ 1,255,337	$ 1,237,905

Consolidation of amortization expenses

based on functions		
Operating cost	$ 55	$ 55
Operating expenses	59,083	52,433
	$ 59,138	$ 52,488

(10) Employee benefits expenses

2020

	Operating cost	Operating expenses	Total
Salary & wage	$ 594,465	$ 3,687,197	$ 4,281,662
Labor insurance and national health insurance	61,910	261,101	323,011
	656,375	3,948,298	4,604,673
Pension expenses			
Defined contribution pension plan	26,005	113,143	139,148
Defined benefit plan (Note 31)	3,462	17,819	21,281
	29,467	130,962	160,429
Other employee benefits expenses	33,005	254,843	287,848
Total employee benefits expenses	$ 718,847	$ 4,334,103	$ 5,052,950

2019

	Operating cost	Operating expenses	Total
Salary & wage	$ 619,636	$ 3,567,662	$ 4,187,298
Labor insurance and national health insurance	62,323	233,353	295,676
	681,959	3,801,015	4,482,974
Pension expenses			
Defined contribution pension plan	27,479	110,851	138,330
Defined benefit plan (Note 31)	4,309	24,765	29,074
	31,788	135,616	167,404
Other employee benefits expenses	36,804	257,890	294,694
Total employee benefits expenses	$ 750,551	$ 4,194,521	$ 4,945,072

(11) Remuneration to employees, Directors and Supervisors

The Company appropriated 1% to 5% and no more than 0.3% of the earnings before taxation before the deduction of remuneration to the employees, Directors and Supervisors of the same year. Since the Company recorded an after-tax loss in 2019, no employee and director/supervisor compensations were allocated. Estimated employee and director/supervisor compensations in 2020 are as follows:

Estimate on ratio

	2020	2019
Remuneration to employees	1.0%	-
Remuneration to directors/supervisors	0.3%	-

Amount

	2020	2019
Remuneration to employees	$ 10,778	$ -

Remuneration to directors/supervisors	$ 3,234	$ -

If there are still changes in the amount specified in the consolidated financial statement after announcement, proceed to the accounting of change and adjusted for booking in the next fiscal year.

China Man-Made Fiber Corporation held board meetings on March 16, 2020 and March 18, 2019, which adopted resolutions to approve the 2019 and 2018 employee and director/supervisor compensations as follows:

Amount

	2019		2018	
	Remuneration to employees	Remuneration to directors/supervisors	Remuneration to employees	Remuneration to directors/supervisors
Amount resolved by the Board of Directors for release	$ -	$ -	$ 13,673	$ 4,102
Amount recognized in financial statements of respective years	$ -	$ -	$ 13,673	$ 4,102

The actual amount for remuneration to employees, Directors and Supervisors in 2019 and 2018 did not vary from the amount recognized in the consolidated financial statements of 2019 and 2018.

For further information on the appropriation of remuneration to the employees and Directors and Supervisors by the Board of China Man-Made Fiber Corporation in 2021 and 2020, visit the "MOPS" website of Taiwan Stock Exchange Corporation.

34. Continuing department income tax

(1) Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	2020	2019
Income tax expenses in the current period		
Accrued in current year	$ 724,361	$ 916,556
Additional levy on undistributed earnings	2,063	6,382
Prior year adjustment	119	(832)
Land revaluation increment tax	121,815	-
Deferred tax		
Accrued in current year	21,334	(386,848)
Prior year adjustment	2,305	-
Income tax expense recognized in the profit or loss	$ 871,997	$ 535,258

The adjustments of 2020 and 2019 accounting income and the income tax expense of the year:

	2020	2019
Income before tax from continuing operations	$ 4,920,705	$ 3,116,082
Income tax expense of net income before tax at the statutory tax rate	$ 984,141	$ 623,216
Non-deductible expenses and losses for tax purposes	4,530	7,433
Non-taxable income	(697,096)	(63,074)
Additional levy on undistributed earnings	2,063	6,382

Land revaluation increment tax	121,815	-
Income tax expense of prior years adjusted in the current year	119	(832)
Deferred income tax expenses in the previous year for adjustments in the current year	2,305	-
Unrecognized loss carryforward	453,634	127
Temporary differences in unrecognized taxable tax	-	(41,691)
Effect of variation in taxation rates on the consolidation of the group and individual entities.	486	3,697
Income tax expense recognized in the profit or loss	$ 871,997	$ 535,258

(2) Income tax recognized in the other comprehensive profit or loss

	2020	2019
Deferred tax		
Accrued in current year		
- Re-evaluation of determined benefit plan	$ 9,127	$ 29,500
- Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	(2,991)	(20,877)
Income tax benefits recognized in the other comprehensive profit or loss	$ 6,136	$ 8,623

(3) Current income tax asset and liability

	December 31, 2020	December 31, 2019
Current income tax asset		
Tax refund receivable	$ 11,316	$ 14,469
Current Tax Liability		
Payable income tax	$ 164,433	$ 398,167

(4) Deferred income tax assets and liabilities

Changes in the deferred income tax assets and liabilities are as follows:

2020

	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
Deferred income tax assets				
Temporary difference				
Property, plant and equipment	$ 21,962	$ -	$ -	$ 21,962
Inventory	23,134	-	-	23,134
Defined benefit pension plans	333,496	(16,005)	9,127	326,618
Loss allowance	423,060	(55,765)	-	367,295
Unrealized loss from structured note indemnity	213,491	40,476	-	253,967
Others	(17,886)	9,957	(2,991)	(10,920)
	997,257	(21,337)	6,136	982,056
Loss credit	472,152	(2,302)	-	469,850
	$ 1,469,409	($ 23,639)	$ 6,136	$ 1,451,906
Deferred tax liabilities				
Temporary difference				
Allowance for land increment	$ 1,021,567	$ -	$ -	$ 1,021,567

	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
value tax				

2019

	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
Deferred income tax assets				
Temporary difference				
Property, plant and equipment	$ 34,789	($ 12,827)	$ -	$ 21,962
Inventory	11,158	11,976	-	23,134
Defined benefit pension plans	309,329	(5,333)	29,500	333,496
Loss allowance	372,522	50,538	-	423,060
Unrealized loss from structured note indemnity	223,761	(10,270)	-	213,491
Others	23,276	(20,285)	(20,877)	(17,886)
	974,835	13,799	8,623	997,257
Loss credit	99,103	373,049	-	472,152
	$ 1,073,938	$386,848	$ 8,623	$ 1,469,409
Deferred tax liabilities				
Temporary difference				
Allowance for land increment value tax	$ 1,021,567	$ -	$ -	$ 1,021,567

(5) Deductible temporary differences and unused deduction of loss for deferred income tax assets are not recognized in the balance sheet.

	December 31, 2020	December 31, 2019
Deductible temporary differences		
Allowance to reduce inventory to market	$ 114,314	$ 114,314
Defined benefit pension plans	7,550	7,550
Loss credit	2,270,174	98,010
	$ 2,392,038	$ 219,874

(6) Unused losses credit related information

Loss deduction as at December 31, 2020:

Uncredited balance	Last year of credit
$ 63,869	111 years
505,260	115 years
1,788,564	118 years
2,259,727	119 years
$ 4,617,420	

(7) Income tax audit

1. Approved by the Company up to 2018.
2. The Taichung Commercial Bank was audited up to the year 2018.
3. The Taichung Commercial Bank Insurance Broker Co., Ltd. was audited up to the year of 2018.
4. The Taichung Commercial Bank Lease Enterprise was audited up to the year of 2018.
5. Approved by TCB Securities up to 2018.
6. Approved by Pan Asia Chemical Corporation up to 2018.
7. Approved by De-Hsin Investment up to 2018.
8. Approved by Taichung Securities Investment Trust up to 2018.

9. Approved by Chou Chin Industrial up to 2018.
10. Approved by Ge Ling up to 2018.
11. Approved by Jeou Chang up to 2018.
12. Approved by Rui-Jia Investment up to 2018.
13. Approved by Xiang-Feng Development up to 2019.
14. Approved by Mélasse up to 2019.
15. Approved by Pan-Feng Industry up to 2018.
16. Approved by Tou-Ming Industry up to 2018.
17. Approved by Jin-Bang-Ge Industry up to 2018.

35. Earnings (losses) per share

	2020	2019
Basic earnings per share (losses)	$ 0.73	($ 0.57)
Diluted earnings per share (losses)	$ 0.73	($ 0.57)

The net income (loss) and weighted average common stock shares used for calculating earnings (deficit) per share are as follows:

Net income or loss for current period

	2020	2019
Net profit (loss) attributable to the Company	$ 942,047	($ 729,764)

Quantity

	2020	2019
Weighted average common stock shares used to calculate basic earnings per share	1,290,198	1,290,382
Effect of dilutive potential common stock:		
Remuneration to employees	1,332	-
Weighted average common stock shares used to calculate diluted earnings per share	1,291,530	1,290,382

36. Equity transactions of non-controlling interests.

The consolidated company disposed its 5% shares of Pan Asia Chemical Corporation, decreasing the shareholding ratio from 49% to 44% from March to May 2020.

Since the transaction referred to above did not change the control of the Consolidated Company over the subsidiaries, the Consolidated Company has it processed as an equity transaction.

	Subsidiaries
Consideration collected	$ 171,227
The net book value of the subsidiary's assets is calculated in accordance with the relative changes in equity that should be transferred out of the non-controlling equity.	(131,778)
Adjustments attributable to other equity items of the shareholders of the Company.	
- Treasury stock trading	(92,852)
Equity transaction balance	($ 53,403)
Adjustment of equity transaction balance	
Additional paid-in capital-Actual disposal of part of the equity of the subsidiary	($ 6,270)
Undistributed earnings	(47,133)
	($ 53,403)

37. Related Party Transactions

(1) Name and affilation of related parties

Name	Affiliation

Name	Affiliation
Chung Chien Investment Co., Ltd.	Investors with control
Pan Asia Investment Co., Ltd.	Investors with control
Nan Chung Petrochemical Corp.	Affiliated enterprises
Wei-Kang International	Affiliated enterprises
BONWELL PRADISE Co., Ltd	Affiliated enterprises
Storm Model Management	Affiliated enterprises
FunTeam Industrial CO., LTD	Affiliated enterprises
Qian Teng PR Planning (Shanghai), Co., Ltd.	Affiliated enterprises
Shanghai Nianjia Cultural Diffusion Co., Ltd.	Affiliated enterprises
Hua Nan Financial Holding	Substantial related party
Hua Nan Bank	Substantial related party
Hua Nan Insurance	Substantial related party
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.	Substantial related party
Hsu Tian Investment Co., Ltd	Substantial related party
TA YI DEVELOPMENT CO., LTD.	Substantial related party
Midea	Substantial related party
Formosa Imperial Wineseller Corp.	Substantial related party
Formosawine Vintners Corporation	Substantial related party
Da Fa Investment Company	Substantial related party
Sheng Jen Knitted Textiles Co., Ltd.	Substantial related party
Reliance Consolidated Securities Co., Ltd.	Substantial related party
Sheng Yuan Cher Investment Company	Substantial related party
Chao-Qing Investment	Substantial related party
Peng Hsu Investment Company	Substantial related party
General Pride Enterprise Co., Ltd.	Substantial related party
Shield Bright Investment Limited	Substantial related party
Taichung Commercial Bank Cultural and Educational Foundation, Taichung Commercial Bank Workers' Welfare Commission	Substantial related party
Others	Key management personnel of the merged company and their spouses and relatives within the second degree of kinship

(2) Important transactions between the Company and related parties:

1. Sales revenue

Name	2020	2019
Substantial related party	$ -	$ 42

There are no significant differences between sales prices and collection terms for related parties of the merged company and regular customers.

2. Purchase

Name	2020	2019
Nan Chung Petrochemical Corp.	$ 2,053,199	$ 3,361,822

The terms and conditions of the Consolidated Company's purchase from said related parties are as same as that to the general suppliers. The general suppliers apply the A/R settlement 1 month~2 months.

3. Bank deposits and interest revenue

Name	2020		2019	
	Balance - ending	Interest revenue	Balance - ending	Interest revenue
Hua Nan Bank	$ 88,304	$ 35	$ 132,779	$ 115

4. Accounts payable to related parties

Name	December 31, 2020	December 31, 2019
Payable accounts and notes		
Nan Chung Petrochemical Corp.	$ -	$ 307,149
Substantial related party	11	-
	$ 11	$ 307,149

5. Other income

Name	2020	2019
Hua Nan Bank	$ 8,984	$ 8,197
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.	96	96
	$ 9,080	$ 8,293

The Company's 2020 and 2019 other income from Hua Nan Commercial Bank Company pertains to the Company serving as Hua Nan Commercial Bank Co.'s institutional director has received of director/auditor remuneration and director/auditor attendance travel expense income.

6. Other Expenses

Name	2020	2019
Substantial related party	$ 8,160	$ 6,450

7. Pre-paid expenses

Name	2020	2019
Substantial related party	$ 1,083	$ 875

8. Disposal of financial assets

2020: None.

2019

Name	Account titles in book	Number of traded shares	Transaction object	Disposal price
Pan Asia Investment Co., Ltd.	The financial assets measured for the fair values through other comprehensive income-non-current	1,000 thousand shares	Taiwan Tea Corp. common shares	$16,576

The merged company sold 1 million common shares of Taiwan Tea Corporation at a transaction price of NT$ 16.65 to the related party Pan Asia in accordance with the method for trading after hours on the Open Market Stock Exchange on September 23, 2019. The proceeds minus a processing fee of NT$ 24,000 and transaction tax of NT$ 50,000 amounted to NT$ 16,576,000 (gain/loss from disposal of (548,000). Equity carried over to retained surpluses.

9. Loans

2020

Unit: NTD thousand

Type	Number of accounts or name of stakeholder	Maximum Balance in Current Period	Balance - ending	Performance		Interest revenue	Collateral Contents	Difference in trading conditions and terms with non-stakeholders
				Normal loans	No-performing loans			
Customer loans to employees	13 accounts	$ 5,529	$ 3,897	$ 3,89	$	$ 53	Credit loans	N/A
Residential mortgage loans	40 accounts	237,517	156,316	156,3		1,645	Real estate	"
Other loans	Lee OO	2,552	2,414	2,41		35	"	"
	Chang OO	4,500	4,500	4,50		67	"	"
	Liu OO	1,911	1,774	1,77		24	"	"
	Tsai OO	5,000	5,000	5,00		-	"	"
	Lin OO	504	412	41		-	"	"
	Chiu OO	1,500	1,500	1,50		11	"	"
	Fan OO	25,932	4,616	4,61		35	"	"
	Lin OO	18,800	17,600	17,60		297	"	"
	Tsai OO	380	248	24		6	"	"
	Liang OO	886	767	76		11	"	"
	Yeh OO	33,000	11,000	11,00		153	"	"
	Huang OO	1,570	1,435	1,43		23	"	"
	Chiu OO	3,238	2,935	2,93		40	"	"
	Hsu OO	2,200	2,200	2,20		5	"	"

2019

Unit: NTD thousand

Type	Number of accounts or name of stakeholder	Maximum Balance in Current Period	Balance - ending	Performance		Interest revenue	Collateral Contents	Difference in trading conditions and terms with non-stakeholders
				Normal loans	No-performing loans			
Customer loans to employees	11 accounts	$ 4,772	$ 3,223	$ 3,22	$ -	$ 67	Credit loans	N/A
Residential mortgage loans	37 accounts	187,417	115,535	115,53	-	1,585	Real estate	"
Other loans	Lee OO	2,685	2,552	2,55	-	41	"	"
	Chen OO	4,000	-		-	17	"	"
	Liu OO	2,044	1,911	1,91	-	29	"	"
	Yang OO	846	-		-	4	"	"
	Chung OO	12,230	-		-	154	"	"
	Fan OO	4,432	1,916	1,91	-	34	"	"
	Lin OO	38,000	18,800	18,80	-	354	"	"
	Liang OO	1,002	886	88	-	14	"	"
	Yeh OO	33,000	11,000	11,00	-	166	"	"
	Huang OO	1,701	1,570	1,57	-	27	"	"
	Chiu OO	3,534	3,238	3,23	-	49	"	"
	Tsai OO	1,529	-		-	29	"	"
	Chen OO	1,600	-		-	5	"	"

According to Articles 32 and 33 of the Banking Act of the Republic of China, no non-secured credit loans shall be granted to any party interested with the Bank’s staff, unless they are consumer loans and loans extended to the Government Apparatus; secured credit loans shall be granted under sufficient collateral and the terms of such credit extension shall not be more favorable than those offered to other customers in the same category.

10. Deposit

	2020			2019		
	Balance - ending	Interest Rate Collars %	Interest Expenses	Balance - ending	Interest Rate Collars %	Interest Expenses
Taichung Commercial Bank Workers’ Welfare Commission	$ 140,183	0.01~ 4.80	$ 7,151	$ 139,771	0.01~ 5.09	$ 7,258
Taichung Commercial Bank Cultural and Educational Foundation	8,202	0.01~ 0.84	72	8,223	0.01~ 1.09	88
Formosa Imperial	733	0.04	-	206	0.08	1

Wineseller Corp.						
Shield Bright Investment Limited	17,748	0.01	-	-	-	-
Yu Hwei Technology Co., LTD.	4	0.01	-	4	0.01	-
Hsu Tian Investment Co., Ltd	41,153	0.01~ 0.05	1	46,712	0.01~ 0.48	13
Reliance Consolidated Securities Co., Ltd.	13,748	0.04~ 0.55	96	13,652	0.08~ 0.80	104
Peng Hsu Investment Company	4	0.01	-	3	0.01	-
Pan Asia Investment Co., Ltd.	6	0.01	-	6	0.01	-
Others	347,616	0.00~4.80	3,851	321,852	0.00~5.09	4,180
	$ 569,397		$ 11,171	$ 530,429		$11,644

Compared to general customers, there is no major difference in deposits, except for the interest rates for bank clerks accounting for 4.80% and 5.09% in 2020 and 2019.

11. Financial bonds payable

The first issue in 2015, the first issue in 2016, the first, second, third, fourth, and fifth issue in 2017, and the first and second issue in 2018 by the Taichung Commercial Bank Co., Ltd. are non-cumulative secondary financial bonds with no expiry dates. The Concord Securities Co., Ltd. and the KGI Securities have been designated by proxy as the financial advisor for bond issuance and fundraising.

As of December 31, 2020, the financial bonds of Taichung Bank Company subscribed by the related parties through the underwriters are as follows:

Trading Counterpart	Subscription amount	Session
Hsu Tian Investment Co., Ltd.	$ 4,000,000	1st term in 2015, 1st term in 2016, 1st and 5th term in 2017, 1st term and 2nd term in 2018 of perpetual non-accumulative subordinated debentures
Other related parties	2,240,000	The first and fourth issue in 2017, the first and second issue in 2018 are non-cumulative secondary financial bonds with no expiry dates.

As of December 31, 2020 and 2019, Taichung Bank should pay bond interest from bank debentures to the aforementioned related parties amounting to NT$38,4132 thousand, and NT$ 40,882 thousand, respectively. The interest expenses as of December 31, 2020 and 2019 amounted to NT$ 256,575 thousand and NT$ 258,357 thousand, respectively.

(3) Rewards to management

The 2020 and 2019 total remuneration to directors and the other management are as follows:

	2020	2019
Short-term employee benefits	$ 275,119	$ 255,613
Retirement benefits	2,958	2,116
Other long-term employee benefits	600	13
	$ 278,677	$ 257,742

The salaries and remunerations to directors and other key management were determined by the Salary Committee in accordance with the personal performances and trends in the markets:

38. Pledged assets

The consolidated company provides assets as operation bonds, collaterals for bank borrowings, guarantee for repurchase agreement, guarantee for overdraft limit, margin for financial derivatives, guarantee for import duty and guarantee for hiring foreign workers (list them based on the book value):

	December 31, 2020	December 31, 2019
Notes receivable	$ 2,426,158	$ 2,889,030
Due from bank- time deposits	200,000	200,000

Due from banks-Reserves Account B	5,000,000	-
Restricted assets - Bank borrowings (list other current assets)	595,184	543,795
Financial assets at fair value through other comprehensive profit or loss	986,077	893,516
Investment of debt instrument on the basis of cost after amortization – government bonds	920,400	844,900
Investment under the equity method	110,343	117,002
Available-for-sale noncurrent assets	-	769,610
Investment property	1,064,695	1,086,856
Property, plant and equipment		
Land	3,411,627	3,411,627
House and Building	484,804	485,983

39. Significant undertakings or contingencies

In addition to the undertaking for financial products specified in Notes 8, 9 and 26, the consolidated company have had the following undertakings or contingent liabilities until December 31, 2020 and 2019:

(1) Guarantee notes issued by CMFC:

	December 31, 2020	December 31, 2019
Banking facility	$ 15,551,230	$ 18,027,828
Advance payment and performance bond	320,000	320,000
	$ 15,871,230	$ 18,347,828

(2) As of December 31, 2020 and 2019, the consolidated company has issued but not used of letters of credit are at $1,377,004 thousand and $2,424,494 thousand, respectively.

(3) CMFC and Air Liquide Far Eastern signed a gas purchase agreement, which specified the minimum purchase volume of oxygen and nitrogen. The monthly purchase is about NT$13,800 thousand, with adjustments made every April in accordance with the customer price index. The purchase volume of oxygen and nitrogen is based on the contract price. The purchase agreement has a term of 240 months. The agreement will be automatically renewed for 36 months upon expiration if neither party has objection. A 24-month notice is required for the termination of the agreement. Both parties agreed on July 1, 2014 as the effective date of the agreement.

(4) Taichung Commercial Bank has other commitments:

	December 31, 2020	December 31, 2019
Undisbursed credit committee (exclusive of credit cards)	$ 143,630,068	$ 139,176,198
Credit card committee	12,799,065	11,743,903
Receivable guarantees	22,879,091	16,485,312
Trust liabilities	65,050,103	67,330,687
The balance of opened but unused letter of credit	3,430,243	3,318,935
Not yet initiated finance lease contractual commitments during lease periods	2,121,644	1,240,804

(5) The balance sheet and trust property catalogue of the trust account is disclosed pursuant to Article 17 of the “Enforcement Rules of Trust Enterprise Act” as follows:

Balance Sheet of Trust Accounts

December 31, 2020

Trust assets	Amount	Trust liabilities	Amount
Bank deposits	$ 4,689,969	Payable securities in custody	$ 2,918,386
Short-term investment	53,842,003	Trust capital	62,131,717
Structured product investment	1,406,286	Net income	1,569,531
Real estate		Deferred carry-over	(1,569,531)
Land	2,056,768		
House and Building	136,691		
Securities in custody	2,918,386		
Total trust assets	$ 65,050,103	Total trust liabilities	$ 65,050,103

Property Catalogue of Trust Accounts

December 31, 2020

Investment	Amount
Bank deposits	$ 4,689,969
Short-term investment	53,842,003
Structured product investment	1,406,286
Real estate	
Land	2,056,768
House and Building	136,691
Securities in custody	2,918,386
	$ 65,050,103

Income Statement of Trust Accounts

2020

	Amount
Amount	
Interest revenue	$ 2,641,698
Trust expenses	
Administration expenses	(1,072,146)
Taxation	(21)
Income before taxation	1,569,531
Income tax expenses	-
Income after taxation	$ 1,569,531

Balance Sheet of Trust Accounts

December 31, 2019

Trust assets	Amount	Trust liabilities	Amount
Bank deposits	$ 3,588,759	Payable securities in custody	$ 5,884,557
Short-term investment	54,341,837	Trust capital	61,446,130
Structured product investment	2,041,602	Net income	2,047,880
Real estate		Deferred carry-over	(2,047,880)
Land	1,350,853		
House and Building	123,079		
Securities in custody	5,884,557		
Total trust assets	$ 67,330,687	Total trust liabilities	$ 67,330,687

Property Catalogue of Trust Accounts
December 31, 2019

Investment	Amount
Bank deposits	$ 3,588,759
Short-term investment	54,341,837
Structured product investment	2,041,602
Real estate	
Land	1,350,853
House and Building	123,079
Securities in custody	5,884,557
	$ 67,330,687

Income Statement of Trust Accounts
2019

	Amount
Amount	
Interest revenue	$ 2,921,019
Dividend income	27,138
Trust expenses	
Administration expenses	(900,164)
Taxation	(113)
Income before taxation	2,047,880
Income tax expenses	-
Income after taxation	$ 2,047,880

(6) Leasing contracts and capital expenditure commitments maturity analysis

The consolidated company’s leasing contract commitments include operating leases and financing leases.

The operating lease commitment meant for the minimum lease payment of the consolidated company as a lessee or lessor under the irrevocable operating lease. For operating lease contractual commitments please refer to Note 20 (5).

The term “finance lease commitments” refers to the present value of total lease investments and minimum receivable lease payments with the merged company as lessor in accordance with the finance lease terms.

Capital expenditure commitment refers to the contract signed for the capital expenditures paid to receive architecture and equipment.

In consideration of the gradually expanding scope of operations and manpower, Taichung Bank publicly invited tenders online for the new Taichung Commercial Bank Head Office construction project on February 11, 2019. On March 29, 2019, the tender was jointly awarded to Dacin Construction Co., Ltd. and Earthpower. The contract has a total value of NT$ 11.16 billion. Initiation of the project was reported on April 27, 2019. Fees charged by YSL Architects & Associates for design planning and technical supervision services amounted to NT$ 480,492,000.

Maturity analysis for finance lease contractual commitments and capital expenditure commitments with the merged company as lessor is provided below:

Total finance lease revenue

	December 31, 2020	December 31, 2019
First year	$ 2,259,461	$ 2,836,102
Second year	785,605	288,642
Third year	219,267	19,172
Fourth year	13,030	13,300
Fifth year	13,030	13,300
More than 5 year	171,350	188,431
	$ 3,461,743	$ 3,358,947

Present value of finance lease revenue

	December 31, 2020	December 31, 2019
First year	$ 2,006,629	$ 2,551,965
Second year	712,027	261,072
Third year	188,214	8,545
Fourth year	3,457	3,026
Fifth year	3,805	3,343
More than 5 year	93,881	97,593
	$ 3,008,013	$ 2,925,544

Capital expenditure commitments

	December 31, 2020	December 31, 2019
First year	$ 3,949,454	$ 823,970
Second year	3,309,926	4,580,756
Third year	1,236,643	3,510,676
Fourth year	14,394	1,233,408
Fifth year	-	71,971
	$ 8,510,417	$ 10,220,781

(7) O-Bank and Yuanta Bank filed a litigation in February and November, 2020 by reason of several employees receiving the aforementioned bank's assignment of claim notice and serving as the contact window in cooperation with the New Site Industries Inc., resulting in bank clerks' error and mistakenly believing the Company, Yijinyang Industries Co., Ltd., and New Brite Industries Inc. incurred transactions and continuing to lend and allocate funds, and claiming the Company and employees shall be jointly and severally liable for compensation. CMFC has commissioned a defense attorney to represent the Company in this lawsuit. Based on the lawyer's opinion, this case objectively possesses no external form of duties performed by employed persons. After the trial, the court deemed the Company's entitlement to seeking compensation from China Man-Made Fiber Corporation. The reduction or exemption of the compensation liability of China Man-Made Fiber Corporation will affect the compensation amount. China Man-Made Fiber Corporation has provisioned liability reserve for the pending litigation case. See Note 31.

(8) Regarding the return of consumer consignment litigation filed by Taichung Commercial Bank Co., Ltd. and the Pihsiang Energy Technology Co., Ltd., in the first trial, the Taichung District Court by order of 2018 chung-su-zi No. 598 on February 4, 2020 (same below) decided against Taichung Commercial Bank Co., Ltd. NT$100 million should be returned to the plaintiff (i.e. Pihsiang Energy Technology Co., Ltd.) From April 10, 2018 to the day of clearance, the interest rate of 5% per annum will be calculated. The litigation fees will be shouldered by the Taichung Commercial Bank Co., Ltd. The appointed lawyer evaluated the content of the original verdict and deemed the verdict reasons contradictory and in violation of verdict without reason. Therefore, the Taichung Commercial Bank Co., Ltd. Filed an appeal on February 27, 2020. The case is currently in progress at the Taiwan High Court Taichung Branch Court by order of 2020 chung-shang No.78. Taichung Commercial Bank Co., Ltd. has first provisioned the pending compensation in the above-mentioned litigation (statutory fruits and litigation fees) reserve in the amount of NT$14,090,000 according to the civil verdict result by order of 2018 chung-su-zi No. 598 on February 2020. The interest fees in the amount of NT$13,644,000 and other business and management fees/litigation fees in the amount of NT$446,000 are recognized.

40. Other matters

(1) The distributors for PACC provided certificates of deposits valued at NT$2,000 thousand to PACC and also provided performance bond from bank valued at NT$2,000 thousand.

(2) The consolidated company has been under the impact of the global COVID-19 pandemic. The downstream demand of the textile industry showed significant slowdown. Moreover, Sinopec's capacity in 2020 has significantly increased, resulting in the adjustment of ethylene glycol capacity depending on market conditions. The consolidated company's sales revenue decreased in 2020 compared to the same period the first year.

In coping with the impact of the pandemic, the Company has adjusted its operational strategies and has implemented strict control on inventory. In terms of raw materials, procurements are made based on order demand quantity, while the safe stock is reduced. In addition, production is scheduled based on actual orders placed by customers or agents, thereby reducing finished product stock and timely adjusting price strategies to achieve balanced production and sales. Furthermore, the Company plans to actively differentiate products on some production lines to increase revenues and profits. This is to avoid the price disadvantages of bulk specifications and competition from China and ASEAN countries. Meanwhile, impacts brought about by oil price fluctuations are reduced, including planned exports to make up for impacts arising from short-term domestic work suspension.

In view of the above, the Company shall evaluate the business and financial aspects have not been subject to major impacts. In addition to the above-mentioned measures, the Company shall continue to evaluate its ability to continue operating and possible effects arising from impairment of assets and funding risks.

41. Financial instruments

(1) Fair value information- Financial instruments that are not measured at fair value

With the exception of the following, the book value of financial instruments not at fair value through income statement approximated its fair value or the fair value of which could not be measured with reliability. The fair value is not disclosed.

1. Fair value bracket

December 31, 2020

		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial Assets					
Investment of debt instruments on the basis of cost after amortization	$113,544,854	$ 89,450,493	$ 25,317,446	$ -	$114,767,939
Financial Liabilities					
Financial liabilities on the basis of cost after amortization:					
-Financial bonds payable	11,500,000	-	11,663,699	-	11,663,699

December 31, 2019

		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial Assets					
Investment of debt instruments on the basis of cost after amortization	$108,969,273	$ 85,512,551	$ 24,092,164	$ -	$109,604,715
Financial Liabilities					
Financial liabilities on the basis of cost after amortization:					
-Financial bonds payable	14,000,000	-	14,014,140	-	14,014,140

2. Evaluation techniques and an input value of Level 2 fair value measurement

Categories of financial instruments	Evaluation techniques and input values
Non-derivatives	The bid price in active markets is not taken as fair value.

(2) Information on fair value – financial instruments at fair value on repetition.

1. Fair value bracket

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Derivatives	$ -	$ 3,670,250	$ -	$ 3,670,250
Commercial papers	24,872,947	-	-	24,872,947
Listed stocks – domestic and emerging stock	794,608	67,862	-	862,470
Foreign TSEC/GTSM listed shares	88,533	-	-	88,533
Domestic non-listed (OTC) stocks	-	-	7,508	7,508
Beneficiary certificates of funds	920,885	-	-	920,885
Domestic corporate bonds	203,112	-	-	203,112
Others	-	799,269	-	799,269
Total	$26,880,085	$ 4,537,381	$ 7,508	$ 31,424,974

Financial assets at fair value through other comprehensive profit or loss				
Equity investment				
- Listed stocks – domestic and emerging stock	4,640,069	-	-	4,640,069
- Foreign TSEC/GTSM listed shares	311,404	-	-	311,404
- Non listed (OTC) domestic stock	-	-	1,230,836	1,230,836
- Non-listed (OTC) overseas stock	-	-	7,865	7,865
Debt instrument				
- Domestic corporate bonds	26,959,132	-	-	26,959,132
- Domestic government bonds	5,379,466	-	-	5,379,466
- Overseas bond	-	3,486,270	-	3,486,270
- Financial bonds	2,008,865	-	-	2,008,865
Total	$39,298,936	$ 3,486,270	$ 1,238,701	$ 44,023,907
Financial liabilities at fair value through profit and loss				
Derivatives	$ -	$ 785,819	$ -	$ 785,819

Reconciliation of financial instruments at Level 3 fair value:

	Financial assets at fair value through profit and loss			Financial assets at fair value through other comprehensive profit or loss		
Financial Assets	Derivatives	Equity instruments	Debt instruments	Equity instruments	Debt instruments	Total
Balance, beginning of year	$ -	$ -	$ -	$1,094,038	$ -	$1,094,038
Recognized in the other comprehensive income (Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss)	-	8	-	159,337	-	159,345
Purchase	-	45,000	-	1,223	-	46,223
Disposition	-	-	-	(15,897)	-	(15,897)
Transferred from Level 3	-	(37,500)	-	-	-	(37,500)
Balance, end of year	$ -	$ 7,508	$ -	$1,238,701	$ -	$1,246,209

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Derivatives	$ -	$ 2,097,080	$ -	$ 2,097,080
Commercial papers	20,074,138	-	-	20,074,138
Listed stocks – domestic and emerging stock	878,084	36,336	-	914,420
Foreign TSEC/GTSM listed shares	98,199	-	-	98,199
Beneficiary certificates of funds	801,720	-	-	801,720
Domestic corporate bonds	89,816	-	-	89,816
Others	-	1,029,839	-	1,029,839
Total	$ 21,941,957	$ 3,163,255	$ -	$ 25,105,212
Financial assets at fair value through other comprehensive profit or loss				
Equity investment				
- Listed stocks – domestic and emerging stock	3,319,533	-	-	3,319,533
- Foreign TSEC/GTSM listed shares	282,672	-	-	282,672
- Non listed (OTC) domestic stock	-	-	1,085,654	1,085,654
- Non-listed (OTC) overseas stock	-	-	8,384	8,384
Debt instrument				
- Domestic corporate bonds	21,503,613	-	-	21,503,613
- Domestic government bonds	5,997,423	-	-	5,997,423
- Overseas bond	-	799,314	-	799,314
- Financial bonds	1,699,994	-	-	1,699,994
Total	$ 32,803,235	$ 799,314	$ 1,094,038	$ 34,696,587
Financial liabilities at fair value through profit and loss				
Derivatives	$ -	$ 233,803	$ -	$ 233,803

Reconciliation of financial instruments at Level 3 fair value:

Financial Assets	Financial assets at fair value through other comprehensive profit or loss		
	Equity instruments	Debt instruments	Total
Balance, beginning of year	$ 914,338	$ -	$ 914,338
Recognized in the other comprehensive income (Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss)	178,880	-	178,880
- Purchase	820	-	820
Balance, end of year	$ 1,094,038	$ -	$ 1,094,038

In 2020 and 2019, there was no transfer of fair values measures in Level I and Level II.

2. Evaluation techniques and an input value of Level 2 fair value measurement

Categories of financial instruments	Evaluation techniques and input values
Non-derivatives	The bid price in active markets is not taken as fair value.
Derivatives	
Options Contracts	Model Evaluation Method: The prices of execution of all contracts, market fluctuation and maturity, interest rate, and exchange rate were taken as parameters for evaluation, and were subject to evaluation using the close-box model.
FX swap contracts, and forwards contracts	Cash flow discount method: Estimate the future cash flow on the basis of observable forwards rate and the forwards contracts entered into, and subject to discount on the basis that could reflect the risk discount rate for respective counterparties.
Assets swap agreement	The calculation of the closing price of convertible bonds on the day of net bond value: net bond value shall be discounted through the adjustment of risk discount on the basis of the TAIBIR on short-term Taiwan bills compiled at TDCC on the basis of the future cash flow of convertible bonds.
Structured products	
Interest rate derivatives	Quotation of counterparties.

3. Evaluation techniques and an input value of Level 3 fair value measurement

Categories of financial instruments	Evaluation techniques and input values
Unlisted/OTC	Market multiple method: The fair value of the subject matter may be evaluated by comparison with the bid price of the stocks in the industry in the active market with liquidity discount ratio taken into account and the corresponding net value of multiples.

4. The measurement of Level 3 fair value is the sensitivity analysis of the reasonable substituted assumption of fair value

The significant unobservable input value under the market multiple method adopted by the consolidated company is the liquidity discount ratio. When the ratio increases, the fair value of the investment decreases. Sensitivity analysis is compiled as follows:

Risk factors	Changes	Effects
Liquidity Discount Ratio	10%	($ 36,571)

(3) Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial Assets		
Measured at fair values through profit and/or loss		
Measured at fair value through income under compulsion	$ 31,424,974	$ 25,105,212
Financial assets on the basis of cost after amortization (Note 1)	655,126,689	619,782,635
Financial assets at fair value through other comprehensive profit or loss		
Equity investment	6,190,174	4,696,243
Debt instrument	37,833,733	30,000,344

Financial Liabilities		
Measured at fair values through profit and/or loss	785,819	233,803
Based on cost after amortization (Note 2)	690,943,004	646,619,579

Note 1: The balance include cash and cash equivalent, the Central Bank deposits and interbank lending, bills and bonds purchased under resale agreements, notes receivables and accounts, other receivables, net discounts and lending, financial assets at amortized cost - Non-current, restricted assets, refundable deposits and other financial assets at amortized cost.

Note 2: Note 2: The balance include short-term loans, short-term notes payable, repurchase coupons andbonds liabilities, the Central Bank and interbank deposits, bills payable and accounts, other payables (excluding dividend payable), deposits and remittances, bills payable (including those with one-year to maturity), long-term borrowings (including those with one-year to maturity), refundable deposits and other financial liabilities measured at amortized cost.

42. Purpose and policy of financial risk management

The China Man-Made Fiber Co., Ltd.'s financial management department shall provide services to each business unit, to plan and coordinate operations in the domestic and international financial markets, and to monitor and manage the consolidated company's operation-related financial risks with the internal risk report, with the risk exposure analyzed in accordance with the degree and breadth of risks. The risks include market risk, credit risk and liquidity risk. The financial risks associated with the consolidated company mainly come from the key subsidiary, Taichung Commercial Bank.

The consolidated company's financial risk management objective is to achieve business objectives, the overall risk tolerance and legal restrictions in order to reach the balance of risks and returns. The main operating risks faced by the consolidated company include the credit risk on and off the financial statements, market risks (including interest rates, foreign exchange rates, equity securities and instrument price risks) and liquidity risks.

The consolidated company have the related risk management policies defined and approved by the Board of Directors in order to effectively identify, measure, monitor, and control credit risk, market risk and liquidity risk.

The Board of Directors is the highest decision-making unit of the consolidated company and assumes the ultimate responsibility for risk management. The consolidated company has established a Risk Management Commission and Risk Management Department responsible for granting risk authority and the relevant authorities to the relevant departments to ensure the successful operation of risk management. The Committee's functions are specified as follows:

(1) Review of risk management projects.
(2) The review and discussion on risk limit.
(3) Review of motions for institutionalization of risk management.
(4) Periodical report to the Board of Directors

The commissioners of the Risk Management Committee shall set the various risk management indicators by nature of business and functions of departments and Risk Management Dept. report them to the Risk Management Committee for high-ranking supervisors' reference in decision making.

1. Market risk

(1) Source and definition of market risk

Market risk refers to the unfavorable changes in market price causing possible losses on and off the consolidated balance sheet. The so-called market price refers to interest rates, exchange rates, equity security prices and instrument prices.

(2) Market risk management policy

The consolidated company's market risk management objective is to develop a sound and effective market risk management mechanism that is compatible with the Company's business scale, nature and complexity in order to ensure that the Company's risks can be properly managed and effectively identify, measure, monitor, control market risks; also, establish a balance between the tolerable risk level and the expected rate of return.

(3) Market risk management process

A. Identification and Measurement

Before the promotion and operation of new products, business activities, processes and systems, the relevant market risk should be assessed through appropriate procedures and determine whether the risk exposure is within the range of risk tolerance included for consideration. The consolidated company's responsible business units shall use business analysis or product analysis to verify the source of market risk and define market risk factors for each financial instrument as appropriate specifications.

Market risk measurement can be processed with a variety of effective measurement methods in order to properly measure risk, including but not limited to the following methods: statistical basis measurement method, sensitivity analysis, and scenario analysis. The Risk Management Department should measure the risk position daily and regularly; also, conduct stress tests regularly to measure the possible extraordinary loss amount of current positions under the simulated extreme situations or historically extreme situations.

B. Monitoring and reporting

The Risk Management Department should regularly report and make suggestions to the Risk Management Committee and the Board of Directors on the Bank's overall market risk management, including the Bank's market risk positions, risk level, profit and loss, using excess of limit and market risk management related compliance. The Business Department has defined the relevant rules governing excess of limit, stop-loss mechanism and operating procedure for excess of limit in order to effectively control the market risk. The excess of limit or exception occurring shall be reported immediately in order to exercise responsive measures.

(4) Exchange rate risk

A. Definition of exchange rate risk

Exchange rate risk refers to the gains and losses resulting from the conversion of two different currencies at different times. The consolidated company's exchange rate risk mainly arises from the spot and forward foreign exchange business. Since the consolidated company's engages in foreign exchange trading mostly to meet the need for customer's position daily; therefore, the exchange rate risk is relatively low.

B. Measurement methods and management procedures

The consolidated company manages its exchange risk by limit control whereby the limits of respective currencies during daytime trade and nighttime trade were set with the upper limit of the maximum exposure in foreign exchange authorized to personnel of different ranks for control. The upper limit for particular counterparty has also been set. The result of the monitoring and control was reported to the Risk Management Committee and the Board for discussion.

C. Sensitivity analysis

Assuming that the other variables remain constant, if the USD/NTD, CNY/NTD, and AUD/NTD exchange rate was relatively valued/devalued by 3%, the Company and its subsidiaries' net income before tax as of December 31, 2020 and 2019 decreased/increased by NT$ 27,725 thousand and NT$ 63,682 thousand; the equity increased/decreased by NT$ 125,310 thousand and NT$ 48,665 thousand, respectively.

(5) Interest rate risk

A. Definition of interest rate risk

Interest rate risk refers to the changes in interest rates that cause changes in the fair value of the consolidated company's interest rate or losses. The main sources of risk include deposit and loan and interest-rate related marketable securities.

B. Measurement methods and management procedures

Entities in CMFC borrow funds at floating interest rates, thus the exposure to interest rate risk. Taichung Commercial Bank adopts a gap management approach to the interest rate risk, setting indicators for monitoring and regularly reports the results to the asset and liability management committee, risk management commission and the board, and makes necessary adjustments according to the overall operating conditions of the Company.

C. Sensitivity analysis

Assuming that the other variables remain constant, if the yield curve goes up/down by 100 points, the consolidated company's net income before tax as of December 31, 2020 and 2019 increased/decreased by NT$ 749,611 thousand and NT$ 608,460 thousand; the other equity decreased/increased by NT$ 1,796,491 thousand and NT$ 2,039,615 thousand, respectively.

(6) Equity securities price risk

A. Definition of equity securities price risk

The market risk of the consolidated company's equity securities includes individual risks arising from changes in equity securities market prices and general market risks arising from changes in the overall market prices. The main sources of risk includes listed/OTC stocks and beneficiary certificates.

B. Measurement methods and management procedures

CMFC is exposed to equity price risk due to the investments in publicly traded and OTC securities. The equity investments (except for financial assets at fair value through profit or loss) are not held for trading and are considered strategic. CMFC has not actively traded such investments. The equity price risk of CMFC is mainly on the petrochemical industry equity instruments in Taiwan's exchange. Taichung Commercial Bank adopts a limit management approach to the equity price risk, ensuring that personnel at all levels conduct their transactions within an authorized amount. Stop-loss measures are also implemented, and the monitoring results are regularly presented to the risk management committee and the board for discussion.

C. Sensitivity analysis

Assuming that the other variables remain constant, if the equity securities price up/down by 15%, the Company and its subsidiaries' net income before tax as of December 31, 2020 and 2019 increased/decreased by NT$ 258,383 thousand and NT$ 251,500 thousand; the equity decreased/increased by NT$ 1,173,260 thousand and NT$ 846,282 thousand, respectively.

(7) Sensitivity analysis is compiled as follows:

December 31, 2020			
The main risk	Magnitude changes	Affected amount	
		Other equity	Profit and loss
Exchange rate risk	USD/NTD, CNY/NTD, and AUD/NTD valued by 3%, respectively.	$ 125,310	$ 27,725
	USD/NTD, CNY/NTD, and AUD/NTD decreased by 3%, respectively.	(125,310)	(27,725)
Interest rate risk	Interest rate curve rises 100BPS	(1,796,491)	749,611
	Interest rate curve drops 100BPS	1,796,491	(749,611)
Equity securities price risk	Equity securities price increased by 15%.	1,173,260	258,383
	Equity securities price decreased by 15%.	(1,173,260)	(258,383)

December 31, 2019			
The main risk	Magnitude changes	Affected amount	
		Other equity	Profit and loss
Exchange rate risk	USD/NTD, CNY/NTD, and AUD/NTD valued by 3%, respectively.	$ 48,665	$ 63,682
	USD/NTD, CNY/NTD, and AUD/NTD decreased by 3%, respectively.	(48,665)	(63,682)
Interest rate risk	Interest rate curve rises 100BPS	(2,039,615)	608,460
	Interest rate curve drops 100BPS	2,039,615	(608,460)
Equity securities price risk	Equity securities price increased by 15%.	846,282	251,500
	Equity securities price decreased by 15%.	(846,282)	(251,500)

2. Credit risk

(1) Source and definition of credit risk

Credit risk refers to the financial loss inflicted on the consolidated company due to the nonperformance of contractual obligations by the customers or the counterparties. The sources of credit risk covered on and off balance sheet items. On the sheet risk, exposure to the consolidated company mainly comes from discount, loans, credit cards, due from and call loans to banks, acceptance, debt instruments, and derivatives. Off the sheet items are financial guarantee, L/C and undertaking of loans that also exposed the consolidated company to credit risk.

(2) Credit risk management policies:

In order to mitigate credit risk, the management of the consolidated company assigns dedicated personnel responsible for the decision on credit line, credit approval and other monitoring procedures to ensure that the overdue receivables are recovered and appropriate actions are taken. In addition, the consolidated company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Accordingly, the consolidated company's management believes that the consolidated company's credit risk is significantly reduced.

The consolidated company continues to assess the financial condition of the customers of accounts receivable.

Except for the major customer Company A of the consolidated company, the consolidated company does not have a significant credit exposure to any single counterparty or any group counterparty with similar characteristics. When the counterparty is an affiliated company, the consolidated company has it defined as a counterparty with similar characteristics. The concentration of credit risk of Company A in 2020 and 2019 accounted for 0.1% and 0.2%, respectively, of the total monetary assets.

In addition, financial products held or issued by the merged company may lead to losses due to failure of transaction counterparties or third parties to perform contract obligations. The consolidated company will evaluate credit carefully to grant loans and guarantees. The loans secured by collateral accounted for about 78% of the total loans on December 31, 2020. The proportion of financing guarantee and collateral held by commercial L/C was approximately 33%, because the collateral required by loans, loaning commitments or guarantees usually referred to cash, inventory, marketable securities or other property. In the event of the trading counterpart's or the other party's default, the consolidated company was entitled to perform compulsory execution against the collateral or other guarantees to effectively reduce the credit risk, provided that the fair value of collateral would not be taken into consideration when the maximum credit exposure was disclosed.

(3) Credit risk management procedures

Notes to the credit risk management procedures and methods of assessment of the consolidated company by businesses:

A. Loans (including commitments of financing and guarantees)

a. Judgment of significant increase of credit risk after initial recognition

The consolidated company evaluated the change in the default risk inherent to its loan assets within the perpetuity of these assets on each reporting day to determine if the credit risk increased significantly after initial recognition. For evaluation, the consolidated company considers the information (including prospective information) for justifying the significant increase of credit risk after the initial recognition. The major indicators for consideration are:

Quantified indicators

(a) Changes in external TCRI credit rating

TCRI ratings of companies listed at TWSE or TPEx corresponding to external ratings for downgrading the level to non-investment grade, which determined that the credit risk increased significantly after initial recognition.

(b) Information on delinquency

If the contracts turned delinquent for more than 1 month, it could be determined that the credit risk inherent to the financial assets has increased significantly.

Quality indicators

(a) Unfavorable change at present or as forecast to the operation, financial position or economic condition that significantly affected the debtors in performing their obligations in retirement of loans.

(b) The actual or forecasted significant change in operational results of the debtors.

(c) The credit risk of other financial instruments of particular debtor increased significantly.

b. Definition of default and financial assets with credit impairment

The consolidated company defined the agreement on financial assets as identical with the determination of credit impairment of financial assets. If any of the following are applicable, it could be determined that the financial asset has turned default with credit impairment:

Quantified indicators

(a) Changes in external TCRI credit rating

The TCRI ratings of companies listed at TWSE or TPEx rated as DEFAULT implied that credit impairment occurred after initial recognition.

(b) Information on delinquency

If the proceeds from contracts turned delinquent for more than 3 months, it could be determined that credit impairment occurred to the financial assets after initial recognition.

Quality indicators

If there is evidence implying that the borrower is unable to pay the contract amount, or indicating severe financial hardship of the borrower, such as:

(a) The debtor has gone bankrupt or had declared bankruptcy or financial restructuring.

(b) Other financial instrument contracts of the debtors have turned default.

(c) Due to the economic or contractual reasons related to the financial hardship of the debtors, the creditors gave the debtor a leeway which would otherwise not be considered for the borrowers and declared as non-performing loans.

The aforementioned default and credit impairment will be defined as applying to all financial assets held by the combined companies, and such definition is congruent with the financial assets relevant to the internal purpose of credit risk management and applied to the model for the evaluation of related impairments.

c. Measurement of anticipated credit loss

The consolidated company classified loan assets into the following combinations by the purpose of the loan, the nature of the industry, type of collaterals, and the mode of financing for the purpose of assessing anticipated credit loss:

Product portfolio	
Corporate Finance Operation	Corporate Finance-secured
	Corporate Finance-non-secured
Consumer banking business	House loan
	Personal, other, secured

Product portfolio	
Consumer banking business	Personal, other, unsecured
	Credit loans
	Cash card
	Credit card

The consolidated company measured the provision for loss of financial assets that have no significant increase in credit risk after initial recognition on the basis of anticipated credit loss over a period of 12 months. The provision for loss of financial assets that have significant increases in credit risk after initial recognition shall be measured on the basis of anticipated credit loss within the perpetuity of the financial assets.

For the measurement of anticipated credit loss, the consolidated company considers the probability of default (PD) of the debtors in 12 months ahead and the perpetuity of the loans, and includes into the Loss Given Default (LGD), then multiplies by Exposure at Default (EAD). The effect of the time value of currency is also considered in this calculation.

The probability of default is the ratio of loss in case the particular debtor acted in default. The PD and LGD adopted by Taichung Bank in the assessment of loans is based on the internal historical information of the product portfolios (such as the experience in credit loss), and also the observable information at present and the prospective macroeconomic performance in grouping the products for separate evaluation.

The consolidated company assessed the EAD by a direct evaluation method for different groups of products. In assessing the commitment of financing in 12 months and the anticipated credit loss within the perpetuity of the assets, Taichung Bank adopted the direct assessment method for different groups and considered the portion of drawdown within 12 months after the reporting day of the commitment of financing and the anticipated renewal period to determine the EAD of anticipated credit loss.

Consideration of prospective information

In assessing anticipated credit loss, the consolidated company adopted the economic factors affecting credit risks and that were relevant to anticipated credit loss, and takes prospective information into account. Prospective information is the “Economic Signal” released by the National Development Council of the ROC that served as the standard for the overall economic performance of Taiwan and relevant signals as the indicators. The signal system is classified as the expansion phase, contraction phase, and level phase. The consolidated company will based on the judgment of economic performance to adjust the probability of default and incorporate this information into the assessment of overall anticipated credit risk.

B. Debt instrument

The consolidated company will consider the historical record on the rate of default at different levels from external rating institutions, and the financial position of the debtors at present, to assess the anticipated credit loss of the investment of debt instruments for 12 months in the future or the anticipated credit loss within the perpetuity of the instruments.

The securities held by the consolidated company shall be recognized for anticipated credit loss for a period of 12 months or within the perpetuities of the securities. The consolidated company shall determine the quality of securities as follows:

A. Judgment of significant increase of credit risk after initial recognition

The consolidated company shall assess the changes in the default risk of the investment of debt instruments within the perpetuity of the instruments on each reporting day to determine if there is any significant increase of credit risk after initial recognition. For evaluation purpose, the information for justifying the significant increase of credit risk after initial recognition in consideration shall include the following indicators:

<u>Quantified indicators</u>

(a) At the time of initial recognition, the credit rating of the issuers is at investment grade and higher. However, on the financial reporting day, the credit rating of the issuers fell to non-investment grade.

(b) The credit rating of the issuers of the debt instruments for investment was non-investment grade on the initial day of recognition and such status remained unchanged.

(c) If the credit rating of the issuers is at non-investment grade and further decline on the reporting day to certain extent.

<u>Quality indicators</u>

(a) The credit rating of the issuers indicated that credit risk has increased significantly.

(b) The fair value of the investment of debt instrument underwent unfavorable significant change on the reporting day.

b. Definition of default and financial assets with credit impairment

If any of more of the following are applicable to the investment of debt instrument, it could be determined that the financial assets were default with credit impairment.

<u>Quantified indicators</u>

(a) The debt instruments were bonds with credit impairment at the time of investment.

(b) The credit rating of the issuers or the debt instruments for investment fell to the default level on the reporting day.

<u>Quality indicators</u>

(a) The issuers revised the conditions for the issuance of the debt instruments or failed to pay principal or interest as the conditions of issuance due to financial hardship.

(b) Discontinuation of operation, petition for restructuring, bankruptcy, dissolution, the disposition of major assets of the Company that significant affected continued operation of the issuers or the guarantors.

<u>Measurement of anticipated credit loss</u>

(a) For the measurement of anticipated credit loss, the consolidated company considers the probability of default (PD) of the debtors for 12 months in the future and the perpetuity of the loans, and includes into the Loss Given Default (LGD), then multiplies by Exposure at Default (EAD). The effect of the time value of currency is also considered in this calculation.

(b) Compare the default risk of debt instruments on the reporting day and the default risk of debt instruments at the time of initial recognition, and consider the information for justifying the significant increase of default risk after initial recognition to determine if the credit risk of the financial instruments has significantly increased after initial recognition.

i. For "normal credit risk" category, estimate the anticipated amount of loss on the basis of PD in one year.

ii. For "significant increase of credit risk" category, consider the perpetuity of the assets and calculated the PD in respective perpetuity of the assets to evaluate the cash flow from contracts in relevant periods (which is the EAD). Adopt the cash flow method to evaluation the anticipate amount of credit loss. If it is impossible to assess the cash flow in relevant periods, use the EAD of the current period for the calculation.

iii. For "abnormal credit risk," the PD is 100% thereby the PD for the perpetuity of respective assets will not be necessary, but just consider the amount that could be recovered and asses the amount of overall credit loss.

iv. The PD of debt instrument has adopted the numerical value released by credit rating institutions at regular intervals, which insinuates the possibility of market fluctuation in the future.

(4) Credit risk hedge or mitigation policy

A. Collateral

Among the policies and procedures taken by the consolidated company addressing to loan operation for the reduction of credit risk, the request for collaterals from the borrowers is most common mean. The consolidated company has established the procedures for the scope of collaterals, the appraisal of the collaterals, the management and disposition of the collaterals for the protection of right of debts.

Main loan collateral categories of the Bank include the following:

a. Real estate
b. Movable property and pledge of rights
c. Assurance by external certification bodies

With a view to enhancing transaction risk protection, contracts for derivative transactions between the bank and customers stipulate that customers provide the following guarantees in accordance with the nature of the transaction:

a. Bonds for investment quotas: Bonds of different ratios are requested based on the customer credit rating
b. Bonds for high-risk transactions: Requested if customer undertakes transactions of products with implicit put options.
c. Performance bonds (trading position losses): Bonds requested for trading position losses exceeding mark-to-market upper limits determined by the Bank.

The consolidated company paid close attention to the value of the collaterals for the financial instruments, and considered the financial assets necessary for recognition of credit impairment. Information on financial assets with credit impairment and collaterals with slight potential loss is shown below:

	December 31, 2020			
	Total Book Value	Provision for impairment	Exposure measure (Cost after amortization)	Fair value of collaterals
Impaired financial assets:				
Discounts and loans	$ 8,410,617	($ 1,856,155)	$ 6,554,462	$ 6,554,462
Accounts receivable	313,418	(174,311)	139,107	135,350
Guarantee and L/C	93,398	(36,355)	57,043	38,599
Debt instruments	7,668	(7,668)	-	-
Others	42,651	(2,555)	40,096	-

Total financial assets with impairment	$ 8,867,752	($ 2,077,044)	$ 6,790,708	$ 6,728,411

	December 31, 2019			
	Total Book Value	Provision for impairment	Exposure measure (Cost after amortization)	Fair value of collaterals
Impaired financial assets:				
Discounts and loans	$ 9,554,442	($ 2,468,257)	$ 7,086,185	$ 7,086,185
Accounts receivable	315,071	(165,224)	149,847	76,067
Guarantee and L/C	182,882	(58,628)	124,254	88,672
Debt instruments	17,477	(17,477)	-	-
Others	11,000	(4,025)	6,975	6,975
Total financial assets with impairment	$ 10,080,872	($ 2,713,611)	$ 7,367,261	$ 7,257,899

B. Control of credit risk limit and credit risk concentration.

For avoiding the over-concentration of risk, the consolidated company has set the credit limit of transactions with particular counterparty and particular group in its policy and procedure for lending. In the policies and procedures for investment and equity investment risk control, limit has also been set for particular party (enterprise) or particular affiliate (group) enterprises in investment. For the control of the concentration of risk of all assets, the consolidated company has set the credit limit by industry, group enterprise, country, pledge of stocks as collaterals to monitor the concentration of risk of the assets. In addition, monitoring and control of particular counterparty, group enterprise, affiliate, industry, nationality, and the country of final risk through system integration for the control of concentration of relevant risks.

C. The reinforcement of other credit

The set-off clause has been explicitly stated in the loan agreements whereby all deposits of the borrowers at the consolidated company shall be set off for covering the liabilities in the event of credit problem to reduce credit risk.

(5) Maximum exposure of credit risk for the consolidated company

The maximum credit risk exposure of the assets stated in the consolidated balance sheet without the consideration of collaterals or other reinforced credit instruments approximate their book value. The amount of maximum credit risk exposure related to the items off the consolidated balance sheet (without the consideration of collaterals or other reinforced credit instruments and the maximum risk amount is irrevocable) is shown below:

	December 31, 2020	December 31, 2019
Irrevocable undertaking of loan	$ 9,034,662	$ 7,152,089
The available credit limit after the activation of revolving credit of credit card	12,799,065	11,743,903
Receivable guarantees	22,879,091	16,485,312
The balance of opened but unused letter of credit	3,430,243	3,318,935

The management of the consolidated company holds that the credit risk exposure of off balance sheet items could be controlled and minimized in continuation under evaluation because the consolidated company has adopted a strict evaluation process with routine evaluation after approval.

(6) Credit risk concentration of the consolidated company

Where financial instrument transactions are apparently concentrated on one person, or most of the multiple trading counterparts of financial instruments are engaged in similar business activities and possess similar economic characteristics and thereby the effects of economic or other conditions to their ability to perform the contracts are similar, the concentration of credit risk arises accordingly. The characteristics of credit risk concentration include the nature of business activities conducted by debtors. The consolidated company did not concentrate any transactions on one single customer or trading counterpart, other than similar counterparts, industrial type, and regions. The amount of contract based on concentrated credit risk:

Counterpart	December 31, 2020	December 31, 2019
Private enterprise	$ 258,337,959	$ 248,612,635
Natural person	233,179,736	217,305,317
Government Agencies	2,000,000	-
Others	2,115,584	2,626,646
	$ 495,633,279	$ 468,544,598

Industrial type	December 31, 2020	December 31, 2019
Natural person	$ 233,179,736	$ 217,305,317
Manufacturer	79,457,394	84,278,234
Commerce	55,547,537	54,445,987
Real estate	64,886,449	60,316,865
Construction industry	18,197,580	14,458,438
Commercial and industrial service business	11,949,359	11,490,230
Financial and insurance business	16,104,068	10,820,858
Warehousing and information	8,304,507	8,000,869
Others	8,006,649	7,427,800
	$ 495,633,279	$ 468,544,598

Region	December 31, 2020	December 31, 2019
Domestic	$ 464,495,184	$ 434,606,494
Territory of Asia	18,134,544	18,224,815
Territory of America	9,234,010	11,519,422
Others	3,769,541	4,193,867
	$ 495,633,279	$ 468,544,598

Collateral	December 31, 2020	December 31, 2019
Non-secured	$ 73,988,829	$ 73,956,256
Secured		
Secured by property	373,358,179	352,931,718
Secured by Letter of Guarantee	17,302,660	15,598,868
Secured by Chattel	6,075,503	5,755,471
Secured by bonds	15,051,165	12,696,708
Notes receivable	1,656,269	1,582,648
Secured by stocks	4,634,756	2,872,996
Others	3,565,918	3,149,933
	$ 495,633,279	$ 468,544,598

(7) Write-off policy

Any non-performing loans or non-accrual loans shall be written off as bad debt after subtracting the estimated recoverable portion if one of the following conditions exists:

A. The loan cannot be recovered in full or in part because the debtors have dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.

b. The collateral and property of the primary/subordinate debtors have been appraised at a very low value or become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the bank might collect [from the debtor(s)] where there is no financial benefit in execution.

c. The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the bank's taking possession of such collateral.

d. More than two (2) years have elapsed since the maturity date of the non-performing loans or non-accrual loans, and the efforts of collection have failed.

E. If the monthly minimum payment for credit cards is delayed by more than six (6) months from the specified payment deadline, all advances made thereto shall be written off within three (3) months thereafter.

(8) Information on credit risk quality

A. Discounts and loans and receivables credit quality analysis

December 31, 2020

	Discounts and loans				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Corporate banking	$ 222,080,175	$ 2,875,763	$ 5,459,606	$ -	$230,415,544
Consumer banking	217,504,666	11,981,206	2,951,357	-	232,437,229
Others	23,787	499	(346)	-	23,940
Total Book Value	439,608,628	14,857,468	8,410,617	-	462,876,713
Provision for impairment	(1,725,305)	(925,826)	(1,856,155)	-	(4,507,286)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(1,828,105)	(1,828,105)
Total	$ 437,883,323	$ 13,931,642	$ 6,554,462	($ 1,828,105)	$456,541,322

	Accounts receivable				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Corporate banking	$ 9,499,476	$ 347,443	$ 224,116	$ -	$ 10,071,035
Consumer banking	2,164,465	23,982	37,115	-	2,225,562
Others	61,766,888	11	52,187	-	61,819,086
Total Book Value	73,430,829	371,436	313,418	-	74,115,683
Provision for impairment	(91,312)	(9,199)	(174,311)	-	(274,822)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(49,220)	(49,220)
Total	$ 73,339,517	$ 362,237	$ 139,107	($ 49,220)	$ 73,791,641

	Irrevocable undertaking of loan				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Products by category					
Corporate banking	$ 7,906,111	$ 45,900	$ 42,651	$ -	$ 7,994,662
Consumer banking	1,040,000	-	-	-	1,040,000
Total Book Value	8,946,111	45,900	42,651	-	9,034,662
Provision for impairment	(54,238)	(5,349)	(2,555)	-	(62,142)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(2,536)	(2,536)
Total	$ 8,891,873	$ 40,551	$ 40,096	($ 2,536)	$ 8,969,984

	Credit card committee				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Products by category					
Consumer banking	$ 12,726,008	$ 73,057	$ -	$ -	$ 12,799,065
Total Book Value	12,726,008	73,057	-	-	12,799,065
Provision for impairment	(4,730)	(1,856)	-	-	(6,586)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(796)	(796)
Total	$ 12,721,278	$ 71,201	$ -	($ 796)	$ 12,791,683

	Receivable guarantees				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Products by category					
Corporate banking	$ 22,707,521	$ 78,172	$ 93,398	$ -	$ 22,879,091
Total Book Value	22,707,521	78,172	93,398	-	22,879,091
Provision for impairment	(168,958)	(4,799)	(36,355)	-	(210,112)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(25,851)	(25,851)
Total	$ 22,538,563	$ 73,373	$ 57,043	($ 25,851)	$ 22,643,128

	The payment of opened but unused letter of credit				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Products by category					
Corporate banking	$ 3,360,243	$ 70,000	$ -	$ -	$ 3,430,243
Total Book Value	3,360,243	70,000	-	-	3,430,243
Provision for impairment	(9,157	(3,263	-	-	(12,420
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(677)	(677
Total	$ 3,351,086	$ 66,737	$ -	($ 677)	$ 3,417,146

December 31, 2019

	Discounts and loans				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Products by category					
Corporate banking	$ 216,003,227	$ 3,305,915	$ 6,117,319	$ -	$ 225,426,461
Consumer banking	199,516,196	13,565,815	3,437,092	-	216,519,103
Others	24,321	2,135	31	-	26,487
Total Book Value	415,543,744	16,873,865	9,554,442	-	441,972,051
Provision for impairment	(1,776,628)	(852,354)	(2,468,257)	-	(5,097,239)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(1,476,478)	(1,476,478)
Total	$ 413,767,116	$ 16,021,511	$ 7,086,185	($ 1,476,478)	$ 435,398,334

	Accounts receivable				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Products by category					
Corporate banking	$ 10,696,826	$ 526,388	$ 230,201	$ -	$ 11,453,415
Consumer banking	873,412	30,693	33,988	-	938,093
Others	51,333,927	236	50,882	-	51,385,045
Total Book Value	62,904,165	557,317	315,071	-	63,776,553
Provision for impairment	(95,880)	(11,625)	(165,224)	-	(272,729)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(23,828)	(23,828)
Total	$ 62,808,285	$ 545,692	$ 149,847	($ 23,828)	$ 63,479,996

	Irrevocable undertaking of loan				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Products by category					
Corporate banking	$ 7,015,489	$ -	$ 11,000	$ -	$ 7,026,489
Consumer banking	125,600	-	-	-	125,600
Total Book Value	7,141,089	-	11,000	-	7,152,089
Provision for impairment	(44,515)	-	(4,025)	-	(48,540)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(5,435)	(5,435)
Total	$ 7,096,574	$ -	$ 6,975	($ 5,435)	$ 7,098,114

	Credit card committee				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Products by category					
Consumer banking	$ 11,670,034	$ 73,869	$ -	$ -	$ 11,743,903
Total Book Value	11,670,034	73,869	-	-	11,743,903
Provision for impairment	(4,245)	(1,848)	-	-	(6,093)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(3,289)	(3,289)
Total	$ 11,665,789	$ 72,021	$ -	($ 3,289)	$ 11,734,521

	Receivable guarantees				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Products by category					
Corporate banking	$ 16,287,614	$ 14,864	$ 182,834	$ -	$ 16,485,312
Total Book Value	16,287,614	14,864	182,834	-	16,485,312
Provision for impairment	(109,720)	(1,778)	(58,621)	-	(170,119)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(4,344)	(4,344)
Total	$ 16,177,894	$ 13,086	$ 124,213	($ 4,344)	$ 16,310,849

	The payment of opened but unused letter of credit				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Products by category					
Corporate banking	$ 3,318,887	$ -	$ 48	$ -	$ 3,318,935
Total Book Value	3,318,887	-	48	-	3,318,935
Provision for impairment	(9,638)	-	(7)	-	(9,645)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(2,233)	(2,233)
Total	$ 3,309,249	$ -	$ 41	($ 2,233)	$ 3,307,057

B. Credit quality analysis on investment of debt instruments

December 31, 2020

	Financial assets at fair value through other comprehensive profit or loss			
	Stage 1	Stage 2	Stage 3	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Total
Product category (Note)				
Investment grade bonds	$ 37,854,441	$ -	$ -	$ 37,854,441
Non-investment grade bonds	-	-	-	-
Total Book Value	37,854,441	-	-	37,854,441
Provision for impairment	(20,708)			(20,708)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-
Total	$ 37,833,733	$ -	$ -	$ 37,833,733

	Financial assets on the basis of cost after amortization			
	Stage 1	Stage 2	Stage 3	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Total
Product category (Note)				
Investment grade bonds	$ 48,601,326	$ -	$ -	$ 48,601,326
Non-investment grade bonds		-	7,668	7,668
Other (Central Bank NCD)	64,970,000	-	-	64,970,000
Total Book Value	113,571,326	-	7,668	113,578,994
Provision for impairment	(26,472)	-	(7,668)	(34,140)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-
Total	$ 113,544,854	$ -	$ -	$ 113,544,854

NoteBond rating is based on Moody's, Fitch, S&P and Taiwan Ratings, in order to obtain the current credit ratings.

The consolidated company's debt instruments are financial assets at fair value through other comprehensive income and financial assets measured at amortized cost:

	Measured at fair values through other comprehensive income	Measured on the basis of cost after amortization
Total Book Value	$ 37,437,409	$ 113,578,994
Loss allowance	(20,708)	(34,140)
Cost after amortization	$ 37,416,701	$ 113,544,854
Fair value adjustment	417,032	-
	$ 37,833,733	$ 113,544,854

The current credit risk evaluation approach of the Consolidated Company and the total carrying amount of debt instrument investments with various credit ratings are shown as below:

				Total book value of December 31, 2020	
Credit rating	Definition	Basis for recognizing expected credit losses	Expected credit loss rate	Measured at fair values through other comprehensive income	Measured on the basis of cost after amortization
Normal (Stage 1)	The debtors' credit risk is low and also has sufficient capability to pay off contractual cash flows.	Anticipated credit loss in 12 months	0.00%~0.44%	$ 37,437,409	$ 113,571,326
Abnormal (Stage 2)	Significant increase of credit risk after initial recognition	Lifetime expected credit loss (no credit impairment)		-	-
Default (Stage 3)	Evidence of credit impairment	Lifetime expected credit loss (with credit impairment)	100%	-	7,668
Write-off	There is evidence that the debtor is facing serious financial difficulties and the consolidated company cannot reasonably expect recovery.	Direct write-off		-	-

With respect to the consolidated company's debt instrument investments at fair value through other comprehensive income and measured at amortized cost, the information regarding the changes in loss allowance based on credit risk ratings are summarized as follows:

	Credit rating		
	Normal (12-month expected credit loss)	Abnormal (lifetime expected credit loss and no credit impairment)	Breach of contract (lifetime expected credit loss and with credit impairment)
Financial assets at fair value through other comprehensive profit or loss			
Balance as of January 1, 2020	$ 15,405	$ -	$ -
Changes to credit ratings of debt instruments			

recognized at the beginning of the year			
- Normal turns into Abnormal	-	-	-
- Abnormal turns into Default	-	-	-
- Default turns into Write-off	-	-	-
Purchase new debt instruments	8,900	-	-
de-recognition	(4,556)	-	-
Changes in model/risk parameters	-	-	-
Foreign exchange settlement and other changes	959	-	-
Loss allowance as of December 31, 2020	$ 20,708	$ -	$ -
Financial assets on the basis of cost after amortization			
Balance as of January 1, 2020	$ 24,185	$ -	$ 17,477
Changes to credit ratings of debt instruments recognized at the beginning of the year			
- Normal turns into Abnormal	-	-	-
- Abnormal turns into Default	-	-	-
- Default turns into Write-off	-	-	-
Purchase new debt instruments	1,777	-	-
de-recognition	(2,178)	-	(9,136)
Changes in model/risk parameters	-	-	-
Foreign exchange settlement and other changes	2,688	-	(673)
Loss allowance as of December 31, 2020	$ 26,472	$ -	$ 7,668

December 31, 2019

	Financial assets at fair value through other comprehensive profit or loss			
	Stage 1	Stage 2	Stage 3	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Total
Product category (Note)				
Investment grade bonds	$ 30,015,749	$ -	$ -	$ 30,015,749
Non-investment grade bonds	-		-	-
Total Book Value	30,015,749	-	-	30,015,749
Provision for impairment	(15,405)	-	-	(15,405)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-

Total	$ 30,000,344	$ -	$ -	$ 30,000,344

	Financial assets on the basis of cost after amortization			
	Stage 1	Stage 2	Stage 3	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Total
Product category (Note)				
Investment grade bonds	$ 49,458,458	$ -	$ -	$ 49,458,458
Non-investment grade bonds	-	-	17,477	17,477
Other (Central Bank NCD)	59,535,000	-	-	59,535,000
Total Book Value	108,993,458	-	17,477	109,010,935
Provision for impairment	(24,185)	-	(17,477)	(41,662)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-
Total	$ 108,969,273	$ -	$ -	$ 108,969,273

Note Bond rating is based on Moody's, Fitch, S&P and Taiwan Ratings, in order to obtain the current credit ratings.

The consolidated company's debt instruments are financial assets at fair value through other comprehensive income and financial assets measured at amortized cost:

	Measured at fair values through other comprehensive income	Measured on the basis of cost after amortization
Total Book Value	$ 29,857,621	$ 109,010,935
Loss allowance	(15,405)	(41,662)
Cost after amortization	29,842,216	108,969,273
Fair value adjustment	158,128	-
	$ 30,000,344	$ 108,969,273

The current credit risk evaluation approach of the Consolidated Company and the total carrying amount of debt instrument investments with various credit ratings are shown as below:

				Total book value of December 31, 2019	
Credit rating	Definition	Basis for recognizing expected credit losses	Expected credit loss rate	Measured at fair values through other comprehensive income	Measured on the basis of cost after amortization
Normal (Stage 1)	The debtors’ credit risk is low and also has sufficient capability to pay off contractual cash flows.	Anticipated credit loss in 12 months	0.00%~0.45%	$ 29,857,621	$108,993,458
Abnormal (Stage 2)	Significant increase of credit risk after initial recognition	Lifetime expected credit loss (no credit impairment)		-	-
Default (Stage 3)	Evidence of credit impairment	Lifetime expected credit loss (with credit impairment)	100%	-	17,477
Write-off	There is evidence that the debtor is facing serious financial difficulties and the consolidated company cannot reasonably expect recovery.	Direct write-off		-	-

With respect to the consolidated company's debt instrument investments at fair value through other comprehensive income and measured at amortized cost, the information regarding the changes in loss allowance based on credit risk ratings are summarized as follows:

	Credit rating		
	Normal (12-month expected credit loss)	Abnormal (lifetime expected credit loss and no credit impairment)	Breach of contract (lifetime expected credit loss and with credit impairment)
Financial assets at fair value through other comprehensive profit or loss			
Balance as of January 1, 2019	$ 15,525	$ -	$ -
Changes to credit ratings of debt instruments recognized at the beginning of the year			
- Normal turns into Abnormal	-	-	-
- Abnormal turns into Default	-	-	-
- Default turns into Write-off	-	-	-
Purchase new debt instruments	2,910	-	-
de-recognition	(2,142)	-	-
Changes in model/risk parameters	-	-	-
Foreign exchange settlement and other changes	(888)	-	-
Loss allowance as of December 31, 2019	$ 15,405	$ -	$ -
Financial assets on the basis of cost after amortization			
Balance as of January 1, 2019	$ 30,685	$ -	$ 74,444
Changes to credit ratings of debt instruments recognized at the beginning of the year			
- Normal turns into Abnormal	-	-	-
- Abnormal turns into Default	-	-	-
- Default turns into Write-off	-	-	-
Purchase new debt instruments	2,017	-	-
de-recognition	(800)	-	(56,967)
Changes in model/risk parameters		-	-
Foreign exchange settlement and other changes	(7,717)	-	-
Loss allowance as of December 31, 2019	$ 24,185	$ -	$ 17,477

3. Liquidity risk

(1) Sources and definitions of liquidity risk

The consolidated company's current liability exceeds its current assets of NT$104,751,697 thousand. The consolidated company currently has unused borrowing limit sufficient to meet all contractual obligations, so there is no liquidity risk with being unable to raise funds to perform contractual obligations.

Liquidity risks of the merged company mainly stem from Taichung Bank. The term “liquidity risks” refers to potential losses generated by the inability of Taichung Bank to acquire capital to fund increases in assets or repay liabilities as they come due (e.g., withdrawals by depositors, credit drawdowns, other interest or expenses, or cash outflows associated with off-balance sheet transactions); measures to replenish capital and increase liquidity include sufficient cash-on-hand, immediately realizable securities, spread deployment, absorbed deposits, or financing loan channels.

(2) Taichung Bank liquidity risk management policies may be described as follows:

Taichung Bank develops capital movement strategies by adopting a conservative approach. It effectively spreads funding sources and deadlines, participates in the capital call market, maintains close contact with fund providers, and keeps fund-raising channels open to ensure a stable and reliable source of capital.

Taichung Bank has formulated relevant norms and regulations governing operating procedures for risk identification, measurement, monitoring, and reporting. The Company has established a limit monitoring mechanism and has set management indicators for liquidity ratios and cash flow gaps. It maintains a firm grasp of potential warning signals and conducts regular stress tests. Analysis of crisis scenarios with assumed impacts on capital flows serves as a reference for the assessment of liquidity buffer levels. Response measures are adopted in a timely manner.

The Asset and Liability Management Committee (hereinafter referred to as "This Committee") is the dedicated management unit of Taichung Bank for liquidity risks. The Committee must adopt monitoring procedures as required based on liquidity risk management policies to ensure adequate liquidity and sufficient capital under normal conditions and specific stress scenarios and thereby guarantee fulfillment of the Company's payment obligations. The Committee must report regularly to the board of directors to ensure effective management of liquidity risks.

Non-derivative financial liabilities maturity analysis

The analysis on the cash outflow of the consolidated company's non-derivative liabilities is based on the remaining period from the consolidated balance sheet date to the contract maturity date as follows: The amount in the statements is based on the contractual cash flows; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet.

December 31, 2020	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Due to Central Bank and other banks	$ 6,349,048	$ 520,616	$ 730	$ 166,944	$ -	$ 7,037,338
Bills and bonds sold under repurchase agreements	500,808	1,800,700	-	-	-	2,301,508
Shot-term borrowings	2,342,034	4,626,276	1,491,893	4,180,870	2,028,267	14,669,340
Short-term notes payable	1,760,000	1,520,000	310,000	-	-	3,590,000
Long-term borrowings	33,000	648,685	1,718,710	1,027,893	4,114,374	7,542,662
Payables	5,812,611	1,441,515	451,608	473,430	273,148	8,452,312
Customer deposits and remittances	45,141,230	72,625,586	74,402,845	159,652,783	284,366,247	636,188,691
Financial bonds payable	-	-	-	64,553	11,500,000	11,564,553
Lease liabilities	26,610	53,004	77,851	146,607	1,049,192	1,353,264
Other matured capital outflow items	585,305	50,793	40,947	158,947	322,063	1,158,055

December 31, 2019	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Due to Central Bank and other banks	$ 4,760,161	$ 1,599,224	$ 730	$ 166,945	$ -	$ 6,527,060
Bills and bonds sold under repurchase agreements	6,870,766	3,548,335	-	-	-	10,419,101
Shot-term borrowings	2,263,275	4,609,648	2,564,105	4,555,960	122,781	14,115,769
Short-term notes payable	2,395,000	400,000	250,000	-	-	3,045,000
Long-term borrowings	20,400	388,368	264,060	2,162,128	5,458,168	8,293,123
Payables	5,872,132	902,102	514,835	515,999	341,478	8,146,546
Customer deposits and remittances	44,914,960	65,567,852	74,710,831	150,260,795	247,580,817	583,035,255
Financial bonds payable	-	-	2,501,005	68,701	11,500,000	14,069,706
Lease liabilities	21,558	51,996	64,496	103,859	879,936	1,121,845
Other matured capital outflow items	145,015	27,790	74,584	114,448	400,737	762,574

Derivative financial liabilities maturity analysis

(1) Derivative instruments cleared and settled at net value

The consolidated company's derivatives that are settled and cleared at net value include:

FX derivatives: FX forwards and options

It is concluded that the contractual maturity is the essential element to understand all derivative financial instruments listed on the consolidated balance sheet. The amount in the statements is based on the contractual cash flows; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet. Financial liabilities cleared and settled at net amount maturity analysis:

December 31, 2020	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Derivative financial liabilities at fair value through profit and loss						
Foreign exchange derivatives	$ 24,773	$ 44,804	$ 43,391	$ 69,429	$ -	$182,397
Total	$ 24,773	$ 44,804	$ 43,391	$ 69,429	$ -	$182,397

December 31, 2019	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Derivative financial liabilities at fair value through profit and loss						
Foreign exchange derivatives	$ 8,052	$ 26,392	$ 25,784	$ 26,322	$ -	$ 86,550
Total	$ 8,052	$ 26,392	$ 25,784	$ 26,322	$ -	$ 86,550

(2) Derivatives cleared and settled at total value

The consolidated company’s derivatives that are settled at total value include:

Foreign exchange derivatives: Forward foreign exchange and foreign exchange swaps.

Illustrate the consolidated company’s derivatives that are settled at total value in accordance with the remaining period from the consolidated balance sheet date to the contract maturity date. It is concluded that the contractual maturity is the essential element to understand all derivative financial instruments listed on the consolidated balance sheet. The amount in the statements is based on the contractual cash flows; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet. Financial liabilities cleared and settled at total value maturity analysis:

December 31, 2020	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Derivative financial liabilities at fair value through profit and loss						
Foreign exchange derivatives						
- Cash outflow	$ 2,614,662	$ 3,270,267	$ 2,811,080	$ 3,880,455	$ -	$12,576,464
- Cash inflow	2,594,219	3,212,438	2,682,555	3,698,415	-	12,187,627
Subtotal of cash outflow	2,614,662	3,270,267	2,811,080	3,880,455	-	12,576,464
Subtotal of cash inflow	2,594,219	3,212,438	2,682,555	3,698,415	-	12,187,627
Net cash flow	($ 20,443)	($ 57,829)	($ 128,525)	($ 182,040)	$ -	($ 388,837)

December 31, 2019	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Derivative financial liabilities at fair value through profit and loss						
Foreign exchange derivatives						
- Cash outflow	$ 1,104,025	$ 1,907,146	$ 2,013,035	$ 929,481	$ -	$ 5,953,687
- Cash inflow	1,087,564	1,876,039	1,974,123	904,147	-	5,841,873
Subtotal of cash outflow	1,104,025	1,907,146	2,013,035	929,481	-	5,953,687
Subtotal of cash inflow	1,087,564	1,876,039	1,974,123	904,147	-	5,841,873
Net cash flow	($ 16,461)	($ 31,107)	($ 38,912)	($ 25,334)	$ -	($ 111,814)

4. The maturity analysis of items not on the statement

The analysis on the maturity date of the items not on the consolidated company’s balance sheet in accordance with the remaining period from the consolidated balance sheet date to the contract maturity date. For financial guarantee contracts issued, the earliest time period that maximum amounts of the guarantee may be requested for guarantee performance. The amount in the statements is based on the contractual cash flows; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet.

December 31, 2020	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Uundisbursed credit committee	$ 7,704,768	$ 19,126,700	$ 29,632,011	$ 62,958,367	$ 37,007,287	$ 156,429,133
The balance of opened but unused letter of credit	979,316	2,071,735	347,453	31,739	-	3,430,243
Receivable guarantees	6,861,342	5,126,641	705,627	2,513,448	7,672,033	22,879,091
Lease contract commitments	1,814,198	222,188	10,582	64,393	10,283	2,121,644
Total	$ 17,359,624	$ 26,547,264	$ 30,695,673	$ 65,567,947	$ 44,689,603	$ 184,860,111

December 31, 2019	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Uundisbursed credit committee	$ 10,197,687	$ 17,979,600	$ 27,233,146	$ 64,306,327	$ 31,203,341	$ 150,920,101
The balance of opened but unused letter of credit	985,636	1,955,514	276,456	101,329	-	3,318,935
Receivable guarantees	2,095,901	5,829,509	1,215,728	1,878,103	5,466,071	16,485,312
Lease contract commitments	963,551	252,675	7,727	16,851	-	1,240,804
Total	$ 14,242,775	$ 26,017,298	$ 28,733,057	$ 66,302,610	$ 36,669,412	$ 171,965,152

5. Cash flow risk estimated under interest rate changes

The future cash flow of assets and liabilities estimated based on mobile interest rate held and borne by the Consolidated Company might fluctuate and even generate risk due to the market interest rate changes. However, upon evaluation, the Consolidated Company, in practice, tends to control the net liquidity gap to reduce the cash flow risk resulting from the interest rate changes.

43. Information on transfer of financial assets

Transferred financial assets not being removed in all

In the routine transaction of the consolidated company, financial assets did not qualified under all the conditions have been transferred. Most are debt securities with R/P agreement or equity securities lent under the securities lending agreement. The cash flows from the contract of the aforementioned transactions received by the consolidated company have been transferred to a third party and reflected related liabilities of the consolidated company in the responsibility of repurchasing the financial assets already transferred at fixed price in the future. For this type of transactions, the consolidated company cannot use, sell or pledge the financial assets already transferred within the effective period of the trade, but the consolidated company shall still assume interest risk and credit risk and is not being removed in whole. The table below shows the financial assets not qualified under all conditions and related financial liabilities:

December 31, 2020					
Category of financial assets	Book value of transferred financial assets	Book value of related financial liabilities	Fair value of transferred financial assets	Fair value of related financial liabilities	Net fair value position
Financial assets on the basis of cost after amortization					
R/P agreement	$ 2,342,355	$ 2,300,077	$ 2,392,483	$ 2,300,077	$ 92,406

December 31, 2019					
Category of financial assets	Book value of transferred financial assets	Book value of related financial liabilities	Fair value of transferred financial assets	Fair value of related financial liabilities	Net fair value position
Financial assets on the basis of cost after amortization					
R/P agreement	$ 11,011,466	$ 10,369,025	$ 11,123,977	$ 10,369,025	$ 754,952

43. Offsetting of financial assets and liabilities

The consolidated company does not have transactions of offsetting financial instruments specified by IAS 32.42 as recognized by the FSC. The financial assets and liabilities related to such type of transactions are expressed in net on the balance sheet. The consolidated company has transactions that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party breaches the contract, the counterparty can choose to use net settlement.

December 31, 2020

Financial Assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not offset in the balance sheet		Net
				Financial instruments	Cash collateral received	
Reverse repurchase and securities borrowing agreement	$12,773,121	$ -	$12,773,121	$12,773,121	$ -	$ -

Financial Liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not offset in the balance sheet		Net
				Financial instruments	Cash collateral pledged	
Repurchase and securities lending agreement	$ 2,300,077	$ -	$ 2,300,077	$ 2,300,077	$ -	$ -

December 31, 2019

Financial Assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not offset in the balance sheet		Net
				Financial instruments	Cash collateral received	
Reverse repurchase and securities borrowing agreement	$10,256,716	$ -	$10,256,716	$10,256,716	$ -	$ -

Financial Liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not offset in the balance sheet		Net
				Financial instruments	Cash collateral pledged	
Repurchase and securities lending agreement	$10,369,025	$ -	$10,369,025	$10,369,025	$ -	$ -

44. Information to be disclosed pursuant to Article 16 of the “Regulations Governing the Preparation of Financial Reports by Public Banks”

(1) Asset quality

Item Type			December 31, 2020					December 31, 2019				
			NPL amount (Note 1)	Total amount	NPL rate (Note 2)	Allowance for bad debt	Allowance for bad debt coverage rate (Note 3)	NPL amount (Note 1)	Total amount	NPL rate (Note 2)	Allowance for bad debt	Allowance for bad debt coverage rate (Note 3)
Corporate banking	Secured		452,737	153,180,159	0.30%	1,532,063	338.40%	596,122	146,760,794	0.41%	1,560,901	261.84%
	Non-secured		96,665	77,217,829	0.13%	2,597,748	2,687.37%	156,327	78,622,829	0.20%	3,005,494	1,922.57%
Consumer banking	Residential mortgage loans (Note 4)		55,380	57,329,436	0.10%	905,827	1,635.66%	164,457	55,404,669	0.30%	863,083	524.81%
	Cash card		-	10	-	1	-	-	30	-	3	-
	Small credit loans (Note 5)		456	893,160	0.05%	82,028	17,988.60%	2,676	840,780	0.32%	86,721	3,240.70%
	Others (Note 6)	Secured	361,301	150,343,195	0.24%	831,404	230.11%	428,694	144,347,108	0.30%	692,342	161.50%
		Non-secured	16,001	22,789,618	0.07%	385,922	2,411.86%	34,021	15,039,986	0.23%	364,775	1,072.21%
Total amount			982,540	461,753,407	0.21%	6,334,993	644.76%	1,382,297	441,016,196	0.31%	6,573,319	475.54%

Item Type	December 31, 2020					December 31, 2019				
	NPL amount	Balance of receivable accounts	NPL rate	Allowance for bad debt	Allowance for bad debt coverage rate	NPL amount	Balance of receivable accounts	NPL rate	Allowance for bad debt	Allowance for bad debt coverage rate
Credit card	3,192	742,507	0.43%	27,906	874.25%	2,568	786,214	0.33%	22,982	894.94%
Non-recourse factoring (Note 7)	-	154,805	-	5,805	-	-	694,997	-	10,538	-

NPL or non-performing receivable accounts exempted from report

	December 31, 2020		December 31, 2019	
	Total NPL exempted from report	Total non-performing receivable accounts exempted from report	Total NPL exempted from report	Total non-performing receivable accounts exempted from report
Amount exempted from report upon debt negotiation and performance (Note 8)	1,568	820	2,114	1,100
Performance of debt clearance program and rehabilitation program (Note 9)	8,303	19,280	9,635	17,396
Total	9,871	20,100	11,749	18,496

Note 1: The NPL amount is recognized according to "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans". The credit card NPL is recognized based on that provided under the Letter Jin-Guan-Yin (4) Zi No. 0944000378 dated July 6, 2005.

Note 2: Non-performing loan ratio = Non-performing loan/total loan amount. Non-performing credit card ratio = Non-performing amount/accounts receivable balance

Note 3: NPL Coverage Ratio = Allowance for bad debt appropriated for loans/Non-performing amount. Non-performing credit card receivables coverage ratio = Allowance for bad debt appropriated for credit card receivables/non-performing amount.

Note 4: Borrowers apply for residential mortgage loans for the purpose of purchasing or building residences or decorating houses. The loans shall be secured by the residence purchased (owned) by the borrower himself/herself, or his/her spouse or minor children in full, and the mortgage shall be pledged to the financial institution.

Note 5: Small credit loans mean those provided in the Letter under Jin-Guan-Yin (4) Zi No. 09440010950 dated December 19, 2005 and those other than small loans by credit cards/cash cards.

Note 6: The “Other” consumer finance refers to the secured or unsecured consumer finance loans other than the “residential mortgage loans”, “cash cards”, and “small credit loans”, excluding credit cards.

Note 7: According to the Letter under Jin-Guan-Yin (5) Zi No. 094000494 dated July 19, 2005, factoring without recourse shall be recognized as NPL within three months after the factoring Consignee or insurance company confirms that no compensation should be granted.

Note 8: Total NPL exempted from report upon debt negotiation and performance and the balance of total non-performing receivable accounts exempted from report upon debt negotiation and performance were disclosed pursuant to the Letter under Jin-Guan-Yin (1) Zi No. 09510001270 dated April 25, 2006.

Note 9: The balance of total NPL exempted from report upon performance of debt clearance program and rehabilitation program and balance of total non-performing receivable accounts exempted from report upon performance of debt clearance program and rehabilitation program were disclosed pursuant to the Letter under Jin-Guan-Yin (1) Zi No. 09700318940 dated September 15, 2008.

(2) Status of credit risk concentration

December 31, 2020 Unit: NTD thousand

Rank (Note 1)	Business type of company or group (Note 2)	Total amount of outstanding loans (Note 3)	% of the total equity as of December 31, 2020
1	Group A 010892 Noodle products manufacturing	$ 4,673,280	8.15%
2	Group B 016700 Real estate development	2,453,570	4.28%
3	Group C 016700 Real estate development	2,448,265	4.27%
4	Group D 016700 Real estate development	2,349,850	4.10%
5	Group E 016811 Real estate lease and sale	2,257,493	3.94%
6	Group F 012411 Iron and steel manufacturing	1,839,582	3.21%
7	Group G 016700 Real estate development	1,833,471	3.20%
8	Group H 015500 Accommodation service	1,761,013	3.07%
9	Group I 012699 other electronic parts and components manufacturing without classification	1,608,781	2.81%
10	Group I 014612 Wholesale of brick and tiles, gravels, cement, and their products.	1,370,909	2.39%

December 31, 2019

Unit: NTD thousand

Rank (Note 1)	Business type of company or group (Note 2)	Total amount of outstanding loans (Note 3)	% of the total equity as of December 31, 2019
1	Group A 010892 Noodle products manufacturing	$ 2,665,813	5.20%
2	Group B 016700 Real estate development	2,525,418	4.92%
3	Group C 016700 Real estate development	2,503,343	4.88%
4	Group D 016700 Real estate development	2,390,690	4.66%
5	Group E 016811 Real estate lease and sale	2,375,429	4.63%
6	Group F 012411 Iron and steel manufacturing	2,283,081	4.45%
7	Group G 016700 Real estate development	2,115,000	4.12%
8	Group H 015500 Accommodation service	2,085,229	4.06%
9	Group I 012699 other electronic parts and components manufacturing without classification	1,799,897	3.51%
10	Group I 014612 Wholesale of brick and tiles, gravels, cement, and their products.	1,550,001	3.02%

Note 1: The top ten enterprises other than public or state enterprises were identified according to rank of the total balance of loans to these enterprises. If the account refers to a group, the loan to the group should be identified and summed up, and disclosed in the form of "code" and "business type". In the case of group, the business type of the group with the maximum exposure should be disclosed. The business type shall be specified in "detailed item" according to the business classification defined by Directorate General of Budget, Accounting and Statistics (e.g. Company (Group) A, real estate development).

Note 2: The enterprises mean those defined in Article 6 of "Supplementary Rules of TSEC's Criteria for Reviewing Listing of Marketable Securities".

Note 3: The balance of total credit extension means the total balance of the various loans (including import negotiation, export negotiation, discount, overdraft, short-term loans, short-term secured loans, receivable securities financing, mid-term loans, mid-term secured loans, long-term loans, long-term secured loans, Delinquent loans), inward remittances, factoring without recourse, Acceptances receivable and guarantee payments.

(3) Interest rate sensitivity information

Interest rate sensitivity assets and liabilities analysis data (NTD)

December 31, 2020

Unit: NTD thousand, %

Item	1 to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	Over 1 year	Total
Interest rate sensitivity assets	494,400,748	11,473,341	12,395,589	89,911,813	608,181,491
Interest rate sensitivity liabilities	141,248,259	332,636,992	104,373,534	7,963,232	586,222,017
Interest rate sensitivity gap	353,152,489	(321,163,651)	(91,977,945)	81,948,581	21,959,474
Net value					57,321,753
Interest rate sensitivity assets and liabilities rate					103.75%
Interest rate sensitivity gap and net worth rate					38.31%

Interest rate sensitivity assets and liabilities analysis data (NTD)
December 31, 2019

Unit: NTD thousand, %

Item	1 to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	Over 1 year	Total
Interest rate sensitivity assets	463,217,920	7,445,473	9,154,304	86,858,937	566,676,634
Interest rate sensitivity liabilities	145,583,754	290,922,949	99,916,922	5,351,959	541,775,584
Interest rate sensitivity gap	317,634,166	(283,477,476)	(90,762,618)	81,506,978	24,901,050
Net value					51,309,206
Interest rate sensitivity assets and liabilities rate					104.60%
Interest rate sensitivity gap and net worth rate					48.53%

Note: 1. The table specifies the amount in NTD (exclusive of foreign currencies) of Taichung Bank Head Office and local branches.

2. Interest rate sensitivity assets and liabilities mean the assets and liabilities with interest of which the income or cost varies depending on the interest rate.
3. Interest rate sensitivity gap=Interest rate sensitivity assets - Interest rate sensitivity liabilities.
4. Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets ÷ Interest-rate-sensitive liabilities (denominated in NT$)

Interest rate sensitivity assets and liabilities analysis data (USD)
December 31, 2020

Unit:USD thousand; %

Item	1 to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	Over 1 year	Total
Interest rate sensitivity assets	1,301,782	251,958	97,215	346,387	1,997,342
Interest rate sensitivity liabilities	446,709	1,232,085	310,522	-	1,989,316
Interest rate sensitivity gap	855,073	(980,127)	(213,307)	346,387	8,026
Net value					2,039,993
Interest rate sensitivity assets and liabilities rate					100.40%
Interest rate sensitivity gap and net worth rate					0.39%

Interest rate sensitivity assets and liabilities analysis data (USD)
December 31, 2019

Unit:USD thousand; %

Item	1 to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	Over 1 year	Total
Interest rate sensitivity assets	1,210,594	231,333	26,028	436,459	1,904,414
Interest rate sensitivity liabilities	781,756	909,543	216,067	-	1,907,366
Interest rate sensitivity gap	428,838	(678,210)	(190,039)	436,459	(2,952)
Net value					1,710,307
Interest rate sensitivity assets and liabilities rate					99.85%
Interest rate sensitivity gap and net worth rate					(0.17%)

Note: 1. This table reports the total amount, in US$, held by the headquarters and domestic branches of Taichung Commercial Bank, its international financial business branches and overseas branches, excluding contingent assets and contingent liabilities.

2. Interest rate sensitivity assets and liabilities mean the assets and liabilities with interest of which the income or cost varies depending on the interest rate.
3. Interest rate sensitivity gap=Interest rate sensitivity assets - Interest rate sensitivity liabilities.

4. Four. Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets ÷ Interest-rate-sensitive liabilities (denominated in US$)

(4) Profitability:

Unit: %

Item		December 31, 2020	December 31, 2019
Return on assets	Before Income Tax	0.67	0.75
	After Income Tax	0.57	0.64
ROE	Before Income Tax	8.59	10.22
	After Income Tax	7.41	8.72
Net profit rate		37.52	38.88

Note: 1. ROA = Income before (after) taxation/Average total assets
2. ROE=Income before (after) taxation / Average net worth
3. Profit (loss) rate = Income after taxation/income-net
4. Income before (after) taxation means the income accumulated from January of the current year until the current quarter

(5) Analysis on maturity of assets and liabilities

Analysis of maturity structure of NTD
December 31, 2020

Unit: NTD thousand

	Total	Remaining balance to maturity					
		0 to 10 days	11 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year
Main capital inflow upon maturity	660,315,443	91,325,237	54,943,741	32,175,308	53,461,993	105,310,358	323,098,806
Main capital outflow upon maturity	782,299,588	27,709,161	30,881,366	82,879,363	103,396,608	188,375,958	349,057,132
Gap	(121,984,145)	63,616,076	24,062,375	(50,704,055)	(49,934,615)	(83,065,600)	(25,958,326)

Analysis of maturity structure of NTD
December 31, 2019

Unit: NTD thousand

	Total	Remaining balance to maturity					
		0 to 10 days	11 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year
Main capital inflow upon maturity	609,292,349	85,555,035	43,772,344	29,767,509	51,719,298	97,885,687	300,592,476
Main capital outflow upon maturity	726,163,310	24,967,880	30,412,825	72,406,095	98,591,847	192,988,476	306,796,187
Gap	(116,870,961)	60,587,155	13,359,519	(42,638,586)	(46,872,549)	(95,102,789)	(6,203,711)

Note: The table only specifies the amount in NTD (exclusive of foreign currencies) of Taichung Bank Head Office and local branches.

Analysis of maturity structure of USD
December 31, 2020

Unit: USD thousand

	Total	Remaining balance to maturity				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year
Main capital inflow upon maturity	2,453,883	324,701	263,584	348,501	333,487	1,183,610
Main capital outflow upon maturity	3,092,693	437,764	787,792	584,280	986,987	295,870
Gap	(638,810)	(113,063)	(524,208)	(235,779)	(653,500)	887,740

Analysis of maturity structure of USD
December 31, 2019

Unit: USD thousand

	Total	Remaining balance to maturity				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year
Main capital inflow upon maturity	2,159,517	287,818	258,938	239,853	141,120	1,231,788
Main capital outflow upon maturity	2,795,533	559,115	765,666	551,532	752,039	167,181
Gap	(636,016)	(271,297)	(506,728)	(311,679)	(610,919)	1,064,607

Note: 1. The table specifies the total amount in USD of Taichung Bank Head Office, local branches and International Banking Branch. Unless otherwise provided, it shall be stated at the Book Value, and it is not necessary to include any accounts that are not stated in the table (e.g. negotiable certificates of deposit, bonds or stocks scheduled to be issued).
2. Where offshore assets account for more than 10% of the Company's total assets, it is necessary to provide supplementary disclosure.

46. Capital risk management

The consolidated company manages capital to ensure the Group's enterprises to maximize shareholder's returns by optimizing the balance of debt and equity under the precondition of continuing operation.

The capital structure of the consolidated company consists of the net debt (borrowings less cash and cash equivalents) and the interests (equity, capital reserve, retained earnings and other equity items) of the Company's owners.

Among the merged companies, in addition to Taichung Commercial Bank Co., Ltd. Corporation that has minimum capital requirements by law, the other companies are not required to comply with other external capital regulations. The Taichung Commercial Bank Co., Ltd.'s qualified self-owned capital sufficiently meets regulatory requirements and reach the minimum statutory capital adequacy ratio. Relevant qualified self-owned capital and statutory capital shall be handled according to provisions of competent authorities.

The management of the consolidated company re-examines the Group's capital structure on a quarterly basis, including considering various capital costs and the related risks. The consolidated company based on the suggestions of management has the overall capital structure balanced by paying dividends, issuing new shares, buying back shares and issuing new debts or paying back old debts.

47. Information about foreign exchange of foreign currency financial assets and liabilities

The information about foreign currency financial assets and liabilities rendering material effect on the Consolidated Company:

December 31, 2020

	USD	RMB	JPY	AUD	EURO	Other foreign currencies	Total
Foreign currency financial assets							
Cash and cash equivalents	$ 4,722,500	$ 502,582	$ 384,202	$ 135,056	$ 217,136	$ 496,071	$ 6,457,547
Due from Central Bank and lend to Banks	73,057	86,340	-	-	-	374,987	534,384
Financial assets at fair value through profit and loss	1,189,924	-	-	-	3,509	90,688	1,284,121
Financial assets at fair value through other comprehensive profit or loss	1,736,382	1,928,804	-	132,488	-	-	3,797,674
Discounts and loans	31,203,325	1,112,690	413,612	81,659	1,176,027	1,017,500	35,004,813
Accounts receivable	1,363,200	2,971,928	209,852	14,156	445,269	68,749	5,073,154
Assets measured on the basis of cost after amortization	18,565,402	3,842,754	-	1,428,655	-	941,953	24,778,764
Other assets	495,580	86,340	-	-	-	1	581,921
Foreign currency financial liabilities							
Due to Central Bank and banks	702,478	-	408,753	-	-	-	1,111,231
Funds borrowed from Central Bank and other banks	-	2,222,528	-	-	-	-	2,222,528
Customer deposits and remittances	54,085,876	4,231,763	635,885	2,261,598	563,925	2,236,821	64,015,868
Financial liabilities at fair value through profit and loss	304,098	36,706	-	-	3,780	2,154	346,738
Payables	1,095,773	204,444	198,722	162,732	61,890	59,780	1,783,341
Lease liabilities	-	41,981	-	-	-	5,529	47,510
Bills and bonds sold under repurchase agreements	1,096,485	-	-	-	-	-	1,096,485
Liability reserve	21,174	-	-	-	-	-	21,174
Other liabilities	109,079	7,932	234		8,518		125,763
Taiwan Dollar exchange rates	28.48	4.38	0.28	21.95	35.02		

December 31, 2019

	USD	RMB	JPY	AUD	EURO	Other foreign currencies	Total
Foreign currency financial assets							
Cash and cash equivalents	$ 3,314,754	$ 1,181,883	$ 1,035,072	$ 369,682	$ 150,899	$ 389,872	$ 6,442,162
Due from Central Bank and lend to Banks	60,000	94,754	-	273,260	-	-	428,014
Financial assets at fair value through profit and loss	1,249,165	14,669	-	210	-	-	1,264,044
Financial assets at fair value through other comprehensive profit or loss	1,081,986	-	-	-	-	-	1,081,986
Discounts and loans	34,318,741	877,054	369,279	78,956	414,949	848,924	36,907,903
Accounts receivable	2,870,828	3,283,338	161,925	39,577	109,455	70,775	6,535,898
Assets measured on the basis of cost after amortization	19,180,305	2,368,093	-	1,282,208	-	959,972	23,790,578
Other assets	196,186	86,140	-	-	-	-	282,326
Foreign currency financial liabilities							
Due to Central Bank and banks	1,490,060	-	-	-	100,860	9,940	1,600,860
Funds borrowed from Central Bank and other banks	114,000	2,502,533	-	-	-	-	2,616,533
Customer deposits and remittances	47,488,086	5,630,709	678,269	2,278,560	539,523	1,838,341	58,453,488
Financial liabilities at fair value through profit and loss	104,773	-	-	300	65	-	105,138
Payables	864,310	213,257	111,876	8,857	126,869	116,283	1,441,452
Lease liabilities	-	48,951	-	-	-	7,726	56,677
Bills and bonds sold under repurchase agreements	8,366,270	-	-	-	-	-	8,366,270
Liability reserve	28,552	-	-	-	-	-	28,552
Other liabilities	73,580	9,505	1,803	-	3,343	-	88,231
Taiwan Dollar exchange rates	29.98	4.31	0.28	21.01	33.59		

The consolidated company's gain on foreign currency exchange (realized and unrealized) in 2020 and 2019 were NT$231,31 thousand and NT$200,438 thousand, respectively. Due to the wide variety of foreign currency transactions, it is difficult to disclose all exchange gains or losses based impact significance.

48. Disclosures

1. Loans to others:

Unit: NTD thousand, unless otherwise noted

Item No. (Note 1)	Lender	Borrower	Transaction title (Note 2)	Are they related parties	Maximum balance – current period (Note 3)	Balance - ending (Note 8)	The actual amounts disbursed	Interest Rate Collars	Nature of Loan (Note 4)	Amount of Business Transaction (Note 5)	Reasons necessary for offering short-term loan (Note 6)	Amount of allowance for bad debt	Collateral		Limit of loan to particular borrower (Note 7)	Total limit of financing (Note 7)	Remark
													Name	Value			
1	Taichung Commercial Bank Lease Enterprise	Yuanli Engineering Co., Ltd.	Other receivables	No	$16,298	$ -	$ -	4%-10%	Necessary for offering short-term loan	$ -	Working capital	$ -	N/A	$ -	$ 193,100	$ 772,402	Note 9
1	Taichung Commercial Bank Lease Enterprise	Kuang Ming Shipping	〃	〃	42,150	-	-	4%-10%	〃	-	〃	-	Refundable deposits	20,000	193,100	772,402	〃
1	Taichung Commercial Bank Lease Enterprise	Wisdom Marine International Inc.	〃	〃	75,177	-	-	3.5%-10%	〃	-	〃	-	N/A	-	193,100	772,402	〃
1	Taichung Commercial Bank Lease Enterprise	Baohong Construction Co., Ltd.	〃	〃	114,260	-	-	4%-10%	〃	-	〃	-	Real estate	64,244	193,100	772,402	〃
1	Taichung Commercial Bank Lease Enterprise	Megaful Co., Ltd.	〃	〃	128,263	121,829	95,224	4%-10%	〃	-	〃	952	Real estate	111,829	193,100	772,402	〃
1	Taichung Commercial Bank Lease Enterprise	DA FANG SKILL COLOR MARKETING CONSULTANT CO., LTD.	〃	〃	180,000	178,152	178,152	4%-10%	〃	-	〃	1,782	Real estate	180,000	193,100	772,402	〃
1	Taichung Commercial Bank Lease Enterprise	TRYIIT CO., LTD.	〃	〃	180,000	176,081	176,081	4%-10%	〃	-	〃	1,761	Real estate	372,093	193,100	772,402	〃
1	Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd. (B.V.I.)	Other receivable - related parties	Yes	9,804	9,390	9,390	-	〃	-	〃	94	N/A	-	193,100	772,402	〃
2	TCCBL Co., Ltd. (B.V.I.)	CROSS BORDER PROFITS LIMITED	Other receivables	No	23,262	5,395	5,395	4%-10%	〃	-	〃	26	Refundable deposits	2,810	78,105	312,418	Note 10
3	Taichung Commercial Bank Leasing (Suzhou) Ltd.	Zhangjiajie Zhongjun Real Estate	Loan by mandate	〃	14,276	-	-	9.6%	〃	-	Capital Expenditures	-	Real estate	232,729	294,625	294,625	Note 11
4	Chou Chin Industrial Co., Ltd.	Noble House Glory	Related party receivables	Yes	35,000	-	-	%	〃	-	Working capital	-	N/A	-	343,500	686,999	Note 12
4	Chou Chin Industrial Co., Ltd.	Noble House Glory	〃	〃	42,000	42,000	42,000	2%	〃	-	〃	-	N/A	-	343,500	686,999	Note 12
5	Yuju Universal Corporation	Noble House Glory	〃	〃	2,074	-	-	2%	〃	-	〃	-	N/A	-	3,252	6,504	Note 13
6	GREENWORLD FOOD CO., LTD.	Noble House Glory	Other receivables	〃	5,000	5,000	-	2%	〃	-	〃	-	N/A	-	39,112	78,225	Note 14
7	Bomy Shanghai	Shanghai Bangyi International Trading Co., Ltd.	Related party receivables	〃	130,830	130,830	130,830	5%	〃	-	〃	-	N/A	-	239,222	239,222	Note 15

Note 1: The column for numbering is elaborated below:

(1) Fill in 0 for the issuer.

(2) The investees are sequentially numbered from 1 and so forth.

Note 2: The receivables-affiliates, receivables-related parties, shareholders accounts, prepayments, temporary payments and others as stated in book shall be filled in here if they are classified as financing.

Note 3: Maximum balance of financing a third party in current period.

Note 4: Specify if the nature of financing is for business transactions or short-term financing is necessary.

Note 5: If the nature of financing is for business transactions, specify the amount of business transactions. The amount of business transactions shall be the amount of business conducted between the lender and the beneficiary of financing.

Note 6: If it is necessary for short-term financing, specify the reasons and the beneficiary of financing and the use of the fund, such as: retirement of loans, procurement of equipment, and working capital.

Note 7: Specify the Procedure for Financing Third Parties and the upper limit of financing in favor of particular beneficiary and the total limit of financing, and also the method for the calculation of the upper limit of financing in favor of particular beneficiary and the total limit of financing in the space provided in this field.

Note 8: For public companies proposed the lending of funds before the Board for resolution case by case pursuant to Article 14-1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the amount approved by the Board but not yet being drawn shall still be included in the amount for announcement for the disclosure of risk being assumed. If the loans are being retired in the future, disclose the outstanding balance to reflect the adjustment of risk. For public companies proposed the lending of funds before the Board for resolution case by case pursuant to Article 14-2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” whereby the Board resolved to authorize the Chairman to effect the drawdown or in revolving credit in tranches within specific limit and in the year, the amount and the limit approved by the Board shall still be announced as the outstanding balance. In subsequent retirement of loans, repeated drawdown shall still be considered and the amount and the limit approved by the Board shall still be announced as the outstanding balance.

Note 9: The loaning of TCB Leasing Co., Ltd. to a particular enterprise shall be up to 10% of the net worth of the Company. The total amount of loaning of funds shall not exceed 40% of the net worth of TCB Leasing Co., Ltd.

Note 10: The loaning of TCCBL Co., Ltd. (B.V.I.) to a particular enterprise shall not exceed 10% of the net worth of TCCBL Co., Ltd. (B.V.I.) The total amount of loaning of funds shall not exceed 40% of the net worth of TCCBL Co., Ltd. (B.V.I.).

Note 11: The loaning of TC Bank Financing and Leasing (Suzhou) Co., Ltd. to a particular enterprise shall be up to 40% of the net worth of the Company. The total amount of loaning of funds shall not exceed 40% of the net worth of Taichung Commercial Bank Finance Lease (Suzhou) Co., Ltd.

Note 12: The total amount of funds lent by Chou Chin Industrial Co., Ltd. to a single enterprise must not exceed 20% of the net worth of Chou Chin. Total loan amounts must not exceed 40% of the net worth of Chou Chin.

Note 13: The total amount of funds lent by Yuju Universal Corporation to a single enterprise must not exceed 20% of the net worth of Yuju Universal Corporation. Total loan amounts must not exceed 40% of the net worth of Yuju Universal Corporation.

Note 14: The total amount of funds lent by GREENWORLD FOOD CO., LTD. to a single enterprise must not exceed 20% of the net worth of GREENWORLD FOOD CO., LTD. Total loan amounts must not exceed 40% of the net worth of GREENWORLD FOOD CO., LTD.

Note 15: The total amount of funds lent by Shanghai Bomy Food to a single enterprise must not exceed 80% of the net worth of Shanghai Bomy Food. Total loan amounts must not exceed 80% of the net worth of Bomy Shanghai.

2. Endorsements/guarantees to others:

Unit: NTD thousand, unless otherwise noted

Item No.	Name of Endorser/ Guarantor	Endorsed/Guaranteed		Limit of endorsement/ guarantee to a single enterprise (Note 1)	Maximum balance in current period (Note 3)	Balance-ending	The actual amounts disbursed	Endorsement/guarantee with collateral	Accumulated amount of endorsement/guarantee in proportion to the net worth stated in the financial statements of the most recent period	Upper limit of endorsement/ guarantee (Note 2)	Guarantee and endorsement of parent company to subsidiary (Note 4)	Guarantee and endorsement by subsidiary to parent company (Note 4)	Guarantee and endorsement in Mainland China (Note 4)
		Company name	Affiliation										
1	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Subsidiary of Chou Chin Industrial Co., Ltd.	$ 858,749	$ 15,00	$ 15,00	$ -	$ -	-	$ 1,717,498	—	—	—
2	Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd. (B.V.I.)	100% and directly owned subsidiary	11,586,024	942,28	632,22	-	-	32.74	19,310,040	—	—	—
2	Taichung Commercial Bank Lease Enterprise	Taichung Commercial Bank Leasing (Suzhou) Ltd.	100% and indirectly owned subsidiary	11,586,024	2,124,58	2,050,76	1,705,122	-	106.21	19,310,040	—	—	Y

Note 1: Chou Chin Industrial stipulated in its Operating Procedures for Endorsement Guarantee that its endorsement guarantee for an enterprise shall not exceed 50% of the net value of the latest financial statements. If the guarantee is for business transaction relationships, the amount shall not exceed the total transaction in the most recent year. Taichung Bank Leasing stipulated in its Operating Procedures for Endorsement Guarantee that its endorsement guarantee for an enterprise shall not exceed six times the net value of the latest financial statements.

Note 2: Chou Chin Industrial stipulated in its Operating Procedures for Endorsement Guarantee that its total endorsement guarantee shall not exceed the net value of the latest financial statements. Taichung Bank Leasing stipulated in its Operating Procedures for Endorsement Guarantee that its total endorsement guarantee shall not exceed ten times the net value of the latest financial statements.

Note 3: The highest balance of endorsements and/or guarantees in the current year.

Note 4: For guarantee and endorsement from parent company to subsidiaries, from subsidiaries to parent company, and to Mainland China, as in the case of TWSE/GTSW-listed companies, fill in Y.

3. Marketable securities held – end of year

Unit: thousand shares/ NTD thousand

Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
Financial assets at fair value through profit or loss-current	<u>Shares traded on the Taiwan Stock Exchange or OTC exchange</u>							
	Taiwan Business Bank	CHINA MAN-MADE FIBER CORPORATION	N/A	1	$ 8	-	$ 8	
	<u>Non listed (OTC) domestic stock</u>							
	EVERSOL CORP.	〃	N/A	35	-	1	-	
	<u>Beneficiary certificate</u>							
	Chinese Selected Growth Equity Fund	〃	Fund managed by Taichung Securities Investment Trust Co., Ltd.	9,653	169,309	-	169,309	
	The RSIT Digital Fund	〃	〃	1,842	84,254	-	84,254	
	Dah-Fa Fund	〃	〃	1,505	60,797	-	60,797	
	Taiwan Main Stream Small and Medium cap Fund	〃	〃	3,042	85,910	-	85,910	
	<u>Beneficiary certificate</u>							
	Chinese Selected Growth Equity Fund	Deh Hsing Investment Co., Ltd.	Fund managed by Taichung Securities Investment Trust Co., Ltd.	2,163	37,946	-	37,946	
	The RSIT Digital Fund	〃	〃	67	3,070	-	3,070	
	<u>Beneficiary certificate</u>							
	Reliance Taiwan Main Stream Small & Medium Cap Fund	Pan Asia Chemical Corporation	Fund managed by Taichung Securities Investment Trust Co., Ltd.	743	20,986	-	20,986	
	TAROBO Robotics Quantitative Chinese Fund	〃	〃	1,319	21,862	-	21,862	
	The RSIT Digital Fund		〃	420	19,224	-	19,224	
Financial assets mandatorily measured at fair value through profit or loss-current	Beneficiary certificate							
	The RSIT Enhanced Money Market Fund	Taichung Securities Investment Trust Co., Ltd.	Fund managed by Taichung Securities Investment Trust Co., Ltd.	569	6,855	-	6,855	
	Dah-Fa Fund	〃	〃	88	3,572	-	3,572	
	The RSIT Digital Fund	〃	〃	78	3,575	-	3,575	
	Chinese Selected Growth Equity Fund	〃	〃	295	5,173	-	5,173	
	Taiwan Main Stream Small and Medium cap Fund	〃	〃	139	3,928	-	3,928	
	TAROBO Robotics Quantitative Chinese Fund	〃	〃	35	584	-	584	

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Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
Financial assets mandatorily measured at fair value through profit or loss-current	S&P 1xInverse	〃	N/A	25	$ 211	-	$ 211	
	Taiwan 50 1xInverse	〃	〃	260	1,810	-	1,810	
	Yuanta/P-shares Taiwan Top 50 ETF	〃	〃	3	367	-	367	
	Beneficiary certificate							
	Chinese Selected Growth Equity Fund	Chou Chin Industrial Co., Ltd.	Fund managed by Taichung Securities Investment Trust Co., Ltd.	813	14,254	-	14,254	
	Taiwan Main Stream Small and Medium cap Fund	〃	〃	111	3,133	-	3,133	
	TAROBO Robotics Quantitative Chinese Fund	〃	〃	500	8,286	-	8,286	
	Capital Securities Global Strategy	〃	N/A	200	2,035	-	2,035	
					$ 557,149		$ 557,149	
Equity instrument investments measured at fair value through other comprehensive income-non-current	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	Hua Nan Financial Holding	CHINA MAN-MADE FIBER CORPORATION	CHINA MAN-MADE FIBER CORPORATION is its corporate supervisor.	68,253	$ 1,245,624	1	$ 1,245,624	1,148 thousand shares pledged
	Maxigen Biotech Inc.	〃	N/A	610	13,974	1	13,974	
	Taiwan Tea Corporation	〃	N/A	16,175	289,532	2	289,532	15,000 thousand shares pledged
	Non listed (OTC) domestic stock							
	Sunny Bank	〃	N/A	2,688	24,996	-	24,996	
	Formosa Imperial Wineseller Corp.	〃	Affiliate	1,900	-	10	-	
	TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.	〃	CHINA MAN-MADE FIBER CORPORATION is its corporate director.	11,542	28,047	20	28,047	
	WK Technology Fund	〃	N/A	598	9,674	3	9,674	
	Pu Shih Joint Venture	〃	〃	682	5,598	2	5,598	
	Minchali Metal Industrial Co., Ltd.	〃	〃	7,193	84,300	3	84,300	
	TWSE	〃	〃	1,332	110,209	-	110,209	
	Everterminal Co., Ltd.	〃	〃	298	3,440	-	3,440	
	China Trade & Development Corp.	〃	〃	756	-	1	-	
	Chia Hsin Food and Synthetic Fiber Co., Ltd.	〃	〃	103	-	-	-	
	Taitung Business Bank	〃	〃	4,027	-	1	-	
	Non-listed (OTC) overseas stock							
	UNFON CONSTRUCTION CO., LTD (Hong Kong)	〃	Affiliate	3,250	7,865	18	7,865	

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Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
Equity instrument investments measured at fair value through other comprehensive income-non-current	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	CHINA MAN-MADE FIBER CORPORATION	Deh Hsing Investment Co., Ltd.	Parent company of Deh Hsing Investment Co., Ltd.	11,173	$ 125,133	-	$ 125,133	
	Pan Asia Chemical Corporation	〃	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	-	2	-	2	
	Taiwan Tea Corporation	〃	N/A	3,000	53,700	-	53,700	
	Non listed (OTC) domestic stock							
	Formosa Imperial Wineseller Corp.	〃	Affiliate	2,000	-	10	-	
	Wan Tai Lease Co., Ltd.	〃	N/A	628	-	3	-	
	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	Parent company of Pan Asia Chemical Corporation	251,443	2,816,160	16	2,816,160	77,954 thousand shares pledged
	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	Taiwan Tea Corporation	〃	N/A	11,800	211,220	1	211,220	
	Non listed (OTC) domestic stock							
	TWSE	〃	N/A	275	22,792	-	22,792	
	Chung Chien Investment Co., Ltd.	〃	Affiliate	12,000	46,320	18	46,320	
	Chung Shing Textile Co., Ltd.	〃	N/A	120	-	-	-	
	Non listed (OTC) domestic stock							
	Taiwan Futures Exchange	Taichung Securities Investment Trust Co., Ltd.	N/A	1,239	130,620	-	130,620	
	Taiwan Business Bank	Chou Chin Industrial Co., Ltd.	N/A	1,064	10,357	-	10,358	
	Taichung Commercial Bank Co.	〃	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	8,110	87,998	-	87,998	2,000 thousand shares pledged
	CHINA MAN-MADE FIBER CORPORATION	〃	Ultimate parent of Chou Chin Industrial Co., Ltd.	59,123	662,176	4	662,176	45,000 thousand shares pledged
	Hua Nan Financial Holding	〃	CHINA MAN-MADE FIBER CORPORATION is its corporate supervisor.	20,802	379,635	-	379,635	19,500 thousand shares pledged
	Taiwan Tea Corporation	〃	N/A	18,038	322,880	-	322,880	15,200 thousand shares pledged
	Non listed (OTC) domestic stock							
	Sunny Bank	〃	N/A	1,344	12,592	-	12,592	

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Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
Equity instrument investments measured at fair value through other comprehensive income- non-current	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	Taichung Commercial Bank Co.	Chou Chang Corporation	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	14,003	$ 151,933	-	$ 151,933	10,000 thousand shares pledged
	CHINA MAN-MADE FIBER CORPORATION	〃	Ultimate parent of Chou Chin Industrial Co., Ltd.	9,248	103,574	1	103,574	
	Non listed (OTC) domestic stock							
	Hsin Tung Yang	〃	N/A	64	692	-	692	
	Chou Chin Industrial Co., Ltd.	〃	The investor evaluating Chou Chang Corporation under equity method	489	2,603	1	2,603	
					$ 6,963,646		$ 6,963,646	
	Domestic corporate bonds							
	Taichung Commercial Bank financial bonds	CHINA MAN-MADE FIBER CORPORATION	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	110,000	$ 110,000	-	$ 110,000	
	Domestic corporate bonds							
	Taichung Commercial Bank financial bonds	Pan Asia Chemical Corporation	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	200,000	204,052	-	204,052	
	Domestic corporate bonds							
	Taichung Commercial Bank financial bonds	Chou Chin Industrial Co., Ltd.	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	850,000	853,256	-	853,256	NT$790,000 thousand pledge
	Domestic corporate bonds							
	Taichung Commercial Bank financial bonds	Chou Chang Corporation	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	350,000	356,796	-	356,796	NT$ 350 million pledge
					$ 1,524,104		$ 1,524,104	

Note: Taichung Commercial Bank and its subsidiaries are exempt from disclosure due to that they are in the financial, insurance and securities businesses.

4. Cumulative amount of the same marketable securities purchased or sold reaching NT$300 million or more than 20% of the Paid-in sharescapital.

Unit: NTD thousand\ thousand shares

Buyer/Seller	Type and Name of Securities	Account Title	Trading Counterpart	Affiliation	Beginning		Bought		Sold				End of period (Note 1)	
					Shares (in Thousand shares)	Amount	Shares (in Thousand shares)	Amount	Shares (in Thousand shares)	Amount	Cost	Gain (loss) from disposal	Shares (in Thousand shares)	Amount
CHINA MAN-MADE FIBER CORPORATION	Taichung Commercial Bank common stocks	Investments adopting the equity method / consolidated	Subscription of capital increase	Subsidiaries	826,726	$11,465,093	43,777	$446,524	-	$ -	$ -	$ -	913,493	$12,639,058

		and individual												

Note 1:The number of shares at the end of period includes stock dividends allocated in the period. The amount at the end of period includes the profit and loss and the other comprehensive income of subsidiaries, associate companies and joint venture adopting the equity method.

5. Acquisition amount of real estate reaching NT$300 million or more than 20% of the Paid-in sharescapital (None)

6. Amount on disposal of real estate reaching NT$300 million or more than 20% of the Paid-in shares capital.

Unit: NTD thousand, unless otherwise noted

Company disposing property	Descriptions of assets	Date of event	Initial Acquisition Date	Book Value	Transaction price	Status	Gain (loss) from disposal	Trading Counterpart	Affiliation	Purpose	Reference basis for price determination	Other convenants
CHINA MAN-MADE FIBER CORPORATION	Yunlin County Douliou City Kejia Section Land No. 169	2020/08/19	96/02/09	$ 769,610	$ 3,644,503	Received NT$3,497,920,000 and NT$146,583,000 on September 18 and October 5 in accordance with provisions in the real estate sales contract.	$ 2,863,685 (Note 3)	BECKETT ENTERPRISES LLC.	N/A	Activated assets	Note 1, 2	N/A

Note 1: Price determination reference: In reference to market quotations and the appraisal value from the professional appraisal institution.

Note 2: In disposal of real estate, HB Real Estate Appraisers Firm and Baoyuan Real Estate Real Estate Appraisers Firm's appraisal values are NT$59,000 and NT$59,200 per *ping* (3.3058 square meters), with the total prices of NT$3,583,761,000 and NT$3,595,910,000 respectively.

Note 3: Disposal gains and losses: the transaction amount deducted by intermediary fees, under trust and custody fees, fees and charges, notary fees, stamp duty, etc.

7. Amount on purchase from and sale to related parties reaching NT$100 million or more than 20% of the Paid-in sharescapital

Unit: NTD thousand

Purchaser/Seller	Trading Counterpart	Affiliation	Status				Distinctive terms and conditions of trade and the reasons		Receivable (payable) accounts/notes		Remark
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount %	Duration	Unit Price	Duration	Balance	Percentage in total receivable (payable) accounts/notes %	
CHINA MAN-MADE FIBER CORPORATION	Nan Chung Petrochemical Corp.	The investee under equity method of CHINA MAN-MADE FIBER CORPORATION	Purchase	$ 2,053,199	30%	30~ 60 days	Not distinctive	30~90 days for the general transactions	$ -	0%	
CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	A SUBSIDIARY OF CHINA MAN-MADE FIBER CORPORATION	Sale	(632,507)	(8%)	30~ 60 days	〃	〃	96,470	5%	
Pan Asia Chemical Corporation	CHINA MAN-MADE FIBER CORPORATION	Parent company of Pan Asia Chemical Corporation	Purchase	632,507	48%	30~ 60 days	〃	〃	(96,470)	(74%)	
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Subsidiary of Chou Chin Industrial Co., Ltd.	Sale	(1,267,013)	(47%)	A/C 120 days	-	-	192,985	65%	
GREENWORLD FOOD CO., LTD.	Chou Chin Industrial Co., Ltd.	Parent company of GREENWORLD FOOD	Purchase	1,267,013	73%	A/C 120 days	-	-	(192,985)	(86%)	

		CO., LTD.									

Note: The above transactions have been written off in the consolidated statement.

8. Accounts receivable-related party reaching NT$100 million or more than 20% of the Paid-in sharescapital.

Unit: NTD thousand

Company of receivables on book	Trading Counterpart	Affiliation	Balance of receivables with related party	Turnover Rate	Overdue receivables with related party		Receivables with related party after period collection	Amount of allowance for bad debt
					Amount	Mode of Processing		
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	A subsidiary of Chou Chin Industrial Co., Ltd.	$ 192,985	6.35	$ -	—	$ 192,985	$ -

Note: The above transactions have been written off in the consolidated statement.

9. Transactions in engaging in derivative financial instruments. (Note 9)

10. Other: Business relationship and main dealings between the parent and its subsidiaries

Unit: NTD thousand

Item No. (Note 1)	Trader's name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Title	Amount (Note 3)	Terms and conditions	Percentage in consolidated total revenue or total assets (Note 4)
	<u>2020</u>						
0	CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	1	Sales revenue	$ 632,507	No significant difference from the general customer	2%
0	CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	1	Accounts receivable	96,470	No significant difference from the general customer	-
0	CHINA MAN-MADE FIBER CORPORATION	Taichung Commercial Bank Co.	1	Cash and cash equivalents	83,726	No significant difference from the general customer	-
1	Pan Asia Chemical Corporation	Taichung Commercial Bank Co.	3	Cash and cash equivalents	113,890	No significant difference from the general customer	-
2	Taichung Commercial Bank Co.	Taichung Commercial Bank Insurance Broker Co., Ltd.	3	Customer deposits and remittances	1,330,849	No significant difference from the general customer	-
2	Taichung Commercial Bank Co.	Taichung Commercial Bank Insurance Broker Co., Ltd.	3	Income from handling fees	200,000	No significant difference from the general customer	1%
2	Taichung Commercial Bank Co.	Taichung Commercial Bank Securities Co., Ltd.	3	Customer deposits and remittances	106,957	No significant difference from the general customer	-
2	Taichung Commercial Bank Co.	Taichung Bank Venture Capital Co., Ltd.	3	Customer deposits and remittances	188,268	No significant difference from the general customer	-
3	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Sales revenue	1,267,013	No significant difference from the general customer	4%
3	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Accounts receivable	192,985	No significant difference from the general customer	-
3	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Other income	92,122	No significant difference from the general customer	-
4	Bomy Shanghai	Shanghai Bangyi International Trading Co., Ltd.	3	Other receivables	130,830	No significant difference from the general customer	-

Note 1: The information about transactions between parent company and subsidiaries shall be numbered and noted in the following manner in the box of numbers:
1. 0 is for the Parent Company.
2. Subsidiaries are numbered from number 1.

Note 2: The relationship with the trade party is classified into three categories as follows:
1. Parent Company to subsidiaries.
2. Subsidiaries to Parent Company.
3. Subsidiaries to subsidiaries.

Note 3: Written-off upon consolidation.

Note 4: For computing the ratio of trade amount to total sales revenue or total assets, if it is for asset and liability account, the computation is based on the ratio of ending balance to total consolidated assets; however, if it is for income and expense account, the computation is based on the ratio of interim cumulative amount to total consolidated revenue.

Note 5: Major transactions refer to those reaching NT$60,000 thousand and shall be disclosed.

11. Information about the investee's name, location…..

Unit: NTD thousand

Investor	Investor	Location	Major Business Lines	Initial Investment Amount		Equity Ownership by the Company			Current period net gain (loss) of the investee	Investment gain (loss) recognized in current period	Remark
				Current period-ending	Previous period-ending	Quantity	Percentage %	Book Value			
CHINA MAN-MADE FIBER CORPORATION	Taichung Commercial Bank	Taichung City	Banking business	$ 6,802,167	$ 6,355,643	913,493	22	$12,639,058	$ 4,025,533	$ 896,247	355,400 thousand shares pledged
	Pan Asia Chemical Corporation	Taipei City	Petrochemical business	968,472	968,472	134,241	44	1,331,530	247,931	110,056	
	Nan Chung Petrochemical Corp.	Yunlin County	Petrochemical business	1,000,002	1,000,002	100,000	50	1,103,434	(98,496)	(49,248)	10,000 thousand shares pledged
	Deh Hsing Investment Co., Ltd.	Taipei City	General investment business	1,550,000	1,550,000	155,000	100	1,471,812	(63,035)	(9,298)	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	6,295	6,295	922	3	12,516	(8,453)	(249)	
	Chou Chin Industrial Co., Ltd.	New Taipei City	Manufacturing and trading	176,430	176,430	33,557	47	448,607	149,568	70,133	
	EUREKA INVESTMENT COMPANY LIMITED	Taipei City	General investment business	37,500	37,500	3,750	100	34,028	(1,237)	(1,237)	
	Melasse	Taipei City	Cosmetics and cleaning appliances manufacturing	14,500	14,500	1,450	50	14,038	1,641	821	
Pan Asia Chemical Corporation	Taichung Commercial Bank	Taichung City	Banking business	1,457,394	1,347,834	234,256	6	3,232,947	4,025,533	230,305	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	15,738	15,738	979	3	13,323	(8,453)	(265)	
	Melasse	Taipei City	Cosmetics and cleaning appliances manufacturing	14,500	14,500	1,450	50	14,037	1,641	820	
Taichung Commercial Bank	Taichung Commercial Bank Lease Enterprise	Taichung City	Leasing industry	1,800,000	1,800,000	196,463	100	1,931,004	27,868	27,868	
	Taichung Bank Insurance Agency Co., Ltd.	Taichung City	Insurance agency	6,000	6,000	128,600	100	1,831,053	256,747	256,747	
	Taichung Commercial Bank	Taichung City	Securities business	1,500,000	1,500,000	140,429	100	1,514,812	128,246	128,246	

Investor	Investor	Location	Major Business Lines	Initial Investment Amount		Equity Ownership by the Company			Current period net gain (loss) of the investee	Investment gain (loss) recognized in current period	Remark
				Current period-ending	Previous period-ending	Quantity	Percentage %	Book Value			
	Securities Co., Ltd.										
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	120,000	120,000	12,000	38	163,148	(8,453)	(3,294)	
Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd.	British Virgin Islands	Financing, leasing and investments.	893,373	893,373	30,000	100	781,046	(3,996)	(3,996)	
TCCBL Co., Ltd.	Taichung Commercial Bank Leasing (Suzhou) Ltd.	Suzhou	Financing Leasing and investments	893,373	893,373	-	100	736,562	8,726	8,726	
Taichung Commercial Bank Securities Co., Ltd.	Taichung Bank Venture Capital Co., Ltd.	Taipei City	Venture Investment	210,000	-	21,000	100	214,732	4,732	4,732	
Deh Hsing Investment Co., Ltd.	Taichung Commercial Bank	Taichung City	Banking business	86,017	86,017	12,512	-	176,455	4,025,533	12,437	4,500 thousand shares pledged
	Pan Asia Chemical Corporation	Taipei City	Petrochemical business	-	150,612	-	-	-	248,015	2,539	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	20,162	20,162	1,716	6	23,336	(8,453)	(465)	
	Chou Chang Corporation	Taipei City	Distribution and warehousing of beverages	44,000	44,000	4,000	15	47,665	13,395	1,951	
	Chou Chin Industrial Co., Ltd.	New Taipei City	Manufacturing and trading	10,243	10,243	1,793	3	42,811	149,568	3,739	
	Xiang-Feng Development	Taipei City	General investment business	313,000	283,000	31,300	100	293,037	(1,618)	(1,618)	
	Wei-Kang International	Taipei City	Retail	5,000	5,000	300	30	4,275	1,884	565	
	IOLITE COMPANY Ltd.	Samoa	General investment business	595,750	595,750	19,005	100	459,788	(35,244)	(35,244)	
	Storm Model Management	Taipei City	General Advertising Services	8,000	8,000	400	40	7,441	(2,940)	(1,176)	
IOLITE COMPANY Ltd.	Hammock (Hong Kong) Company Limited	Hong Kong	General investment business	470,685	470,685	15,000	100	345,591	(35,755)	(35,755)	
	Precious Wealth International Limited	Samoa	General investment business	10,969	10,969	USD375	100	10,947	-	-	
Xiang-Feng Development	Tou-Ming Industry	Taipei City	Real estate trading and leasing industry	251,900	221,900	25,190	99	232,819	(1,536)	(1,536)	
Tou-Ming Industry	Jin-Bang-Ge Industry	Taipei City	Real estate trading and leasing industry	172,000	172,000	17,200	99	156,533	(1,301)	(1,293)	
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Taichung City	Food manufacturing, and distribution and warehousing of beverages	233,530	233,363	17,567	90	115,353	34,576	36,617	
	Chou Chang Corporation	Taichung City	Distribution and warehousing of beverages	307,977	308,796	13,142	49	156,626	13,395	6,505	
	Pan-Feng Industry	Taipei City	Restaurant industry	14,897	14,897	1,500	100	746	(294)	(294)	
	Bomy Enterprise	British Virgin	General investment business	223,248	223,248	10,000	49	149,151	13,765	5,817	

Investor	Investor	Location	Major Business Lines	Initial Investment Amount		Equity Ownership by the Company			Current period net gain (loss) of the investee	Investment gain (loss) recognized in current period	Remark
				Current period-ending	Previous period-ending	Quantity	Percentage %	Book Value			
		Islands									
	Yuju Universal Corporation	Samoa	General investment business	24,573	24,573	810	90	14,634	(5,530)	(4,681)	
	BONWELL PARISE Co., Ltd.	Samoa	International trade	3,218	3,218	104	40	675	273	104	
Yuju Universal Corporation	Noble House Glory	Japan	Short-term accommodation service	24,345	24,345	1,800	100	19,954	(4,681)	(4,681)	
GREENWORLD FOOD CO., LTD.	Chou Chang Corporation	Taichung City	Distribution and warehousing of beverages	1,470	1,470	51	-	328	13,395	-	
	Bomy Enterprise	British Virgin Islands	General investment business	52,306	52,306	2,650	13	38,121	13,765	1,842	
Chou Chang Corporation	GREENWORLD FOOD CO., LTD.	Taichung City	Food manufacturing, and distribution and warehousing of beverages	11,224	11,224	1,133	6	12,479	34,576	2,075	

12. Information on main shareholders

December 31, 2020

Name of Principle shareholder	Stock	
	Quantity of Shares	Shareholding
Pan Asia Chemical Corporation	251,442,874	15.51%

(3) Information about investment in Mainland China:

1. Name of the investee company in the Mainland Area, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland Area. Unit: NTD thousand and foreign currency thousand

Investee	Major Business Lines	Paid-in capital	Mode of investment	Amount remitted from Taiwan in accumulation at beginning of the present term	Investment Remittance or Regain during the current period		Amount remitted from Taiwan in accumulation at ending of the present term	Current period net gain (loss) of the investee	The Company's Direct or Indirect Investment Holding Ratio %	Investment gain (loss) recognized in current period (Note 3)	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term
					Remittance	Regain						
Bomy Shanghai	OEM, production and marketing of canned vegetable and fruit juice, and beverages	$ 645,000 (USD20,000)	Invested through the third area	$ 638,972 (USD 19,850)	$ -	$ -	$ 638,972 (USD 19,850)	$ 14,516 (USD 491)	62% (Note 1)	$ 8,936 (USD 302) (2)C	$ 182,701 (USD 6,415)	$ -
Shanghai Bomy Consultancy Management Co., Ltd.	Consultation service	-	Self-owned capital investment of Shanghai Bomy Foodstuff Co., Ltd.	-	-	-	-	-	61% (Note 2)	-	-	-
Shanghai Bangyi International Trading Co., Ltd.	International trade	-	〃	-	-	-	-	6,492 (RMB1,516)	61% (Note 2)	3,960 (RMB 925) (2)C	6,492 (RMB 1,516)	-
Chou Chin Shanghai	Manufacturing, processing and sale of modem, PC, computer shell and related metal stamping, interface, main frame and fiber optical system appliances	30,355 (USD1,001)	Invested through the third area	14,486 (USD 450)	-	-	14,486 (USD 450)	-	49% (Note 3)	-	-	-
Hebei Hanoshi Contact Lens Co., Ltd.	Manufacturing and trading	470,685 (USD15,000)	〃	470,685 (USD 15,000)	-	-	470,685 (USD 15,000)	(35,663) (RMB8,329)	100%	(35,663) (RMB8,329) (2)B	346,411 (RMB 79,143)	-
Qian Teng PR Planning (Shanghai), Co., Ltd.	Exhibition design, corporate marketing consultation, and advertising copy planning	7,408 (USD 250	〃	3,147 (USD 100)	-	-	3,147 (USD 100)	(1,443) (RMB 337)	40% (Note 4)	(574) (RMB 134) (3)	716 (RMB 164)	-
Taichung Bank Leasing (Suzhou)	Finance lease business	893,373 (RMB186,329	〃	893,373 (RMB 186,329)	-	-	893,373 (RMB 186,329)	8,726 (RMB2,045)	29% (Note 5)	2,531 (RMB 593) (2)B	213,603 (RMB 49,480)	-
Shanghai Nianjia Cultural Diffusion Co., Ltd.	Culture and art exchanges and PR activity planning	419 (RMB 100	Investment in the Chinese company was made with Qian Teng PR Planning (Shanghai)'s own funds	-	-	-	-	(151) (RMB 35)	40%	(60) (RMB 14) (3)	38 (RMB 9)	-

Amount accumulated, remitted from Taiwan for investment in Mainland China at the end of the current term	Investment Amount Approved by Investment Commission of MOEA	Mainland China Investment Ceiling As Regulated by Investment Commission of MOEA (Note 4)
$ 2,020,663 (US$ 35,400 and RMB$ 186,329)	$ 2,204,953 (US$ 41,400 and RMB$ 186,329)	$ 3,086,668

Note 1: The consolidated shareholding calculated based on the reinvestment by Chou Chin Industrial Co., Ltd. and GREENWORLD FOOD CO., LTD. through Bomy Enterprise.

Note 2: The comprehensive shareholding ratio of Bomy International Co., Ltd. And Shanghai Bomy Foodstuff Co., Ltd. Calculated based on the reinvestment method.

Note 3: The consolidated shareholding calculated based on the reinvestment by Chou Chin Industrial Co., Ltd. and Chou Chang Corporation through a third area.

Note 4: Percentage of comprehensive cross holding of Chou Chin Industrial Co., Ltd. through investment in companies in the third region.

Note 5: Percentage of comprehensive cross holding of Taichung Bank Leasing through investment in companies in the third region.

Note 6: Recognized as gains or losses on investment in current period:

(1) Please note if the investee is still under preparation and there was no investment gain or loss.

(2) The basis of recognition of investment income is classified into following three types, which should be marked out:

A. Financial statements audited and audited and attested by an international accounting firm that has a cooperative relationship with a certified public accounting firm registered in the Republic of China.

B. Financial statements audited and attested by the independent accounts of the parent company.

C. Others: Shanghai Bomy Food and its subsidiaries conducts analytical procedures based on the provisions of the Standards on Auditing No. 20 regarding the determination of key composition.

(3) Not audited by a CPA

Note 7: The ceiling calculated by the applicant, Chou Chin Industrial Co., Ltd., Taichung Commercial Bank Lease Enterprise and Deh Hsing Investment Co., Ltd. according to the “Regulations Governing the Review of Investment or Technical Cooperation in Mainland China" of Investment Commission, MOEA.

Note 8: The foreign currency, if any, has been translated into NTD (USD1=NT$30.72, USD1=NT$28.48, CNY1=NT$29.54, CNY1=$4.37, CNY1=$4.28) at the foreign exchange rate-ending and average foreign exchange rate prevailing on the date of the financial statement.

2. With Mainland China, major transactions, and other prices, payment conditions, unrealized gains and losses that happened directly or indirectly through the third region by the investment company.

(1) Input amounts, percentages, balance, & percentages of relevant payable at end of the term. (None)

(2) Sales amounts, percentages, balance, & percentages of relevant receivables at end of the term. (None)

(3) Amount of property transaction and amount of the profit and/or loss so incurred. (None)

(4) Balance and purposes of endorsements/guarantees or collateral provided at end of the term. (See page 246 for details)

(5) The highest balance of fund financing balance at end of the term, range of interest rates and total amount of interest in the current term. (None)

(6) Other transactions having significant effect upon profit and/or loss or financial standing of the current term, e.g., provision or acceptance of services. (None)

49. Segment information

(1) Revenues and operating results of segments

Revenues and operating results of the consolidated company’s continuing units are analyzed in accordance with segments to be reported, which are summarized as follows:

	Department income		Gain (loss) from operation	
	2020	2019	2020	2019
Chemical Industry Dept.	$ 6,523,249	$ 10,593,744	($ 1,221,298)	($ 1,601,215)
Chemical Fiber Department	2,202,029	4,554,248	(617,548)	(440,643)
Bank departments	15,494,078	17,178,875	4,758,430	5,206,985
Other Depts.	6,597,043	3,405,155	2,001,121	(49,045)
Total	$ 30,816,399	$ 35,732,022	$ 4,920,705	$ 3,116,082

Revenues reported above are generated from transactions with external customers. There were no inter-departmental sales generated on 2020 and 2019.

The term department profits refers to profits earned by each department, which does not include income tax expenses. The measured figures are provided for main decision makers to allocate resources to segments and evaluate the performance of each segment.

(2) Departmental total assets

	December 31, 2020	December 31, 2019
Segment assets		
Chemical Industry Dept.	$ 4,034,805	$ 4,461,127
Chemical Fiber Department	1,311,189	1,413,270
Construction Dept.	1,849,924	1,112,465
Bank departments	736,770,021	682,688,922
Others	19,125,127	22,228,452
Total segment assets	$ 763,091,066	$ 711,904,236

V. Individual financial statements and summary of notes for the most recent fiscal year audited and validated by a certified public accountant

Independent Auditor's Audit Report

To CHINA MAN-MADE FIBER CORPORATION:

Audit opinions

We have audited the accompanying individual balance sheet of China Man-Made Fiber Co., Ltd. and subsidiary as of December 31, 2020 and 2019, and the related individual statement of income, individual statement of changes in shareholders equity, individual statement of cash flows, and Note of the individual financial statements (including major accounting policy) for the years then ended.

In my opinion, the financial statements as referred to, on the basis of my audit findings and the audit reports compiled by other certified public accountants, present fairly, in all material aspects, the financial position of China Man-Made Fiber Co., Ltd. as of December 31, 2020 and 2019, and the results of its operation and cash flows for the year then ended in conformity to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The basis for opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the separate financial statements. We are independent of China Man-Made Fiber Co., Ltd.n in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the financial statements of China Man-Made Fiber Co., Ltd., and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matter that, in our professional judgment, were of most significant in our audit of the individual financial statements of China Man-Made Fiber Co., Ltd. in 2020. These matters were addressed in the content of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Key audit procedures of the individual financial statements of China Man-Made Fiber Co., Ltd. in 2020 included:

Authenticity of specific sales revenue

Notes to key audit matters

Within the Year 2020, China Man-made Fiber Corporation received NT$2,552,415 thousand sales revenues from specific customers, accounting for 34% of the net individual sale revenues. Besides, sales revenues from such specific customers prove relatively higher in gross profit margin. Accordingly, the authenticity of sales revenues from such specific customers is taken as the one of the very key points in audit.

Please refer to Note 4 (14) of the financial statements for the accounting policies on sales revenue recognition.

Audit response

1. Awareness of the design and implementation of the internal control systems related to the recognition of sales revenues.
2. The efforts to obtain details of the sales revenues account for specific customers in Year 2020 and select samples to check the shipping-related forms and documents to test the authenticity of the sales facts.
3. Sampling inspection of the circumstances of sales returns and discounts and the collection after the periods to confirm the reasonableness of revenue recognition.

Adopt the equity method to assess the impairment of discounting and advances.

Notes to key audit matters

As stated in Note 14 of the standalone financial statements, the amount of investment in Taichung Commercial Bank by China Man-Made Fiber adopting the equity method was NT$12,639,058 thousand, accounting for 35% of the total assets as of December 31, 2020. Therefore, the financial performance of Taichung Commercial Bank will significantly impact China Man-Made Fiber's number in subsidiaries, affiliates and joint ventures by equity method.

For discounts and balances of the loans, Taichung Commercial Bank Co., Ltd. amortized the anticipated credit losses in the Year 2020 in the amounts of NT$456,541,322 thousand and NT$298,742 thousand, respectively. In comprehensive consideration for a decision to determine the loss from impairment by Taichung Commercial Bank Co., Ltd. involves the major estimate and judgment by its management, including the probability of default and the default loss rates where that Bank should faithfully comply with the laws and regulations concerned of the competent authority(ies) and the specifications of their decrees and letters. The outcome of the impairment evaluation would significantly affect the financial performance by Taichung Commercial Bank Co., Ltd. Accordingly, we, the certified public accountant, determine to take the anticipated credit loss for the Company's discount and loans as the very key points in audit.

Audit response

1. We understand and examine the internal control related to the assessment of impairment of discount and evaluation of anticipated credit impairment of Taichung Commercial Bank.
2. Sampling inspection of each individual recognition of major expected credit loss from discounting and advances of Taichung Commercial Bank, in order to evaluate the reasonableness of collateral value.
3. For the comprehensive evaluation of the expected credit loss adopted by Taichung Commercial Bank, understand and test key parameters used in the impairment model (probability of default and loss given default) in order to evaluate the reasonableness of the expected credit loss meeting the current experience and economic situation.
4. Review of conformity of appropriated amounts with requirements set forth in relevant decrees and ordinances of the competent authority

Other information

The financial statements of investees included in the standalone financial statements of China Man-Made Fiber adopting the equity method have not been audited by us. They are audited by other accountants. Therefore, we refer to the audited reports of other accountants in expressing our opinions in the standalone statement regarding the investments by equity method and subsidiaries, affiliates, joint ventures and other comprehensive gains and losses. The investments adopting the equity method in the other auditors' reports for years ended December 31, 2020 and 2019 are NT$1,103,434 thousand and NT$1,170,017 thousand, respectively. The gains and losses from subsidiaries, affiliates and joint ventures and other sources adopting the equity method in the other auditors' reports for 2020 and 2019 are NT$(48,143) thousand and NT$20,491 thousand, respectively. Meanwhile, certain information related to the re-investees' business disclosed under Note 36 of the individual financial statement is, as well, disclosed based on the audit reports of other certified public accountants.

Responsibilities of Management and Those in Charge with Governance of the Individual Financial Statements

Management is responsible for the preparation and fair presentation of the individual financial 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 individual financial financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, the management is responsible for assessing the ability of China Man-Made Fiber Co., Ltd. as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate China Man-Made Fiber Co., Ltd. or to create operations, or has no realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of China Man-Made Fiber Co., Ltd..

Auditor's Responsibilities for the Audit of the Individual Financial Statements

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

As part of an audit in accordance with the accounting principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

1. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design, and perform audit procedures responsive risks, and obtain evidence that is sufficient and appropriate to provide a basis of 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 internal control effective in China Man-Made Fiber Co., Ltd..
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on China Man-Made Fiber Co., Ltd. and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual financial statements or, if

such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause China Man-Made Fiber Co., Ltd. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the individual statements, including related notes, whether the individual statements represent the underlying transactions and events in a matter that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the China Man-Made Fiber Co., Ltd. in order to express an opinion on the individual financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the China Man-Made Fiber Co., Ltd.; also, is responsible for forming an opinion on the audit of the China Man-Made Fiber Co., Ltd..

We communicate with those in charge of 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 in charge of 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 in charge of governance, we determine those matters that were of most significance in the audit of the individual financial statements of China Man-Made Fiber Co., Ltd. of 2020 and are therefore the key audit matters. We describe these matters in our auditor's 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 communications.

Deloitte & Touche

CPA: Hsu Wen-Ya

Accountant: Su-Huan Yu

Securities and Futures Commission Approval No.
Tai-Tsai-Cheng (VI) No. 0920123784

Securities and Futures Commission Approval No.
Tai-Tsai-Cheng (VI) No. 0920123784

March 15, 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

CHINA MAN-MADE FIBER CORPORATION
Individual Balance Sheets
December 31, 2020 and 2019

Unit: NTD thousand

		December 31, 2020		December 31, 2019	
Code	Assets	Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4, 6 and 31)	$ 1,543,392	4	$ 1,902,997	5
1110	Financial assets through profit and/or loss with measuring for the faire values-current (Note 4 and 7)	400,278	1	600,725	2
1150	Notes receivable (Note 4 and 10)	25,432	-	46,787	-
1170	Accounts receivable - non-related parties (Note 4 and 10)	700,927	2	1,594,045	4
1180	Accounts receivable - non-related parties (Note 4, 10 and 31)	96,470	-	170,057	1
1200	Other receivable (Note 4, 10 and 31)	26,188	-	13,370	-
1210	Other receivable - related parties (Note 31)	461	-	463	-
1220	Current income tax asset (Notes 4 and 26)	1,653	-	4,160	-
130X	Inventory (Note 4 and 11)	834,574	2	1,169,176	3
1410	Prepaid (Note 12)	493,443	2	609,816	2
1460	Non-current Assets Held for Sale - net (Note 4, 13 and 32)	-	-	769,610	2
1470	Other current assets (Note 19 and 32)	135,286	1	112,975	-
11XX	Total current assets	4,258,104	12	6,994,181	19
	Non-Current assets				
1517	Financial assets at fair value through other comprehensive income-non-current (Note 3, 8 and 32)	1,933,259	5	2,087,867	5
1550	Investment by equity method (Note 4, 14 and 32)	17,055,023	48	15,683,072	42
1600	Real estates, plant and equipment - net (Notes 4, 15 and 32)	9,622,004	27	10,917,846	29
1755	Right-of-use assets (Note 4 and 16)	12,629	-	20,413	-
1760	Real estate investments - net (Note 4, 17 and 32)	1,849,924	5	1,112,465	3
1780	Intangible assets – net (Note 4 and 18)	-	-	-	-
1840	Deferred income tax assets – net (Notes 4 and 26)	650,514	2	648,812	2
1990	Other assets (Note 19)	325,573	1	118,185	-
15XX	Total non-current assets	31,448,926	88	30,588,660	81
1XXX	Total assets	$ 35,707,030	100	$ 37,582,841	100
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Note 20 and 32)	$ 4,313,689	12	$ 6,441,013	17
2110	Short-term bills payable (Note 20)	748,824	2	648,285	2
2150	Payable notes	254	-	21,104	-
2170	Accounts payable - non-related parties	763,358	2	738,751	2
2180	Accounts payable - related parties (Note 31)	-	-	307,149	1
2219	Other accounts payable (Note 21)	271,533	1	299,966	1
2280	Lease liabilities – current (Note 4 and 16)	10,057	-	11,983	-
2320	Long-term liability due in one year or one business cycle (Note 20 and 32)	2,578,238	8	2,091,505	5
2399	Other current liabilities	44,445	-	33,081	-
21XX	Total of current liabilities	8,730,398	25	10,592,837	28
	Non-current liabilities				
2540	Long-term loans (Note 20 and 32)	2,868,574	8	3,926,318	11
2550	Liability reserve (Note 4 and 22)	219,239	1	162,402	-
2570	Deferred tax liabilities (Note 4 and 26)	866,019	2	866,019	2
2580	Lease liabilities – non-current (Note 4 and 16)	2,719	-	8,598	-
2670	Other liabilities (Note 4 and 23)	22,071	-	22,904	-
25XX	Total non-current liability	3,978,622	11	4,986,241	13
2XXX	Total liabilities	12,709,020	36	15,579,078	41
	Equity (Note 24)				
3110	Common stock capital	16,213,672	45	16,213,672	43
3200	Capital surplus	1,663,531	5	1,710,808	5
	Retained earnings				
3310	Legal reserve	855,476	2	855,476	2
3320	Special reserve	1,940,822	5	1,936,126	5
3350	Undistributed earnings	3,125,590	9	2,220,569	6
	Other equity				
3410	Exchange differences from the translation of financial statements of foreign operations	(116,241)	-	(86,995)	-
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	451,962	1	382,016	1
3500	Treasury stock	(1,136,802)	(3)	(1,227,909)	(3)
3XXX	Total equity	22,998,010	64	22,003,763	59
	Total Liabilities and Equity	$ 35,707,030	100	$ 37,582,841	100

The notes attached shall constitute an integral part of this individual financial statement.
(Refer to Auditor’s Report presented by Deloitte & Touche dated March 15, 2021)

Chairman: Kuei-Hsien Wang Manager: Ming-Shang Chuang Accounting Supervisor: Kuo Hua Lin

CHINA MAN-MADE FIBER CORPORATION
Individual Income Statement
January 1 to December 31, 2020 and 2020

Unit: NTD Thousand, except for earnings (losses) per share in NTD

		2020		2019	
Code		Amount	%	Amount	%
4000	Operating income (Note 4 and 31)	$ 7,476,601	100	$ 13,591,338	100
5000	Operating expenses (Note 4, 11, 25 and 31)	9,094,982	122	15,268,683	112
5900	Gross losses	(1,618,381)	(22)	(1,677,345)	(12)
5910	Realized gain on the subsidiary, affiliated company and joint ventures (Note 4)	-	-	7,243	-
5950	Realized gross losses	(1,618,381)	(22)	(1,670,102)	(12)
	Operating expenses (Note 4, 10 and 25)				
6100	Marketing expenses	(352,158)	(5)	(493,022)	(3)
6200	Administrative and general affairs expenses	(192,670)	(2)	(223,098)	(2)
6450	Expected credit reversal benefit	85,677	1	6,035	-
6000	Total operating expenses	(459,151)	(6)	(710,085)	(5)
6900	Operating losses	(2,077,532)	(28)	(2,380,187)	(17)
	Non-operating revenues and expenses				
7070	Amounts of profit and/or loss of subsidiaries recognized in equity method, associates and the share of the profit or loss of joint ventures (Note 4)	1,017,225	14	1,174,256	9
7100	Interest revenues (Note 4 and 31)	10,248	-	13,989	-
7130	Dividend income (Note 4)	40,546	1	43,892	-
7190	Other gains and losses (Note 25 and 31)	23,858	-	22,728	-
7215	Capital gain from disposition of investment property	2,863,685	38	-	-
7230	Foreign exchange gain (loss) – net	(60,496)	(1)	(32,300)	-
7235	Gain (loss) on financial assets and liabilities at fair value through profit and loss (Note 4 and 25)	24,814	-	240,108	2
7610	Losses from disposal of property or equipment	(2)	-	-	-
7673	Impairment loss of property, plant and equipment (Note 4 and 15)	(605,359)	(8)	-	-
7510	Financial cost (Note 4 and 25)	(173,128)	(2)	(186,589)	(2)
7000	Total non-operating revenues and expenses	3,141,391	42	1,276,084	9
7900	Income (loss) before tax from continuing operations	1,063,859	14	(1,104,103)	(8)
7950	Income tax gains (expenses) (Note 4 and 26)	(121,812)	(2)	374,339	3
8200	Net profits of the current year	942,047	12	(729,764)	(5)
	Other comprehensive profit or loss				
	The items that are not re-classified as profit or loss				
8311	Determined Benefit Plan Reevaluation (Note 4 and 22)	(8,509)	-	(6,527)	-
8316	Unrealized valuation of the capital gain/loss from equity instrument at fair value through comprehensive income statement as other comprehensive income	(148,504)	(2)	388,914	3
8330	The proportion of other comprehensive incomes from subsidiaries, associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss	190,468	3	92,563	-
8349	Income tax related to titles without reclassification (Notes 4 and 26)	1,702	-	1,305	-
8310		35,157	1	476,255	3
	Items that may be re-classified subsequently under profit or loss				
8380	The proportion of other comprehensive income of subsidiaries, associates, and equity joint ventures accounted for under the equity method – may be reclassified as profit and loss.	26,934	-	(19,928)	-
8360		26,934	-	(19,928)	-
8300	Other comprehensive income of the current year (net amount after taxation)	62,091	1	456,327	3
8500	Total amount of comprehensive income of the current year	$ 1,004,138	13	($ 273,437)	(2)
	Earnings (losses) per share (Note 27)				
9750	Basic earnings per share (losses)	$ 0.73		($ 0.57)	
9850	Diluted earnings per share (losses)	$ 0.73		($ 0.57)	

The notes attached shall constitute an integral part of this individual financial statement.

(Refer to Auditor's Report presented by Deloitte & Touche dated March 15, 2021)

Chairman: Kuei-Hsien Wang Manager: Ming-Shang Chuang Accounting Supervisor: Kuo Hua Lin

CHINA MAN-MADE FIBER CORPORATION
Individual Statements of Changes in Shareholders' Equity
January 1 to December 31, 2020 and 2020

Unit: NTD thousand

		Capital stock		Retained earnings			Other equity			
Code		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	Treasury stock	Total equity
A1	Balance as of January 1, 2019	$ 15,224,105	$1,694,875	$ 718,272	$ 1,956,409	$ 4,231,450	($ 54,591)	($ 129,103)	($ 1,227,909)	$ 22,413,508
	The 2018 appropriation and distribution of earnings									
B1	Legal reserve appropriated	-	-	137,204	-	(137,204)	-	-	-	-
B5	Cash dividends	-	-	-	-	(152,241)	-	-	-	(152,241)
B9	Stock dividends	989,567	-	-	-	(989,567)	-	-	-	-
B17	Reversal of special reserve	-	-	-	(20,283)	20,283	-	-	-	-
D1	Net income (loss) in 2019	-	-	-	-	(729,764)	-	-	-	(729,764)
D3	Other comprehensive net income in 2019 (after tax)	-	-	-	-	(33,250)	(32,404)	521,981	-	456,327
M1	Dividends distributed to the subsidiaries adjusted to the additional paid-in capital	-	15,933	-	-	-	-	-	-	15,933
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income:	-	-	-	-	10,862	-	(10,862)	-	-
Z1	Balance as of December 31, 2019	16,213,672	1,710,808	855,476	1,936,126	2,220,569	(86,995)	382,016	(1,227,909)	22,003,763
	The 2019 appropriation and distribution of earnings									
B3	Special reserve appropriated	-	-	-	4,696	(4,696)	-	-	-	-
C7	Changes of the associates and joint ventures recognized under the Equity Method	-	-	-	-	452	-	(1,208)	-	(756)
D1	109 Profit	-	-	-	-	942,047	-	-	-	942,047
D3	Other comprehensive net income in 2020 (after tax)	-	-	-	-	(15,146)	(29,246)	106,483	-	62,091
L1	Repurchase of treasury stock	-	-	-	-	-	-	-	(1,745)	(1,745)
M5	The differences between carrying amount and market price of disposal of shares in subsidiaries	-	(6,270)	-	-	(47,133)	-	-	92,852	39,449
M7	Changes in the ownership equity on a subsidiary	-	(41,007)	-	-	(5,832)	-	-	-	(46,839)
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income:	-	-	-	-	35,329	-	(35,329)	-	-
Z1	Balance as of December 31, 2020	$ 16,213,672	$1,663,531	$ 855,476	$ 1,940,822	$ 3,125,590	($ 116,241)	$ 451,962	($ 1,136,802)	$ 22,998,010

The notes attached shall constitute an integral part of this individual financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated March 15, 2021)

Chairman: Kuei-Hsien Wang　　Manager: Ming-Shang Chuang　　Accounting Supervisor: Kuo Hua Lin

CHINA MAN-MADE FIBER CORPORATION
Individual Statements of Cash Flow
January 1 to December 31, 2020 and 2020

Unit: NTD thousand

Code		2020	2019
	Cash flow from operating activities		
A10000	Current year net profit (loss) before taxation	$ 1,063,859	($ 1,104,103)
A20100	Depreciation expenses	646,732	641,719
A20200	Amortization expenses	-	9
A20300	Expected credit reversal benefit	(85,677)	(6,035)
A20400	Gain (loss) on financial assets and liabilities at fair value through profit and loss	(24,814)	(240,108)
A20900	Financial costs	173,128	186,589
A21200	Interest revenue	(10,248)	(13,989)
A21300	Dividend income	(40,546)	(43,892)
A22400	Shareholding in profit of subsidiaries, affiliated company and joint ventures under the equity method	(1,017,225)	(1,174,256)
A22500	Loss on disposal and scrapping of property, plant and equipment	2	-
A22700	Capital gain from disposition of investment property	(2,863,685)	-
A23700	Non-financial assets impairment loss (reversal gain)	585,505	(108,397)
A24000	Realized gain on the subsidiary, affiliated company and joint ventures	-	(7,243)
	Net change in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	224,382	619,885
A31180	Accounts receivable	1,059,898	930,292
A31200	Inventory	354,456	1,242,573
A31230	Prepayments	116,373	188,014
A31240	Other current assets	(1,972)	5,547
A32180	Payables	(330,915)	(894,614)
A32200	Liability reserve	64,908	(2,730)
A32230	Other current liabilities	11,364	(4,209)
A32240	Net determined benefit liability	(16,580)	-
A33000	Cash generated from operating activities	(91,055)	215,052
A33100	Interest received	11,271	15,223
A33200	Dividends received	341,140	387,195
A33300	Interest payment	(174,038)	(185,763)
A33500	Income tax payment	(119,305)	(1,202)
AAAA	Net cash inflow from operating activities	(31,987)	430,505
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive profit or loss	(1,763)	(32,284)
B00020	Disposal of financial assets at fair value through other comprehensive profit or loss	9,227	-
B00030	De-capitalization refunded monies of financial assets at fair value through other comprehensive profit or loss (decrease)	809	-
B01800	Acquisition of investment under the equity method	(446,524)	(200,000)
B02700	Acquisition of property, plant and equipment	(417,263)	(260,484)
B03700	Increase in refundable deposits	(540)	(30)
B05400	Acquisition of investment property	(264,154)	(121,786)
B05500	Disposition of investment property	3,633,295	-
B06800	Decrease (increase) in other assets	(228,017)	44,406
BBBB	Net cash inflow (outflow) from investing activities	2,285,070	(570,178)
	Cash outflow from financing activities		
C00200	Decrease in short-term loans	(2,127,324)	(365,656)
C00500	Increase in short-term notes payable	100,539	198,778
C01600	Proceeds from long-term loan	7,558,828	4,400,000
C01700	Re-payments of long-term borrowings	(8,129,839)	(4,246,038)
C03000	Increase in deposits received	-	1,754
C03100	Decrease in guarantee deposits	(833)	-
C04020	Repayment of rental principal	(12,314)	(12,676)
C04500	Cash dividend released	-	(152,241)
C04900	Cost of treasury stock repurchase	(1,745)	-
CCCC	Net cash outflow from financing activities	(2,612,688)	(176,079)
EEEE	Net decrease in cash and cash equivalents	(359,605)	(315,752)
E00100	Cash and cash equivalents balance – beginning of year	1,902,997	2,218,749
E00200	Cash and cash equivalents balance – end of year	$ 1,543,392	$ 1,902,997

The notes attached shall constitute an integral part of this individual financial statement.

(Refer to Auditor's Report presented by Deloitte & Touche dated March 15, 2021)

Chairman: Kuei-Hsien Wang　　Manager: Ming-Shang Chuang　　Accounting Supervisor: Kuo Hua Lin

Notes to the Individual Financial Statements

January 1 to December 31, 2020 and 2020
(In Thousands of New Taiwan Dollars, Unless Otherwise Noted)

1. Company Profile
   (1) The Company was founded on May 11, 1955 in accordance with the Company Act and other related regulations. The Company was approved to be traded on the TWSE on December 2, 1963. Over the years after several rounds of increase and decrease in cash capital, the paid-in capital as of December 31, 2019 is NT$16,213,672 thousand.
   (2) The Company is primarily engaged in the following business lines:
      1. Manufacturing, processing and buying and selling of man-made fiber, cellophane, polyamine fiber, polyester fiber, chemicals and the raw materials.
      2. Development, manufacturing and buying and selling of machinery used for the above products.
      3. Manufacturing and buying and selling of ethylene glycol, ethylene oxide, nonylphenol, ethylene, liquefied petroleum gas and the related petrochemical industry products.
      4. Lease and sale of national housing and commercial buildings constructed by commissioned contractors;
      5. Distribution, sorting and storage of various products.
      6. Management of supermarkets, trading of fresh foods, vegetables, fish, dried merchandise and various seasonings;
      7. Manufacturing and sales of steam and industrial and commercial electricity by cogeneration (electricity shall not be sold to energy users).
      8. Agency, distribution and contract bidding for installation of cogeneration and pollution control equipment.
      9. Manufacturing and sales of oxygen, liquid oxygen, nitrogen, liquid nitrogen, air argon, liquid argon, carbon dioxide and compressed air.
      10. Gas station.
   (3) This parent company only financial statement is denominated in NT Dollar, the functional currency of the Company.
2. Financial reporting date and procedures

   The individual financial statements were approved for publication by the board of directors on March 15, 2021.
3. Application of new and revised standards and interpretation
   (1) The Company has applied the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) Interpretations (abbreviated collectively as “IFRSs”) endorsed and published by the Financial Supervisory Commission (abbreviated as “the FSC” in the following context) for the first time .

   In addition to the descriptions below, the IFRSs to which the amendment is applicable and recognized and promulgated to take effect by the Financial Supervisory Commission, R.O.C. (Taiwan) will not cause major changes in the Company’s accounting policy.
      1. Amendment to “Definition of a business” in IFRS 3

         This revision shall be applicable for transactions of the Company taking place after January 1, 2020. This amendment regulates that the input and major processes should be at least included. Both jointly render major contribution on generating output capacity. Determine if “the acquisition process” is major will depend on whether there is output on the day, which may give rise to different determination elements. In addition, a concentration test was added to evaluate whether activities and asset portfolios obtained are in line with a simplified way of business. It is available for use at the discretion of enterprises.
      2. Amendments to IAS 1 and IAS 8 “Definition of Materiality”

         The amendment shall be applicable for the Company beginning January 1, 2020. The threshold of materiality has been changed to “reasonably expected to affect users.” The disclosure of individual financial statements has been adjusted, and insignificant information that may obscure major information has been deleted.
      3. IFRS 16 amended “COVID-19 related rental reductions.”

The Company has selected practical expedients to which the amendment is applicable for to conduct a directly COVID-19 related rental negotiation with the lessor. See Note 4 for related accounting policies. Before this amendment shall be applicable, the Company shall determine whether the above-mentioned rental negotiation is applicable for rental modification related provisions.

The amendment shall be applicable to the Company beginning January 1, 2020. Since the above-mentioned negotiation only affected 2020. The retrospective application of the revision shall not affect the retained earnings on January 1, 2020.

(2) Applicable FSC-approved IFRSs as of 2021

The new / amended / revised standards or interpretation	Effective Date per IASB
The IFRS 4 amended "Extension of temporary exemption applicable for IFRS 9" shall be effective	beginning the date of release.
IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 amended "Change in interest rate indicators-second stage."	Effective beginning the annual reporting period commenced after January 1, 2021.

The Company continues to assess the effect of the revision of other IFRSs on the individual financial position and performance as of the date this report was approved and released. Information on related influence will be disclosed on completion of the assessment.

(3) The IFRSs released by the IASB but not yet approved and announcement effective by the Financial Supervisory Commission

The new / amended / revised standards or interpretation	IASB publication effective date (Note 1)
"2018 – 2020 annual improvement"	January 1, 2022 (Note 2)
IFRS 3 amended "Updated index of conceptual framework."	January 1, 2022 (Note 3)
Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and Investment in Associates".	Undefined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
IAS 1 amended "Disclosure of accounting policies."	January 1, 2023 (Note 6)
IAS 8 amended "Definition of accounting estimations."	January 1, 2023 (Note 7)
IAS 16 amended "Real estate and plants and equipment: reaching the price before the scheduled use status."	January 1, 2022 (Note 4)
IAS 37 amended "Onerous contracts-cost for contract fulfillment."	January 1, 2022 (Note 5)

Note 1: Unless otherwise stated, the aforementioned new / revised / amended standards or interpretations become effective in the year after the respective date stated.

Note 2: IFRS 9 amended is applicable for financial liability exchange or clause modifications during the annual report period after January 1, 2022; IAS 41 amended "Agriculture" is applicable for the fair value measurement commenced during the annual reporting period after January 1, 2022; IFRS 1 The IFRSs amended for the first time is applicable for the annual reporting period after January 1, 2022.

Note 3: This amendment is applicable for enterprise mergers whose acquisition date is after January 1, 2022 during the annual reporting period.

Note 4: This amendment is applicable for plants, real estate, and equipment whose venue and status necessarily reaching the management level's expected operational methods only after January 1, 2021.

Note 5: This amendment is applicable for contracts whose obligations have not yet been fulfilled on January 1, 2022.

Note 6: This amendment is applicable for annual reporting period extension commenced after January 1, 2023.

Note 7: This amendment is applicable for changes in accounting estimation and accounting policy occurring during the annual reporting period after January 1, 2023.

The Company continues to assess the effect of the revision of other IFRSs on the individual financial position and performance as of the date this report was approved and released. Information on related influence will be disclosed on completion of the assessment.

4. Summary of important accounting policies

(1) Compliance Statement

The individual financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(2) Basis of preparation

Except for the financial instruments on the basis of fair value and the recognition of net defined benefit liabilities on the basis of the present value of net defined benefit obligation net of the fair value of planned assets, this individual financial statement was compiled on the basis of historical cost.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

The Company when preparing the individual financial statements has the investment in subsidiaries and affiliated companies processed under the equity method. To align the individual financial statements to be identical to the current year's loss or gain, other general loss or gain and equity and the Company's consolidated statements belonging to company owner's current year's loss or gain, other general loss or gain and equity, under the individual basis and consolidation basis, those involving accounting processing variations pertain to adjusting "investment adopting the equity method", "share amounts of subsidiaries, affiliated enterprises adopting the equity method" and related equity items.

(3) Current and non-current assets and liabilities

Current assets including:

1. Assets held mainly for trading purpose;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (not including those that are limited to exchange or repay liabilities exceeding 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held for trading purposes;
2. The liabilities to be liquidated upon due within 12 months after the balance sheet date (those with long-term refinancing or payment term rearrangement completed from the balance sheet date to the financial reports approved and published date are also classified as current liabilities), and
3. Liabilities with the repayment deadline that cannot be unconditionally deferred to at least 12 months after the balance sheet date. Where the liabilities might be paid off at the discretion of the other party through the tools of the issuance equity, the classification would remain unaffected.

For those that are not current assets or liabilities above are classified as non-current assets or liabilities.

(4) Foreign Currency

In the process of compiling the parent company only financial statement, all transactions conducted other than the functional currency of the Company shall be converted into the functional currency for bookkeeping as of the exchange rate effective on the transaction date.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as current profit or loss. However, for the changes in fair value recognized in the other comprehensive profit or loss, the exchange difference is recognized in the other comprehensive profit or loss.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Upon preparation of the Individual Financial Report, the assets and liabilities of the Company's and overseas operating institutions (including the subsidiaries, associates, joint ventures or branches in the countries of business operation or those using currencies different from the Company's) were converted to New Taiwan Dollars based on the exchange rate quoted on every balance sheet date. The profits and losses are translated in accordance with the current average exchange rates, and the exchange differences resulted is booked in other comprehensive profit and loss and attributable to the Company's shareholders and non-controlling equity respectively.

When liquidating an offshore operating entity, and which also results in losing control or with critical impact to said offshore operating entity, equity relating to said offshore operating entity that can be classified to company owner's equity will be reclassified as loss or gain.

(5) Inventory

Inventories include raw materials, supplies, work-in-progress, products contracted to be processed, finished goods and products. Inventory is valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. Inventory cost is determined by the weighted-average method.

The construction inventories were stated at the cost invested actually. The cost for available-for-sale housing and land was amortized based on weighted-average building coverage method, and stated at the lower of cost or net realizable value at the end of period.

(6) Investment under the equity method

The Company has the investment in subsidiaries and affiliated companies handled in accordance with the equity method.

1. Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, investments were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the subsidiaries and other comprehensive profit or loss. In addition, for the changes in the affiliated company's equity, the Company is entitled to have it recognized proportionately to the shareholding.

When the Company's change in the ownership of the subsidiary does not result in loss of control, it is treated as an equity transaction. The difference between the book amount of the investment and the fair value of the consideration paid or received shall be directly recognized as equity.

If the Company's loss share amount to a subsidiary equals to or exceeds said subsidiary's equity (including the subsidiary's book value amount using the equity method and said subsidiary's other long-term equity in its investment makeup portion tangibly belonging to the Company), it pertains to continuing to recognize as a loss by shareholding ratio.

Acquisition costs in excess of the Company's share of net identifiable assets and liabilities (i.e. fair value) in a subsidiaries on the date of acquisition are recognized as goodwill. This goodwill includes book value of the investment and is not amortized. Share of net identifiable assets and liabilities (i.e. fair value) in subsidiaries that exceeds acquisition cost on the date of acquisition is recognized as gains for the current year. In the acquisition of a subsidiary that does not constitute business undertakings, the acquisition cost is allocated to identifiable assets acquired where appropriate (including intangible assets), as well as the share of liabilities assumed, without producing goodwill or current benefits.

In assessing impairment, the Company based on the cash drivers of the financial statements and compared the recoverable amount and book value. If the amount of recoverable assets increased in the future, the reversal of impairment shall be recognized as income. The book value of the reversal of impaired assets shall not exceed the book value before recognition for impairment net of amortization. Subsequent reversal of impairment loss is not allowed.

In the event of loss of control over the subsidiary, the Company shall measure the fair value of the residual investment in the subsidiary on the date loss of control over the subsidiary. The difference between the fair value of the residual investment and the amount of disposal and the book amount of the investment on the date loss of control over the subsidiary is recognized in the profit and loss of the year. In addition, the accounting treatment for the amounts recognized in the other consolidated gains and losses that are related to the subsidiary is same as the accounting principle to be complied with while the Company directly disposing the relevant assets or liabilities.

The unrealized concurrent trade between the Company and the subsidiaries stated in the financial statement of individual entities shall be removed. The profit or loss resulting from the countercurrent, and side-stream transactions between the Company and the subsidiary are recognized in the individual financial statement within the range irrelevant with the Company's interest in the subsidiary.

2. Investments in the affiliated company

The Company has a significant influence on an affiliated company that is not a subsidiary or joint venture.

The Company adopts equity method for investment in associates.

Under the equity method, investments in the affiliated companies were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the affiliated company and other comprehensive profit or loss. In addition, the changes in the equity of affiliates shall be recognized in proportion to the proportion of shareholding.

When associates issue new shares, if the Company fails to subscribe stock share proportionally to their shareholding, resulting in changes in shareholding ratio and thus causing changes in net equity investment, the increase or decrease amount should be adjusted to the additional paid-in capital – recognizing changes in net equity of associates, and joint under the equity method and investment under equity method. If the Consolidated Company' did not subscribe to the new shares pro rata to the shareholding percentages and led to a decrease of the shareholding percentages subscribed to or obtained from the associate, nevertheless, the amount of other comprehensive income so recognized was reclassified pro rata to the decrease ratio in the associate. The accounting management was on the grounds same as the grounds the associate must comply with if it directly disposed assets or liabilities. If the aforementioned adjustment must be debited into capital reserve where the balance of capital reserve yielded by the investment in equity method, the difference was debited as retained earnings.

In the event that the Company''s shares of loss in the associates equal to or exceed its equity in the associates (including the book value of investment in the associates in equity method and other long-term interest of the Consolidated Company' in the investment composition of the associates), the Company' discontinued recognition of the further losses. The Company' recognized extra losses and liabilities only in the event of occurrence of legal obligations, presumed obligations or within the scope that the Consolidated Company' had made payment on behalf of the associate.

When the Company performs an impairment evaluation, the overall carrying amount of the investments are treated as one single asset, and then the impairment test performed to compare its recoverable amount with the carrying amount. The recognized impairment loss will not be allocated to any asset that causes the components of the carrying amount of investments. Any reversal of the impairment loss can be recognized within the range of the recoverable amount of the subsequently increased investment.

Besides, all relevant amounts relevant to the associates recognized in other comprehensive income were managed on the accounting grounds same as the grounds which it should comply with if the associates directly disposed the relevant assets or liabilities.

The profit or loss resulting from the countercurrent, downstream and side-stream transactions between the Company and the affiliated company is recognized in the individual financial statement within the range that is irrelevant to the Company's interest in the affiliated company.

(7) Property, plant and equipment

Real property, plant and equipment are recognized as costs, and they will be measured by the amount after the costs less the amount of accumulated depreciation and accumulated impairment afterwards.

Those real estate, plant buildings, equipment & facilities under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. Costs include professional service expanses and loan costs that meet the capitalization conditions. When such assets are completed and reach expected use status, such assets will be classified to proper items under real property, plant and equipment and the provision of depreciation shall begin.

Proprietary land is not depreciated.

The depreciation of each material part of real estate, plants, and equipment should be appropriated independently in accordance with the useful year and a straight-line method. The Company shall review the estimation of life span, residual value and depreciation method at least once a year and extend the effect of changes in applicable accounting policy.

In the case of delisting real estate, plants, and equipment, the difference between the net disposal price and the book value of the asset is recognized in profit or loss.

(8) Investment property

Investment property is the real property held for purpose of earning of rental income or appreciation or both. Investment property includes lands held at present without determination of future use.

Investment property is measured on the basis of initial cost (including transaction cost) and subsequent measurement shall be based on the subtraction of accumulated depreciations and accumulated impairment from cost. The Company has depreciation appropriated in accordance with the straight-line method

In removing investment property, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(9) Intangible assets

1. Acquired separately

The intangible asset with limited useful life acquired separately was originally measured at cost and subsequently measured at cost, net of accumulated amortization and accumulated impairment losses. Intangible assets shall be subject to amortization under the straight-line method during its life span, and the estimation of life span, residual value and depreciation method shall be subject to review at least once a year and extend the effect of changes in applicable accounting policy.

2. de-recognition

In removing intangible assets, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(10) The impairment of real estate, plants and equipment, right-of-use assts, and intangible assets (except goodwill)

The Company evaluates whether there are any signs of impairment in real estate, plants and equipment, right-of-use assets and intangible assets (other than goodwill) on every balance sheet date. If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the Company is to estimate the recoverable amount of the respective cash-generating unit. The common asset is amortized to each cash-generating unit in accordance with a consistent and reasonable sharing basis.

The intangible asset with indefinite useful lives and not yet available for use should be tested for impairment at least annually or should be tested when there is an indication of impairment.

The recoverable amount is the fair value net of cost or the value in use whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

When the impairment loss was reversed subsequently, the book amount of the asset or cash-generating unit is increased to the adjusted recoverable amount, but the increased book amount may not exceed the book amount of the asset or cash-generating unit without recognizing the impairment loss in prior periods (net of amortization or depreciation). The reversed impairment loss is recognized in the profit or loss.

(11) Available-for-sale noncurrent assets

Noncurrent assets are classified as noncurrent assets held-for-sale if their carrying amount is mainly recovered through a sale rather than through usage. The non-current assets complying with the classification must be available for immediate sale in the current state and the probability of the sale must be highly likely. When the appropriate level of the management commits to sell the plan asset and the sale is expected to be completed within one year from the date of classification, the probability of the sale is highly likely.

The classified held-for-sale non-current asset is measured at book amount or fair value net of the selling cost whichever is lower and stop the appropriate depreciation for such assets.

(12) Financial instruments

When the Company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the individual balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

1. Financial Assets

   The customary transaction of financial assets is recognized and de-recognized in accordance with the trade date accounting.

   (1) Classification of measurement

   The financial assets held by the Company are financial assets at fair value through income statements, financial assets on the basis of cost after amortization, investment of debt instruments at fair value through other comprehensive income statements, and equity instruments at fair value through other comprehensive income.

   A. Financial assets at fair value through profit and loss

   Financial assets measured at fair value through profits or losses are financial assets that are mandatorily measured at fair value through profits or losses. Financial instruments designated at fair value through income statements included the investment of equity instruments not designated at fair value through other comprehensive income and those not conforming to the standard of debt instruments on the basis of cost after amortization or at fair value through other comprehensive income.

   The financial assets measured at fair value though profit or loss is measured at fair value; also, the profit or loss of revaluation (including any dividend or interest arising from the financial asset) is recognized in the profit and loss. Please refer to Note 30 for the determination of fair value.

   B. Financial assets on the basis of cost after amortization

   If the financial assets of the Company met both of the following conditions, classify as financial assets on the basis of cost after amortization:

   a. Financial assets held under particular mode of operation and the purpose of holding is for the collection of cash flow from contracts; and

b. Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Financial assets on the basis of cost after amortization (including cash and cash equivalents, notes receivable on the basis of cost after amortization, accounts receivable and other receivables) shall be determined for the total book value under the effective interest rate method after the initial recognition net of the cost of any impairment after amortization for measurement. Any exchange gains or loss will be recognized as income.

Interest income will be the product of effective interest rate and total book value of financial assets except under the following two conditions:

a. The interest income of financial assets procured or initiated under credit impairment will be the product of the effective interest rate after credit adjustment and the cost of financial assets after amortization.

b. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

The term “credit-impaired financial assets” refers to financial assets whose active market has disappeared due to significant financial difficulty or breach of contract of the issuer or borrower, possible declaration of bankruptcy or other financial reorganization of the borrower, or any other financial difficulty.

Cash equivalents are time deposits within 3 months from the date of acquisition, with high liquidity, can be converted into cash with marginal risk on the change in value, and are used for the fulfillment of short-term commitment in cash settlement.

C. Debt instrument investments measured at fair value through other comprehensive income

if the investment of debt instruments by the Company met both the two conditions below, classify as financial instruments at fair value through comprehensive income:

a. Financial assets held under the particular mode of operation and the purpose of holding being for collection of cash flow from contracts; and

b. Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Other investment of debt instruments at fair value through comprehensive income should be measured at fair value. Changes in the book value shall be recognized as income under the calculation of interest income under the effective interest rate method, and exchange gain and loss and impairment or reversal benefits shall be recognized as income. Other changes shall be recognized as other comprehensive income and reclassified as income at the disposition of investment.

D. Equity instrument investments measured at fair value through other comprehensive income

The Company may make an irrevocable choice at the time of initial recognition for designating the investment of equity instruments not available-for-sale and not recognized by the consolidated acquirer under corporate acquisition or with consideration at fair value through other comprehensive income for measurement.

The investment of equity instruments at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as income.

The dividend of the investment of equity instruments at fair value through other comprehensive income shall be recognized as income when the right of the Company in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

(2) Impairment of financial assets

The Company measures its amortized financial assets (including accounts receivable) measured by cost and other general loss or gain by fair value on investments' impairment loss measured by debt instruments with anticipated credit loss assessment on every balance sheet date.

Notes receivable and receivable accounts shall be recognized for provisions for loss on the basis of anticipated credit loss within the perpetuity of the assets. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is, recognize for provision of anticipated credit risk within the perpetuity of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the perpetuity of the financial instruments means the expected loss of credit from the financial instruments within the perpetuity of these financial instruments.

For internal credit risk management purpose, the Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial instrument:

A. There is internal or external information indicating that the debtor is no longer able to pay off a debt.

B.Payments are overdue for more than 90 days, unless there are reasonable and supporting information showing that the delayed default benchmark is more appropriate.

All impairment of financial assets is recognized through the reduction of the book value of the provisioned account. However, the provision for loss of investment of debt instruments at fair value through comprehensive income shall be recognized as other comprehensive income without the reduction of its book value.

(3) The de-recognition of financial assets

The Company's financial assets are de-recognized only when the contractual rights from the cash flows of a financial asset becomes invalid, or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

Derecognition of financial asset measured at amortized costs in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. When particular debt instruments measured at fair value through comprehensive income is entirely removed, the total sum of any other accumulated gains or loss of the difference between book value and consideration recognized as other comprehensive income shall be recognized as income. When particular equity instruments measured at fair value through comprehensive income are entirely removed, the accumulated gains of loss shall be directly transferred to retained earnings without being classified as income.

2. Financial Liabilities

(1) Subsequent measurement

All financial liabilities are evaluated at the amortized cost using the effective interest method.

(2) De-recognition of financial liabilities

When de-recognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

(13) Liability reserve

The recognized liability reserve amount is with the risk and uncertainty of the obligation considered, and it is the optimum estimate of the expenditure required to settle the obligations on the balance sheet date. Provision for liabilities shall be measured based on the discount value of the estimated cash flow for the settlement of obligation.

(14) Treasury stock

Treasury stock was stated at cost and shown as a deduction in shareholders¡¦ equity when the Company repurchased the stock, while it was stated at fair value if it was donation accepted by the Company.

The gains resulting from disposal of the treasury stock, if any, were higher than the book value, the difference thereof was stated under "capital surplus - treasury stock". If gains were lower than the book value, the difference should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, should be debited to retained earnings.

When the Company retired treasury stock, the treasury stock was written off, and against the "capital surplus – stock premium" and "capital stock" on a pro rata basis. When the book value of the treasury stock exceeded the total of the "capital stock" and "capital surplus-capital stock premium", the difference was charged to capital surplus generated from the same class of treasury stock transactions and to retained earnings for any remaining amount. When the book value was lower than the total, the difference was credited to capital surplus arising from the same class of treasury stock transactions.

(15) Recognition of revenue

The Company, after identifying the performance obligations, had the transaction price amortized to each performance obligation and recognized as income when the performance obligations were fulfilled.

Contracts of which the time interval between the transfer of goods or services and the consideration is less than one year shall not have its major financial components, such as transaction price, adjusted.

1. Commodity sales revenue

   When income on goods sold having had a price and utilization right defined by the customer and who also shoulders the primarily resale liability, and who also assumes the goods' shelfing and dating risk, the Company recognizes the income and accounts receivable at said timing point.

   When the material is supplied for processing, the ownership of the processed product is not transferred; therefore, the income is not recognized when the material is supplied.

2. Interest revenue

   Interest income of financial assets is recognized when the economic benefit is likely to flow to the Company and the amount of revenues can be measured reliably. Dividend revenues are recognized by the outstanding capital by the passage of time and the applicable effective interest rate on a accrual basis.

   For a single or a group of similar financial asset that is reduced due to impairment losses, the subsequently recognized interest income is calculated in accordance with the interest rate that is used for the discounting of future cash flow when measuring the impairment loss.

3. Labor revenue

   Labor service income is recognized at the time the service is provided.

   Revenues yielded by the labor services rendered in accordance with the contract were recognized based on the progress degrees set forth under the contract.

4. Dividend income

   Dividend income from investments is recognized when the shareholders' right to receive payment is established; however, it is under the pre-conditions that the economic benefits associated with the transaction system are likely to flow into the Company and the amount of revenues can be measured reliably.

(16) Leases

The Company assesses whether or not the arrangement is (or includes) a lease arrangement on the agreement date

1. The Company is the lessor.

   When the lease term is to have all risks and returns attached to the ownership of assets transferred to the lessee, it is classified as a financing lease. All other leases are classified as operating leases. All lease agreements of the Company are currently operating leases.

   Lease payments for operating leases upon deduction of lease incentives are recognized as income on a straight-line basis in relevant lease periods.

When leases include both land and building elements, the Company assesses whether different element categories are finance or operating leases based on whether almost all risks and returns associated with the ownership rights pertaining to each element have been transferred to the lessee. Lease payments are allocated proportionally to land and buildings based on the fair value of lease rights for land and buildings on the date of contract conclusion. If lease payments can be allocated to these two elements in a reliable manner, each element shall be handled in accordance with the applicable lease category. If lease payments cannot be allocated to these two elements in a reliable manner, the entire lease shall be classified as a finance lease. However, if it is evident that these two elements meet the operating lease standards, the entire lease shall be classified as an operating lease.

2. The Company is the lessee.

Except for recognizing low-value asset leases applying to exemption and lease payments for short-term leases being recognized as an expense on a straight-line basis over the lease term, other leases will be recognized as right-of-use assets and lease liabilities at lease commencement date.

The right-of-use asset is measured at cost (including the amount equal to the lease liability at its initial recognition, lease payments made before the commencement of the lease less any lease incentives received, any initial direct costs incurred by the lessee, and an estimate of costs to be incurred by the restoring the underlying asset to the condition required) less any depreciation and any accumulated impairment losses. Additionally, the cost is subsequently adjusted for any remeasurement of the lease liability. Right-of-use assets are separately expressed on the individual balance sheet.

The right-of-use assets were depreciated on a straight-line basis over the period from the commencement date of the lease to expiration of its useful life or expiration of the lease term, whichever date is earlier.

Lease liabilities are measured initially based on the present value of lease payments (incl. fixed payments, in-substance fixed lease payments, and variable lease payments determined by indices or rates). If the implied interest rate of the lease is easily determined, the lease payments will be discounted to their present value using that interest rate. If such interest rate is not easily determined, the incremental borrowing rate will be used.

Subsequently, the lease liabilities are measured at amortised cost using effective interest method and the interest expenses are amortized over the lease term. If changes in indices or rates utilized to determine lease payments lead to changes in future lease payments, the Company should remeasure lease liabilities and adjust right-of-use assets correspondingly. However, if right-of-use asset carrying amounts have already dropped to zero, remaining remeasurement amounts are recognized as profit or loss. Lease liabilities are separately expressed on the individual balance sheet.

Changes in rent as stipulated in lease agreements not determined by indices or rates are recognized as expenses in the current period.

(17) Borrowing costs

Borrowing costs directly belonging to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities that the assets reaching the status of expected use or sale.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit and loss upon occurring.

(18) Employee welfare

1. Short-term employee benefits

Liabilities relating to short-term employee benefits are measured by the non-discounted amount of the expected payment in exchange for employee services.

2. Retirement benefits

Under the defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The determined cost of benefit for determined benefit retirement plan (including the cost of service, net interest, and reevaluation) is based on the actuary of projected unit method. The net interest arising from the cost of services (including current service costs and net defined benefit liabilities) is recognized as an employee benefits expense when incurred. The value of second measurement (including the profits and loss under actuary and the return on assets of the plan net or interest) shall be recognized as other comprehensive incomes and as retained earnings, if realized. No reclassification as profits and loss in subsequent periods.

Net defined benefit liability (asset) is the appropriation deficit (surplus) of the defined benefit pension plan. Net determined benefit asset shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

(19) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax expenses in the current period

Based on the regulations set by each income tax reporting jurisdiction, the Company shall determine the current income (loss), based on which the payable (recoverable) income tax is calculated.

Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholder resolution meeting.

The adjustment to prior period income tax payable is booked as current income tax.

2. Deferred tax

Income tax is computed in accordance with the temporary differences between the book value of assets and liabilities and the tax bases of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized when there is a likelihood to have taxable income available for income tax credit resulting from the expenses of deductable temporary differences and tax loss carryforwards.

The taxable temporary differences related to the investment in the equities of the subsidiaries, affiliates, and joint ventures are recognized as deferred income tax liabilities, except for those that the Company can control the timing of reversing the temporary difference and the temporary difference is unlikely reversible in the foreseeable future. The deferred income tax asset arising from deductible temporary differences associated with such investment and equity is recognized within the range of earnings that are with sufficient taxable income to realize temporary differences and are expected to be reversed in the foreseeable future.

The book amount of deferred income tax asset must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset, should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of its assets should be adjusted up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.

3. Current & deferred income taxes

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity are recognized in the other comprehensive profit or loss or directly included in the equity. If the current period’s income tax or deferred income tax is incurred from acquiring a subsidiary, the income tax impact sum is streamlined into the invested subsidiary’s accounting processing.

5. Main source of significant accounting judgment, estimates and assumptions uncertainty

When adopting accounting policy, the management of the Company shall make related judgments, estimations, and assumptions for information that cannot be easily retrieved from other sources based on historical experiences and other relevant factors. Actual results may differ from the estimates.

The Company shall take the economic impacts arising from the COVID-19 pandemic into major accounting estimation consideration. The management level shall continue to examine the estimations and basic assumptions. If the amendment affects only the current estimates, it is recognized in the current period. If the amendment of accounting estimates affects both current and future periods, it is recognized in the respective current and future periods.

Estimates and assumptions with regard to the main source of uncertainty

Impairment of real property, plant and equipment

The evaluation of real-estate, plant, and equipment impairment is based on the recoverable amount of the said equipment (i.e. tThe fair value of the said assets deducted by sales costs and higher value of use). The market price or changes in future cash flow will affect the recoverable amount of the said assets, which may result in the Company's need to recognize impairment costs or reverse recognized impairment losses.

6. Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 603	$ 603
Bank checks and demand deposits	1,542,789	1,827,444
Bank time deposits (maturity of less than three months)	-	74,950
	$ 1,543,392	$ 1,902,997

The market interest rate interval of bank deposit on the balance sheet date was as follows:

	December 31, 2020	December 31, 2019
Bank deposits	0%~ 0.05%	0%~ 1.95%

7. Financial instrument at fair value through profit and loss

	December 31, 2020	December 31, 2019
Financial assets - current		
Measured at fair value through income under compulsion		
Non-derivative financial assets		
- Shares traded on the Taiwan Stock Exchange or OTC exchange	$ 8	$ 189,876
- Foreign TSEC/GTSM listed shares	-	98,199
- Beneficiary certificate	400,270	312,650
	$ 400,278	$ 600,725

8. Financial assets at fair value through other comprehensive profit or loss

	December 31, 2020	December 31, 2019
Non-current		
Equity investment	$ 1,823,25	$ 1,977,867
Debt instrument	110,00	110,000
	$ 1,933,25	$ 2,087,867

(1) Equity investment

	December 31, 2020	December 31, 2019
Non-current		
Domestic investment		
Listed stocks and emerging stock		
Hua Nan Financial Holding Company common shares	$ 1,245,624	$ 1,421,905

Taiwan Tea Corp. common shares	289,532	266,079
Maxigen Biotech Inc. common shares	13,974	14,373
JMicron Technology Corporation common shares	-	4,918
	1,549,130	1,707,275
Unlisted/OTC		
Sunny Commercial Bank Co. common shares	24,996	24,533
WK Technology Fund Co. common shares	9,674	11,283

	December 31, 2020	December 31, 2019
WK Technology Fund Co. common shares	$ 5,598	$ 6,253
Common stock of Minchali Metal Industrial Co., Ltd.	84,300	87,968
Taiwan Silk & Filament Weaving Development Co. common shares	28,047	31,394
Common stock of TWSE	110,209	97,247
Everterminal Co. common shares	3,440	3,530
	266,264	262,208
Foreign investments		
Unlisted/OTC		
Common stock of UNFON CONSTRUCTION CO., LTD (Hong Kong)	7,865	8,384
	$ 1,823,259	$ 1,977,867

1. The Company invested in the aforementioned common shares of companies in line with its long-term investment strategic objective with the anticipation of return from long-term investment. The management of the Company holds that the short-term fluctuation in the fair value of these investments shall be recognized as income or loss and is not congruent with the aforementioned long-term investment plan, therefore they chose to designate these investments as financial assets at fair value through other comprehensive income.
2. For circumstances of equity instruments posting for mortgaging guarantee under other general loss or gain measured by fair value, please refer to Note 32.

(2) Debt instrument

	December 31, 2020	December 31, 2019
Non-current		
Domestic investment		
Bank debentures of Taichung Commercial Bank	$ 110,000	$ 110,000

Refer to Note 9 for further information on investment of debt instruments measured at fair value through other comprehensive income and related risk management and evaluation of impairment.

9. Credit risk management for investment in debt instruments

The Company has invested of debt instruments are classified as financial assets measured by fair value under other general loss or gain.

	December 31, 2020	December 31, 2019
Total Book Value	$ 110,000	$ 110,000
Loss allowance	-	-
Cost after amortization	110,000	110,000
Fair value adjustment	-	-
	$ 110,000	$ 110,000

The Company has adopted of policy for merely investing in debt instruments with an investment grade or higher (inclusive) and with loss assessment being low in credit risk. Bonds are classified in accordance with the initial credit rating classification from MOODY's, FITCH, S&P and Taiwan Ratings. The Company would continue to follow up on external assessment information, through which to monitor the credit risk fluctuations on its invested debt instruments, and also monitors the bond yield ratio curve and creditors' critical information among other information, to assess whether the debt instruments' credit risk has apparently increased following the initial recognition.

The Company takes into consideration of outside assessment entities-supplied various levels of history default loss ratios, debtors' current financial standing and the industries' future forecasts, to measure the debt instrument investment's 12-month expectant credit loss or expectant credit loss during the sustaining period.

The current credit risk evaluation approach of the Company and the total carrying amount of debt instrument investments with various credit ratings are shown as below:

Credit rating	Definition	Basis for recognizing expected credit losses	Expected credit loss rate	Total book value of December 31, 2020
Normal	The debtors' credit risk is low and also has sufficient capability to pay off contractual cash flows.	Anticipated credit loss in 12 months	0%~0.5%	$ 110,000

Credit rating	Definition	Basis for recognizing expected credit losses	Expected credit loss rate	Total book value of December 31, 2019
Normal	The debtors' credit risk is low and also has sufficient capability to pay off contractual cash flows.	Anticipated credit loss in 12 months	0%~0.5%	$ 110,000

10. Notes receivable, accounts receivable and other receivables

	December 31, 2020	December 31, 2019
Notes receivable		
Measured on the basis of cost after amortization		
Notes receivable's total book value amount	$ 25,432	$ 46,787
Less: Allowance for losses	-	-
	$ 25,432	$ 46,787
Accounts receivable		
Measured on the basis of cost after amortization		
Accounts receivable – nonrelated parties' total book value amount	$ 835,175	$ 1,813,970
Accounts receivable – related parties; total book value amount	96,470	170,057
Less: Allowance for losses	(134,248)	(219,925)
	$ 797,397	$ 1,764,102
Other receivables		
Receivable tax refund	$ 8,406	$ 11,651
Other receivable - related parties	461	463
Others	19,714	3,651
Less: Allowance for losses	(1,932)	(1,932)
	$ 26,649	$ 13,833

(1) Accounts receivable and notes receivable

The Company's average credit period of product sales is 30-90 days. No interest will be calculated for accounts receivable; if the credit condition of 30 days is exceeded, the unpaid balances of some customers will be computed at 3% interest rate per annum. The Company has adopted of policy pertains to merely conducting transactions with subjects surpassing company internal credit check, and would cease to ship the goods or obtain a guarantee check under necessary circumstances, through which to mitigate the risk of financial loss incurred due to overdue payment. The Company will use other publicly available financial information and historical transaction records to rate major customers. The Company would continue to monitor credit exposure and the transaction opponents' credit rating, and would also spread transaction amounts to varied customers with satisfactory credit rating; in addition, company management would manage credit exposure per approved empowerment on revalidation and approving the transaction opponents' line of credit.

To mitigate credit risk, company management has assigned designated personnel to be responsible for determining the line of credit, credit approval and other monitoring procedures, through which to ascertain that adequate action has been taken on recalling overdue payments receivable. In addition, the Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Under the circumstance, the Company's management believes that the Company's credit risk is significantly reduced.

The Company measures bills receivable and account allowance loss based on the prepared matrix, as follows:

December 31, 2020

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue 61 to 120 days	Overdue over 120 days	Total
Expected credit loss rate	0%~10%	20%~50%	50%~100 %	75%~100 %	100%	
Total Book Value	$770,193	$154,076	$ 32,808	$ -	$ -	$957,077
Allowance for loss (expected credit loss of the given duration)	(38,510)	(62,930)	(32,808)	-	-	(134,248)
Cost after amortization	$731,683	$ 91,146	$ -	$ -	$ -	$822,829

December 31, 2019

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue 61 to 120 days	Overdue over 120 days	Total
Expected credit loss rate	0%~5%	13%~17%	50%~75%	75%~100 %	100%	-
Total Book Value	$ 1,416,520	$475,331	$138,963	$ -	$ -	$2,030,814
Allowance for loss (expected credit loss of the given duration)	(70,266)	(78,169)	(71,490)	-	-	(219,925
Cost after amortization	$ 1,346,254	$397,162	$67,473	$ -	$ -	$1,810,889

Loss allowance of receivables as follows:

	2020	2019
Balance, beginning of year	$ 224,795	$ 230,830
Reduction: Impairment reversal benefits in the current year	(85,677)	(6,035)
Balance, end of year	$ 139,118	$ 224,795

The foresaid receivables' loss reserve includes loss reserve for notes receivable, accounts receivable, other receivables and collection.

11. Inventory

	December 31, 2020	December 31, 2019
Merchandise	$ 68,921	$ 416,548
Finished goods	343,320	479,230
Work in process	54,455	92,266
Raw materials	344,301	153,925
Supplies	23,577	27,207
	$ 834,574	$ 1,169,176

(1) The inventories of finished goods included the finished goods, by-products, supplies in transit by the Company, primarily the finished goods produced by Kaohsiung petrifaction plant, ethylene glycol, and the finished goods of the polyester plant, polyester silk, et al.

(2) The Company’s building/land available for sale in December 31, 2020 and 2019 are both are $65,775 thousand, which pertains to the He Ti co-development case located in Sanchung District, New Taipei City, in a three-way joint collaboration among the Company, Hung Chou Fiber Industrial Co., Ltd. and San Feng Construction Co., Ltd., which has been completed in 2000 and the properties turned over successively.

(3) The Company's cost of goods sold related to inventory in 2020 and 2019 were NT$9,094,982 thousand and NT$15,268,683 thousand, respectively. Cost of goods sold include inventory losses (revaluation gains) of NT$(19,854) thousand and NT$(108,397) thousand, respectively, and the loss from work stoppage were NT$924,02 thousand and NT$614,6778 thousand, respectively.

(4) As of 2020 and December 31, 2019, the allowance inventory loss accounted for NT$230,237,000 and $250,091,000 respectively.

12. Prepayments

	December 31, 2020	December 31, 2019
Pre-paid expenses	$ 337,326	$ 463,117
Pre-paid material purchases	5,110	39,689
Tax credit	151,007	107,010
	$ 493,443	$ 609,816

13. Available-for-sale noncurrent assets

	December 31, 2020	December 31, 2019
Land for sale	$ -	$ 769,610

(1) The Company has approved a land sale plan as per board resolution in 2018 and is currently actively searching for buyers. The land in question has therefore been reclassified as a non-current asset held for sale.

(2) Upon remeasurement of the carrying amount and fair value less costs to sell of the disposal group held for sale, it has been determined that no impairment loss is present.

(3) On April 20, 2020, the Company board resolved to modify the plan to sell non-current assets to be sold. Solar power generation equipment will be constructed on the land. According to the evaluation of the management level, the said land no longer meets the provisions for the category of assets to be sold since the said date. See Note 17.

(4) See Note 32 for the loan guarantee situation of non-current assets to be sold.

14. Investment under the equity method

	December 31, 2020	December 31, 2019
Investment in subsidiaries	$ 15,951,589	$ 14,513,055
Investments in the affiliated company	$ 1,103,434	$ 1,170,017

(1) Investment in subsidiaries

	December 31, 2020	December 31, 2019
Listed (OTC) company		
Taichung Commercial Bank Co.	$ 12,639,058	$ 11,465,093
Pan Asia Chemical Corporation	1,331,530	1,088,318
Non-listed (OTC) company		
Deh Hsing Investment Co., Ltd.	1,471,812	1,495,098
Chou Chin Industrial Co., Ltd.	448,607	404,039
Taichung Securities Investment Trust Co., Ltd.	12,516	12,025
EUREKA INVESTMENT COMPANY LIMITED	34,028	35,265
Melasse	14,038	13,217
	$ 15,951,589	$ 14,513,055

The Company's ownership and voting rights in the equity of the subsidiary at the balance sheet date is as follows:

	December 31, 2020	December 31, 2019
Taichung Commercial Bank Co.	22%	22%
Pan Asia Chemical Corporation	44%	44%
Deh Hsing Investment Co., Ltd.	100%	100%
Chou Chin Industrial Co., Ltd.	47%	47%
Taichung Securities Investment Trust Co., Ltd.	3%	3%
EUREKA INVESTMENT COMPANY LIMITED	100%	100%
Melasse	50%	50%

1. The above ratio is indicated by individual shareholding percentage.
2. The Company has in 2019 participated in De Hsing Investment Co.'s cash reinvestment, by newly investing 20,000,000 shares, with investment cost at $200,000 thousand.
3. Reliance Securities Investment Trust Co., Ltd. registered a name change to Taichung Bank Securities Investment Trust Co., Ltd.
4. The Company has in 2020 participated in Taichung Commercial Bank's cash reinvestment, by newly investing 43,777 thousand shares, with investment cost at NT$446,524 thousand.
5. The 2020 and 2019 profit or loss and other comprehensive profit or loss of the subsidiary under the equity method was recognized in accordance with the audited financial statements during the same period of the subsidiary.
6. For subsidiaries the Company invests in by designated mortgage lien as the loan guarantee, please refer to Note 32.

(2) Investments in the affiliated company

1. The balance the Company investing in affiliated enterprises is as follows:

	December 31, 2020	December 31, 2019
A major affiliated company		
Nan Chung Petrochemical Corp.	$ 1,103,434	$ 1,170,017

2. A major affiliated company

			Shareholding and voting right ratio	
Company name	Nature of the operation	Main places of business operations	December 31, 2020	December 31, 2019
Nan Chung Petrochemical	Petrochemic	Yunlin County	50%	50%

Corp.	al business

Summary financial information of Nan-Chung Petrochemical:

	December 31, 2020	December 31, 2019
Total assets	$ 2,318,077	$ 3,045,138
Total Liabilities	111,210	705,103
Equity	2,206,867	2,340,035
The Company's shareholding ratio	50%	50%
Book value of investment	$ 1,103,434	$ 1,170,017

	2020	2019
Operating income - current	$ 4,144,306	$ 6,757,302
Net income (loss) for current period	($ 98,496)	$ 34,675
Current period other comprehensive income	$ 2,210	$ 6,306

The 2020 and 2019 profit or loss and other comprehensive profit or loss of the affiliated company under the equity method was recognized in accordance with the audited financial statements during the same period of the affiliated company.

3. For the share amount on affiliated enterprises the Company designating mortgage lien as the loan guarantee, please refer to Note 32.

15. Property, plant and equipment

	December 31, 2020	December 31, 2019
The book amount of each category		
Land	$ 2,926,476	$ 2,926,476
House and Building	1,028,441	1,321,274
Machine and Equipment	5,441,873	6,348,849
Transportation Equipment	4,667	4,559
Office Equipment	134,650	150,596
Construction in process and prepayment for machinery purchase	85,897	166,092
	$ 9,622,004	$ 10,917,846

	Land	House and Building	Machine and Equipment	Transportation Equipment	Office Equipment	Uncompleted construction and equipment pending inspection	Total
Cost							
Balance as of January 1, 2020	$ 2,926,476	$ 2,339,875	$ 10,991,918	$ 20,711	$ 190,949	$ 166,092	$ 16,636,021
Increase in current period	-	-	19,552	1,024	660	396,027	417,263
Decrease in current period	-	-	(168)	(919)	-	-	(1,087)
Reclassification in current period	-	(298)	2,557	-	-	(476,222)	(473,963)
Balance as of December 31, 2020	$ 2,926,476	$ 2,339,577	$ 11,013,859	$ 20,816	$ 191,609	$ 85,897	$ 16,578,234
Accumulated depreciation							
Balance as of January 1, 2020	$ -	$ 849,842	$ 4,542,960	$ 15,239	$ 39,805	$ -	$ 5,447,846
Increase in current period	-	75,816	546,206	914	10,845	-	633,781
Decrease in current period	-	-	(168)	(788)	-	-	(956)
Reclassification in current period	-	-	-	-	-	-	-
Balance as of December 31, 2020	$ -	$ 925,658	$ 5,088,998	$ 15,365	$ 50,650	$ -	$ 6,080,671
Accumulated impairment							
Balance as of January 1, 2020	$ -	$ 168,759	$ 100,109	$ 913	$ 548	$ -	$ 270,329
Increase in current period	-	216,719	382,879	-	5,761	-	605,359
Decrease in current period	-	-	-	(129)	-	-	(129)
Reclassification in current period	-	-	-	-	-	-	-
Balance as of December 31, 2020	$ -	$ 385,478	$ 482,988	$ 784	$ 6,309	$ -	$ 875,559
Net amount as of January 1, 2020	$ 2,926,476	$ 1,321,274	$ 6,348,849	$ 4,559	$ 150,596	$ 166,092	$ 10,917,846
Net amount as of December 31, 2020	$ 2,926,476	$ 1,028,441	$ 5,441,873	$ 4,667	$ 134,650	$ 85,897	$ 9,622,004
Cost							
Balance as of January 1, 2019	$ 2,926,476	$ 2,093,143	$ 8,052,855	$ 19,921	$ 110,403	$ 3,204,688	$ 16,407,486
Increase in current period	-	-	161,389	920	2,775	95,400	260,484
Decrease in current period	-	-	(2,829)	(130)	(28,990)	-	(31,949)
Reclassification in current period	-	246,732	2,780,503	-	106,761	(3,133,996)	-
Balance as of December 31, 2019	$ 2,926,476	$ 2,339,875	$ 10,991,918	$ 20,711	$ 190,949	$ 166,092	$ 16,636,021
Accumulated depreciation							
Balance as of January 1, 2019	$ -	$ 775,056	$ 4,002,523	$ 14,462	$ 58,940	$ -	$ 4,850,981
Increase in current period	-	74,786	543,251	884	9,855	-	628,776
Decrease in current period	-	-	(2,814)	(107)	(28,990)	-	(31,911)
Reclassification in current period	-	-	-			-	
Balance as of December 31, 2019	$ -	$ 849,842	$ 4,542,960	$ 15,239	$ 39,805	$ -	$ 5,447,846
Accumulated impairment							
Balance as of January 1, 2019	$ -	$ 168,759	$ 100,124	$ 936	$ 548	$ -	$ 270,367
Increase in current period	-	-	-	-	-	-	-
Decrease in current period	-	-	(15)	(23)	-	-	(38)
Reclassification in current period	-	-	-	-	-	-	-
Balance as of December 31, 2019	$ -	$ 168,759	$ 100,109	$ 913	$ 548	$ -	$ 270,329
Net amount as of January 1, 2019	$ 2,926,476	$ 1,149,328	$ 3,950,208	$ 4,523	$ 50,915	$ 3,204,688	$ 11,286,138
Net amount -	$ 2,926,476	$ 1,321,274	$ 6,348,849	$ 4,559	$ 150,596	$ 166,092	$ 10,917,846

December 31, 2019

(1) As mentioned in Note 34, the Company adjusted the ethylene glycol capacity based on market conditions in 2020. The Company anticipates reduced future economic benefits from plants and equipment in the chemical industry sector. As a result, the recoverable amount will fall below the book value. Hence, the recognized impairment loss in 2020 amounts to NT$605,359,000. The impairment loss has been included under other income and expenses in the consolidated income statement.

The Company determines the recoverable amount of plants and equipment in the chemical industry sector after deducting the fair value from cost of disposal. Relevant fair values are determined through comprehensive evaluation using the cost method and market approach. The main assumptions include replacement cost under cost method, market approach functionality, economic loss, and other necessary adjustments, which fall under Level 3 fair value measurement.

(2) Property, plant and equipment are depreciated in accordance with the straight-line method over the following respective useful years:

House and Building	
Buildings	20 to 60 years
Renovation engineering	8 to 29 years
Machine and Equipment	2 to 47 years
Transportation Equipment	5 to 15 years
Miscellaneous equipment	3 to 30 years

(3) The Company's uncompleted projects and equipment pending inspection in December 31, 2020 mainly include projects involving the addition of equipment improvement and replacement, wastewater plant, sludge drying treatment systems.

(4) The Company's financial costs before capitalization in 2020 and 2019 accounted for NT$173,128,000 and NT$188,861,000. The capitalized financial costs for real estate, plants and equipment amounted to 0, and NT$2,272,000 respectively, with the capitalized interest rate of 1.85% per annum.

(5) Buildings belonging to the Company are leased out as operating leases for a period of 1–2 years The lessee has no preferential purchase option with regard to the asset when the lease period ends. Total receivable lease payments for operating leases are as follows:

	December 31, 2020	December 31, 2019
First year	$ 133	$ 860
Second year	-	133
	$ 133	$ 993

(6) Please see Note 32 for the status on property, plant and equipment provided as pledge collaterals.

16. Lease Agreements

(1) Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amount of the right-of-use asset		
Land	$ 381	$ 742
Transportation Equipment	12,248	19,671
	$ 12,629	$ 20,413

	2020	2019
Addition of right-of-use assets	$ 4,509	$ -
Depreciation expense of the right-of-use asset		
Land	$ 361	$ 361
Transportation Equipment	11,932	12,483
	$ 12,293	$ 12,844

(2) Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amount of the lease liabilities		
Current	$ 10,057	$ 11,983
Non-current	$ 2,719	$ 8,598

The range of discount rates for lease liabilities is as follows:

	December 31, 2020	December 31, 2019
Land	1.53%	1.53%
Transportation Equipment	1.65%~ 1.85%	1.65%

(3) Important rental activities and terms

The Company has leased different types of transportation equipment for production and operations for an original period of 2–3 years. The lease agreement does not stipulate renewal of the lease or purchase options at the time of expiry of the lease.

The Company has leased several plots of land as storage sites for an original period of 5–7 years. When the leasing period ends, the Company does not have the priority purchasing right on the leased land.

(4) Other lease information

For more details on operating lease agreements for self-owned buildings and investment property of the Company, please refer to Note 15 and 17.

	2020	2019
Short-term lease expense	$ 37,856	$ 55,831
Low-value asset lease expense	$ 250	$ 245
Total cash of leases outflow	($ 50,665)	($ 69,186)

The Company chose the machinery and transportation equipment qualifying for short-term lease and office equipment qualifying for low-value asset lease to apply the recognition exemption, and did not recognize such leases as related right-of-use assets and lease liabilities.

17. Investment property

	Land at Chihsing Section, Wanhua, Taipei City	Land in Yunlin Spinning Industrial Park	Real estate at Toulou Section, Yunlin	House and land at Erh Chung Pu Section, Sanchung District, New Taipei City	Land in Xiaogang, Kaohsiung	Buildings in Xiaogang, Kaohsiung	Total
Cost							
Balance as of January 1, 2020	$ 156,712	$34,943	$18,094	$ 921,668	$ -	$ -	$1,131,417
Increase in current period	-	-	-	264,154	-	-	264,154
Decrease in current period	-	(769,610)	-	-	-	-	(769,610)
Reclassification in current period	-	769,610	-	37,576	390,563	45,824	1,243,573
Balance as of December 31, 2020	$ 156,712	$34,943	$18,094	$1,223,398	$390,563	$45,824	$1,869,534
Accumulated depreciation							
Balance as of January 1, 2020	$ -	$ -	$ -	$ 858	$ -	$ -	$ 858
Increase in current period	-	-	-	99	-	559	658
Balance as of December 31, 2020	$ -	$ -	$ -	$ 957	$ -	$ 559	$ 1,516
Accumulated							

	Land at Chihsing Section, Wanhua, Taipei City	Land in Yunlin Spinning Industrial Park	Real estate at Toulou Section, Yunlin	House and land at Erh Chung Pu Section, Sanchung District, New Taipei City	Land in Xiaogang, Kaohsiung	Buildings in Xiaogang, Kaohsiung	Total
impairment							
Balance as of January 1, 2020	$ -	$ -	$18,094	$ -	$ -	$ -	$ 18,094
Increase in current period	-	-	-	-	-	-	-
Balance as of December 31, 2020	$ -	$ -	$18,094	$ -	$ -	$ -	$ 18,094
Net amount as of January 1, 2020	$ 156,712	$34,943	$ -	$ 920,810	$ -	$ -	$1,122,465
Net amount as of December 31, 2020	$ 156,712	$34,943	$ -	$1,222,441	$390,563	$45,265	$1,849,924
Cost							
Balance as of January 1, 2019	$ 156,712	$34,943	$18,094	$ 799,882	$ -	$ -	$1,009,631
Increase in current period	-	-	-	121,786	-	-	121,786
Balance as of December 31, 2019	$ 156,712	$34,943	$18,094	$ 921,668	$ -	$ -	$1,131,417
Accumulated depreciation							
Balance as of January 1, 2019	$ -	$ -	$ -	$ 759	$ -	$ -	$ 759
Increase in current period	-	-	-	99	-	-	99
Balance as of December 31, 2019	$ -	$ -	$ -	$ 858	$ -	$ -	$ 858
Accumulated impairment							
Balance as of January 1, 2019	$ -	$ -	$18,094	$ -	$ -	$ -	$ 18,094
Increase in current period	-	-	-	-	-	-	-
Balance as of December 31, 2019	$ -	$ -	$18,094	$ -	$ -	$ -	$ 18,094
Net amount as of January 1, 2019	$ 156,712	$34,943	$ -	$ 799,123	$ -	$ -	$ 990,778
Net amount - December 31, 2019	$ 156,712	$34,943	$ -	$ 920,810	$ -	$ -	$1,112,465

Investment property is leased out for a period of 1–2 years. Upon closure of the leasehold duration, the lessee was not entitled to preferential leasehold power over the real estate.

As of December 31, 2020 and 2019, total receivable lease payments for operating leases of investment property are as follows:

	December 31, 2020	December 31, 2019
First year	$ 1,234	$ 3,881
Second year	114	482
	$ 1,348	$ 4,363

The Company has adopted general risk management policies to reduce residual asset risks of leased out investment property at the time of lease expiry.

Investment property of the appreciated in accordance with the straight line method over the useful years as follows:

House and Building	
Buildings	30 to 60 years
Renovation engineering	2 to 29 years

(1) The fair values of the Company’s investment real estate amounted to NT$2,079,134,000 and NT$1,438,251,000 in 2020 and on December 31, 2019 respectively. In particular, the amounts not evaluated by independent evaluators were NT$301,729,000 and NT$121,780,000. The remaining was evaluated by an independent evaluation company using the level 3 input value in 2020 and on December 31, 2019. The evaluation is in reference to the market proof of real estate trading prices. The important assumptive and evaluated fair values are as follows:

	December 31, 2020	December 31, 2019
Asset earning power	14%~20%	15%~19%
The overall capital interest rate during development	1.09%	1.91%

(2) The Company, as resolved by the board of directors on April 20, 2020, was to set up solar power generation equipment (recognized as real estate, factory and equipment, later reclassified into investment real estate). However, in order to activate assets, the board of directors resolved to sell the idle assets on August 2020. The sale price was NT$3,644,503,000. After deducting related fees in the amount of NT$11,208,000, the disposed benefit generated amounted to NT$2,863,685,000.

(3) (Please refer to Note 13 for the re-classification of the Company's investment property and non-current assets available for sale in 20120.

(4) All investment properties of the Company are self-owned equities. For the amounts of the Company’’s investment in real estate, which had been pledged by the Consolidated Company’ to collateralize loans, please refer to Note 32.

18. Intangible assets

	December 31, 2020	December 31, 2019
Computer software	$ -	$ -
Shell Royalty	-	-
	$ -	$ -

	2020		2019	
	Computer software	Royalties	Computer software	Royalties
Cost				
Balance, beginning of year	$ -	$ 159,052	$ 9	$ 159,052
Amortized in current period	-	-	(9)	-
Balance, end of year	-	159,052	-	159,052
Accumulated impairment				
Balance, beginning of year	$ -	($ 159,052)	$ -	($ 159,052)
Balance, end of year	-	(159,052)	-	(159,052)
Balance - net	$ -	$ -	$ -	$ -

Royalties pertain to relevant patented technology the Company has acquired for building the ethylene plant, by signing an EO/EG production method patent utilization right agreement with Shell Research Limited to secure relevant technology, where said patent’s utilization period spans 5 years effective from the agreement execution date, and later due to environmental issues on the anticipated development site, resulting in a severe lagging of building the ethylene plant, although said patent can still be used continually per the content of the agreement with Shell Research Limited, but through assessment, the entire amount has been classified as impairment; subsequently the Company has, per the amended cash reinvestment plan, plan to build a new ethylene plant separately, and has thus signed with Shell Research Limited of an EO/EG production method patent utilization right agreement (where said EO/EG production method patent right varies from the foresaid initially signed processing technology), and per contractual terms agreement, pays royalties on technical service rendered fee totaling at US$5,323 thousand.

19. Other current assets/ Other assets

	December 31, 2020	December 31, 2019
Restricted assets	$ 132,070	$ 110,901
Refundable deposit	118,725	118,185
Others	210,064	2,074
Collections - Net	-	-
	$ 460,859	$ 231,160
Current	$ 135,286	$ 112,975
Non-current	325,573	118,185
	$ 460,859	$ 231,160

The collection detail is as follows:

	December 31, 2020	December 31, 2019
Delinquent Accounts	$ 2,938	$ 2,938
Less:loss reserve – collection	(2,938)	(2,938)
	$ -	$ -

(1) Restricted current assets are earmarked for Customs Office clearance procedures and pledged collateral for short-term loans – please refer to Note 32.

(2) For loss allowances for non-accrual loans, please refer to Note 10.

20. Loans

(1) Shot-term borrowings

	December 31, 2020	December 31, 2019
Secured loans		
Bank loan	$ 1,200,000	$ 1,800,000
Unsecured loans		
Credit loan	2,215,000	2,425,000
Material procurement loan	898,689	2,216,013
	3,113,689	4,641,013
	$ 4,313,689	$ 6,441,013

1. The Company loan interest rate in 2020 and 2019 is at between 1.07%~1.50% and 1.20%~1.50% respectively.
2. For the foresaid loan collateral information, please refer to Note 32.

(2) Short-term notes payable

	December 31, 2020	December 31, 2019
Payable commercial paper	$ 750,000	$ 650,000
Less: Discount of short-term notes and bills payable	(1,176)	(1,715)
	$ 748,824	$ 648,285

The commercial notes payable's interest rate as of December 31, 2020 and 2019 are at between 1.08%~1.10% and 1.20%~1.23% respectively.

(3) Long-term borrowings

	December 31, 2020	December 31, 2019
Secured loans		
Bank loan	$ 5,046,812	$ 5,617,823
Unsecured loans		
Credit loan	400,000	400,000
Less: Amount due in one year	(2,578,238)	(2,091,505)
Long-term borrowings	$ 2,868,574	$ 3,926,318

1. The Company’s joint long-term borrowing from the Taiwan Cooperative bank in 2020 and on December 31, 2019 amounted to NT$1,900,000,000 and NT$1,694,100,000. The borrowing rate of interest is currently1.80%. The borrowing is to be repaid on schedule every year according to the loan contract. NT$1,005,000,000 will mature within one year. The Company’s Kaohsiung plant land and building premises are provided as borrowing collateral.
2. As of December 31, 2020 and 2019, CMFC had intermediate- and long-term borrowings from Taiwan Business Bank at NT$215,600 thousand and NT$232,800 thousand, for both year, with the borrowing rate currently at 1.12%. Starting March 2019, CMFC will repay the borrowings periodically based on the loan agreement and a total of $17,200 thousand will be due in the next year. The land and buildings are used as the collateral for the borrowing.
3. The long-term borrowing from the Mizuho Bank in 2020 and on December 31, 2019 amounted to NT$300,000,000. The borrowing rate of interest is currently 1.22%. The contract is renewed every six months. NT$300,000,000 will mature within one year.
4. The long-term borrowing from the Land Bank of Taiwan in 2020 and on December 31, 2019 amounted to NT$47,384,000 and NT$60,923,000. The borrowing rate of interest is currently1.59%. The borrowing is to be repaid on schedule every year according to the loan contract. NT$13,538,000 will mature within one year. The Company’s land and building premises are provided as borrowing collateral.
5. The Company’s long-term borrowing from the Union Bank of Taiwan in 2020 and on December 31, 2019 amounted to NT$350,000,000 and NT$650,000,000. The borrowing rate of interest is currently 1.28%. Originally, the amounts were to be repaid on schedule every year according to the loan contract every year beginning May 2019. Later, the repayments were extended to repayment on time every year according to the loan contract beginning November 2020. NT$100,000,000 will mature within one year. 97,000 thousand shares of Taichung Commercial Bank Co., Ltd. are provided as borrowing collateral.
6. The Company’s long-term borrowing from the Company of Panhsin in 2020 and on December 31, 2019 amounted to NT$728,828,000 and NT$500,000,000. The borrowing rate of interest is currently 1.27%–1.52%. The borrowing is to be repaid on schedule every year according to the loan contract. Within the next year, NT$330,000,000 will mature within one year. The land and buildings in Sanchong District, New Taipei City are provided as borrowing collateral.
7. The Company’s long-term borrowing from the Sunny Bank in 2020 and on December 31, 2019 amounted to NT$400,000,000 and NT$600,000,000. The borrowing rate of interest is currently 1.25%. The contract is renewed every year. The 95,000 thousand shares of Taichung Commercial Bank Co., Ltd. are provided as borrowing collateral.
8. The Company’s loan-term borrowing from the JihSun Bank are NT$905,000,000 and NT$1,030,000,000 in 2020 and on December 31, 2019. The borrowing rate of interest is currently 1.25%. In particular, the amount NT$605,000,000 was originally to be paid in full on the due date in October 2019. It was later extended to repayment in full on the due date in June 2021. NT$605,000,000 within the next year will be due. The remaining amount NT$300,000,000 will be repaid in full in January 2022, 130,000 thousand Taichung Commercial Bank Co., Ltd. shares and 15,000 thousand shares of agricultural shares are provided as borrowing collateral.
9. The Company’s long-term borrowing from the Taiwan Cooperative bank on December 31, 2019 amounted to NT$650,000,000. The borrowing rate of interest is currently 1.50%. The remaining borrowing were paid in full in August, 2020. The land and buildings in Douliou City, Yunlin are provided as borrowing collateral.
10. The Company’s borrowing from the Shanghai Commercial Bank in 2020 and on December 31, 2019 amounted to NT$500,000,000 and NT$200,000,000 respectively. The borrowing rate of interest is currently 1.25%–1.30%. The borrowing is will be repaid on schedule beginning January 2021. NT$107,500,000 will be due within the next year. 33,400 thousand shares of Taichung Commercial Bank Co., Ltd. and land and buildings in Xiaogang, Kaohsiung are provided as borrowing collateral.
11. The Company’s loan from the Kaohsiung is NT$100,000,000 in 2020 and on December 31, 2019. The borrowing rate of interest is currently 1.25%. The contract will be renewed every three months. NT$100,000,000 will be due within the next year.

12. Please refer to Note 32 for the collateral of the long-term borrowings:

21. Other payables

	December 31, 2020	December 31, 2019
Payable salary & bonus	$ 119,219	$ 116,101
Payable repair and maintenance expense	33,535	36,435
Payable unloading fee	21,289	33,637
Payable export expense	9,602	15,266
Payable insurance premium	8,183	8,893
Payable utilities expense	6,043	6,069
Payable pension	5,080	5,399
Others	68,582	78,166
	$ 271,533	$ 299,966

22. Liability reserve

	December 31, 2020	December 31, 2019
Net determined benefit liability	$ 154,331	$ 162,402
Pending litigation reserve (Note 33)	64,908	-
	$ 219,239	$ 162,402

(1) Defined contribution pension plan

The pension system of the "Labor Pension Act" that is applicable to the Company is a defined contribution pension plan subject to government management with an amount equivalent to 6% of the monthly salary appropriated and contributed to the personal account with the Bureau of Labor Insurance.

(2) Defined benefit plan

The Company within the Company has a pension plan arranged in accordance with the "Labor Standard Law" of the Republic of China that was a defined benefit pension plan. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The Company has a pension appropriated for an amount equivalent to 2% of the monthly salary and the proceeds are deposited in the designated account with Taiwan Bank in the name of the Labor Pension Reserve Commission. If the account balance before yearend is expected to be insufficient for paying the retiring employees of the year, the amount of difference should be appropriated in a lump sum before the end of March in the following year. The special account has been commissioned to the Bureau of Labor Fund of the Ministry of Labor Affairs for management. The Company contained in the financial statements exercises no influence on the right of the bureau in its investment management strategy.

The amount of determined benefit plan recognized in the individual balance sheet is shown below:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ 256,823	$ 253,985
The fair value of plan assets	(102,492)	(91,583)
Appropriation shortage	154,331	162,402
Net determined benefit liability	$ 154,331	$ 162,402

Change in net determined benefit liability is shown below

	Present value of the defined benefit obligations	The fair value of plan assets	Net determined benefit liability
January 1, 2019	$ 278,395	($ 119,790)	$ 158,605
Service cost			
Current service cost	2,705	-	2,705
Interest expenses (revenues)	3,132	(1,436)	1,696
Recognized in the profit or loss	5,837	(1,436)	4,401
Reevaluation			

Return on plan assets	-	(3,655)	(3,655)
Actuarial loss – change in the assumption of the census	1,432	-	1,432
Actuarial loss – change in financial assumptions	7,160	-	7,160
Actuarial loss – adjustment through experience	1,590	-	1,590
Recognized in the other comprehensive profit of loss	10,182	(3,655)	6,527
Employer appropriation	-	(7,131)	(7,131)
Planned asset payment	(40,429)	40,429	-
December 31, 2019	253,985	(91,583)	162,402
Service cost			
Current service cost	2,547	-	2,547
Interest expenses (revenues)	2,032	(761)	1,271
Recognized in the profit or loss	4,579	(761)	3,818
Reevaluation			
Return on plan assets	-	(3,406)	(3,406)
Actuarial loss – change in the assumption of the census	926	-	926
Actuarial loss – change in financial assumptions	4,629	-	4,629
Actuarial loss – adjustment through experience	6,360	-	6,360
Recognized in the other comprehensive profit of loss	11,915	(3,406)	8,509
Employer appropriation	-	(6,742)	(6,742)
Company account payment	(13,656)	-	(13,656)
December 31, 2020	$ 256,823	($ 102,492)	$ 154,331

The pension fund system of the Company contained in the financial statements is exposed to the following risks due to the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor Affairs uses the labor pension fund for investment in domestic and foreign equity securities and debt securities, and as bank deposits through proprietary trade or commissioned third parties. However, the amount attributable to the planned asset of the Company contained in the financial statements shall not fall below the interest rate offered by the banks in the regions or countries of investment for 2-year time deposit as return.
2. Interest risk: the decline of the interest rate for government/corporate bonds will cause an increase in the present value of determined benefit obligation. However, the ROI of the debt of the planned assets will also increase accordingly. The effect of the two on net determined benefit liability is mutually offsetting.
3. Salary risk: the calculation of the present value of determined benefit obligation is based on the salaries of the members in the plan of the future. As such, an increase of the salaries of the members of the plan is bound to increase the present value of determined benefit obligation.

The determined benefit obligation of the Company contained in the financial statements is based on the actuarial calculation of the actuary and the major assumption as of the evaluation day is shown below:

	December 31, 2020	December 31, 2019
Discount rate	0.35%	0.80%
The expected rate of increase in salaries	2%	2.25%

In case of reasonable and possible change in the major actuarial assumptions, and other assumptions remained unchanged, the amount of increase (decrease) in the present value of determined benefit obligation will be:

	December 31, 2020	December 31, 2019
Discount rate		
Increase by 0.25%	($ 5,404)	($ 5,601)
Decrease by 0.25%	$ 5,589	$ 5,798
The expected rate of increase in salaries		
Increase by 0.25%	$ 5,336	$ 5,549
Decrease by 0.25%	($ 5,187)	($ 5,390)

Actuarial assumptions may be inter-related. The possibility of change in specific assumption is not high. The aforementioned sensitivity analysis may not be able to reflect the actual change in the present value of determined benefit obligation.

	December 31, 2020	December 31, 2019
Amount projected for appropriation in 1 year	$ 6,741	$ 7,131
Average maturity of determined benefit obligation	10 years	11 years

23. Other liabilities

	December 31, 2020	December 31, 2019
Deferred loan item	$ 19,210	$ 19,210
Deposits received	2,861	3,694
	$ 22,071	$ 22,904

Deferred loan item pertains to the Company and its second subsidiary company's downstream trading's deferred unearned profit, with relevant details as follows:

	December 31, 2020	December 31, 2019
Jin-Bang-Ge Industry	$ 19,210	$ 19,210

24. Equity

(1) Capital stock

	December 31, 2020	December 31, 2019
Authorized number of shares (thousand shares)	1,680,000	1,680,000
Authorized capital	$ 16,800,000	$ 16,800,000
Number of shares issued with fully paid-in capital (thousand shares)	1,621,367	1,621,367
Outstanding capital	$ 16,213,672	$ 16,213,672

Common stock shares issued at NTD 10 Par and each share is entitled to one voting right and dividends.

On June 5, 2019, the shareholder meeting resolved to recapitalize the undistributed earnings of NT$989,567 thousand to 989,567 shares (both in thousand), at a par value of NT$10 per share, all of which were common stocks. As of December 31, 2020, the paid-in capital of CMFC has increased to NT$16,213,672 thousand, consisting of 1,621,367 thousand shares of common stock at a par value of NT$10 per share.

(2) Capital surplus

	December 31, 2020	December 31, 2019
For covering loss carried forward, payment in cash or capitalization as equity shares (Note)		
Shares issued in excess of par value	$ 590,001	$ 590,001
The differences between carrying amount and market price of actual acquisition or disposal of shares in subsidiaries.	-	6,270
Assets received	2,129	2,129
Treasury stock transactions	772,194	772,194
For covering loss carried forward only.		
Changes in the ownership equity on a subsidiary	143,231	184,238
Transaction of treasury stock (cash dividends paid to subsidiaries)	153,376	153,376
Invalid ESO	2,600	2,600
	$ 1,663,531	$ 1,710,808

Note: Such additional paid-in capital can be used to make up for losses; also, when the Company is without any loss, it can be applied for cash distribution or capitalization. However, it is limited to a certain percentage of the annual paid-in capital for the purpose of capitalization.

(3) Retained earnings and Dividend Policy

According to the Articles of Incorporation, the policy for the distribution of earnings stated that if there is a surplus after account settlement of the fiscal year, the Company shall pay applicable taxes and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve, and appropriate for special reserve or reverse special reserve. If there is still a balance, it will be pooled up with the undistributed earnings carried forward from previous years for distribution as shareholder dividend under a proposal prepared by the Board subject to the final approval of the General Meeting of Shareholders. The policy of remuneration to employees and Directors and Supervisors to the Articles of Incorporation is elaborated in Note 25 (7) to the financial statement, on Remuneration to Employees and Directors and Supervisors.

The Company's dividend policy shall be drafted subject to the Company's future investment environment and long-term financial planning, and also takes the shareholders' equity into consideration. The dividends shall be allocated in the form of cash dividend as the first priority per year, and may be allocated in the form of stock dividend, provided that the ratio of allocation of stock dividend shall be no more than 95% of the total dividends.

The Company has a special reserve appropriated and reversed in accordance with FSC.Certificate.Issue.Tzi No. 1010012865 Letter, FSC.Certificate.Issue.Tzi No. 1010047490 Letter, and "Special reserve appropriation Q&A after the adoption of International Financial Reporting Standards (IFRSs)." If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount can be distributed.

The legal reserve should be contributed until its balance reaches the Company's total paid-in capital. The legal reserve may be applied to make up loss. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

China Man-Made Fiber Corporation held General Shareholders Meetings on June 2, 2020 and June 5, 2019, which adopted resolutions with regard to the 2019 and 2018 surplus distribution proposals as follows:

	Earnings Distribution Proposal		Dividend Per Share (NTD)	
	2019	2018	2019	2018
Legal reserve	$ -	$ 137,204	$ -	$ -
Special reserve	4,696	(20,283)	-	-
Cash dividends	-	152,241	-	0.10
Stock dividends	-	989,567	-	0.65

The Company recorded an after-tax loss in 2019. The shareholders' meeting therefore proposed on June 2, 2020 not to distribute dividends and set aside a special reserve of NT$ 4,696,000 pursuant to the Securities and Exchange Act.

The Company had resolved in the board meeting the earnings distribution of 2020 on March 15, 2021 as follows:

	Earnings Distribution Proposal	Dividend Per Share (NTD)
Legal reserve	$ 90,972	$ -
Special reserve	(6,177)	-
Cash dividends	162,106	0.1
Stock dividends	648,425	0.4

The proposal for the distribution of earnings in 2020 is pending on the resolution of the General Meeting of shareholders scheduled to be held in June 2021.

For more information on the proposal approved by the board of directors of the Company and the surplus distribution proposal adopted by resolution of the General Shareholders Meeting, please refer to the TWSE Market Observation Post System.

(4) Other equity

1. Exchange differences from the translation of financial statements of foreign operations

	2020	2019
Balance, beginning of year	($ 86,995)	($ 54,591)
Share amount on the subsidiaries' conversion differential amount adopting the equity method	(29,246)	(32,404)
Balance, end of year	($ 116,241)	($ 86,995)

2. Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss

	2020	2019
Balance, beginning of year	$ 382,016	($ 129,103)
Accrued in current year		
Unrealized gain or loss		
Debt instruments	56,180	12,476
Equity instruments	50,303	509,505
Recognized share of the subsidiary adopting the equity method.	(1,208)	-
The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings.	(35,329)	(10,862)
Balance, end of year	$ 451,962	$ 382,016

(5) Treasury stock

The statement and changes of the Company's treasury stock in 2020 and 2019:

Cause	Transfer of shares to employees (Thousand shares)	Shares of parent company held by subsidiaries (in thousand shares)	Total (thousand shares)
Number of shares on January 1, 2020	-	330,985	330,985
Increase in current period	304	-	304
Decrease in current period	-	-	-
Number of shares as of December 31, 2020	304	330,985	331,289
Number of shares on January 1, 2019	-	310,784	310,784
Increase in current period	-	20,201	20,201
Decrease in current period	-	-	-
Number of shares as of December 31, 2019	-	330,985	330,985

1. The Company repurchased the Company's stock totaling 304 thousand shares, at the price of NT$1,745 thousand, pursuant to the Securities and Exchange Act in 2010.
2. As of December 31, 2020 and 2019, relevant information on company shares held by its subsidiaries is as follows:

Name of Subsidiary	Number of shares held (thousand shares)	Book Value	Market Value
December 31, 2020			
Pan Asia Chemical Corporation	251,443	$ 879,074	$ 1,250,375
Deh Hsing Investment Co., Ltd.	11,172	25,787	125,133
Chou Chin Industrial Co., Ltd.	59,153	195,060	313,540
Chou Chang Corporation (subsidiary of Chou Chin Industrial CO., LTD.)	9,247	35,136	38,936
		$ 1,135,057	$ 1,727,984
December 31, 2019			
Pan Asia Chemical Corporation	251,443	$ 971,926	$ 1,023,453
Deh Hsing Investment Co., Ltd.	11,172	25,787	92,733
Chou Chin Industrial Co., Ltd.	59,123	195,060	229,558
Chou Chang Corporation (subsidiary of Chou Chin Industrial CO., LTD.)	9,247	35,136	28,960
		$ 1,227,909	$ 1,374,704

3. The Company's Treasury stock may not be pledged in accordance with the Security and Exchange Law; moreover, it is without the privilege of dividend and voting right. Company shares held by its subsidiaries are deemed as shares held in vault in processing, and besides

regulations set forth under the Corporate Law article 167 and article 179, the rest of which are the same as general shareholders' entitlements.

25. Business units in continuing operation income

Income from continuing operations department includes the following items

(1) Other income and earnings and expense and loss

	2020	2019
Rental revenue	$ 6,041	$ 5,477
Income derived from sales of substandard goods and scraps	1,453	2,664
Others	16,364	14,587
	$ 23,858	$ 22,728

(2) Gain (loss) on financial assets and liabilities at fair value through profit and loss

	2020	2019
The realized gain (loss) of financial assets and liabilities measured at fair value through profit or loss		
Stock	$ 14,260	$ 15,621
Bonds	601	(2,580)
Beneficiary certificate	-	-
	14,861	13,041
The valuation gain (loss) of financial assets and liabilities measured at fair value through profit or loss		
Stock	(77,668)	166,385
Bonds	-	-
Beneficiary certificate	87,621	60,682
	9,953	227,067
	$ 24,814	$ 240,108

(3) Financial costs

	2020	2019
Interest from bank borrowings	$ 172,883	$ 188,427
Lease liability interest expenses	245	434
Less: Classified real estate, plant and equipment (Note 15)	-	(2,272)
	$ 173,128	$ 186,589

(4) Financial assets impairment loss (reversal gain)

	2020	2019
Accounts receivable (included in operating expenses)	$ 85,677	$ 6,035

(5) Depreciation and amortization

	2020	2019
Property, plant and equipment	$ 633,781	$ 628,776
Investment property	658	99
Intangible assets	-	9
Right-of-use assets	12,293	12,844
	$ 646,732	$ 641,728
Consolidation of depreciation expenses based on functions		
Operating cost	$ 627,290	$ 621,947
Operating expenses	19,442	19,772
	$ 646,732	$ 641,719
Consolidation of amortization expenses based on functions		
Operating cost	$ -	$ -

Operating expenses	-	9
	$ -	$ 9

(6) Employee benefits expenses

2020

	Operating cost	Operating expenses	Total
Short-term employee benefits			
Salary & wage	$ 367,235	$ 73,472	$ 440,707
Labor insurance and national health insurance	38,584	6,112	44,696
Remuneration to Directors	-	6,074	6,074
Other employee benefits expenses	20,256	13,049	33,305
	426,075	98,707	524,782
Pension expenses			
Defined contribution pension plan	15,627	2,529	18,156
Determined Benefit Plan (Note 22)	2,874	944	3,818
	18,501	3,473	21,974
Total employee benefits expenses	$ 444,576	$ 102,180	$ 546,756

2019

	Operating cost	Operating expenses	Total
Short-term employee benefits			
Salary & wage	$ 401,984	$ 73,918	$ 475,902
Labor insurance and national health insurance	39,568	6,137	45,705
Remuneration to Directors	-	6,328	6,328
Other employee benefits expenses	24,158	17,408	41,566
	465,710	103,791	569,501
Pension expenses			
Defined contribution pension plan	$ 17,562	$ 2,877	$ 20,439
Defined benefit plan (Note 22)	3,331	1,070	4,401
	20,893	3,947	24,840
Total employee benefits expenses	$ 486,603	$ 107,738	$ 594,341

The average numbers of company employees in 2020 and 2019 accounted for 690 and 741 people respectively. Among them, seven are board of directors not concurrently serving as employees.

In 2020 and 2019 average employee benefit expenses amounted to NT$ 792,000 and 801,000, respectively; employee salary expenses amounted to NT$ 645,000 and 648,000, which represents an adjustment by (0.5%).

The Company has set up the Audit committee. No supervisors are hired. Therefore, no remunerations for supervisors are allocated.

The Company's remuneration policy is as follows:

1. The remunerations for directors are in accordance with provisions in Article 22 and Article 40 of the Company charter.
   (1) The board of directors shall authorize remunerations for directors based on their level of participation in company operations and value contributed. Remunerations are set in reference to the standard of payment adopted by companies in the same trade.
   (2) If the Company has made profits during the year, remunerations for directors not exceeding 0.3% shall be granted upon resolution by the board of directors and shall be resolved at the shareholders' meeting
2. Remunerations for managers and employees are conducted in accordance with the Company's Charter Article 40, the Company Remuneration Committee Organizational Rules and related

company regulations (including the Remunerations Management Guidelines, Assessment Guidelines, End-of-Year Bonus Distribution Guidelines, etc.)

(1) Remunerations for managers are set by the Company's Remuneration Committee and are periodically assessed. In reference to the usual payment standard of the same industry, considerations are also given to personal performance, corporate operation performance, and the reasonability of association with future risks, which shall be submitted to the board of directors for resolution.

(2) Renumerations for employees are conducted in accordance with the Company's regulations. In addition, considerations are given to personal work performance, and degree of corporate operation contribution. The reasonability of remunerations are periodically assessed.

(3) If the Company has made profits during the year, 1%–5% will be allocated as remunerations for employees. The distribution ratio and distribution in shares or cash shall be resolved by the board of directors and shall be submitted to the shareholders' meeting for resolution.

(7) Remuneration to employees, Directors and Supervisors

According to the Articles of Incorporation, the Company appropriated 1% to 5% and no more than 0.3% of the earnings before taxation before the deduction of remuneration to the employees, Directors and Supervisors of the same year. Since the Company recorded an after-tax loss in 2019, no employee and director/supervisor compensations were allocated. Estimated employee and director/supervisor compensations in 2020 are as follows:

Estimate on ratio

	2020	2019
Remuneration to employees	1.0%	-
Remuneration to directors/supervisors	0.3%	-

Amount

	2020	2019
Remuneration to employees	$ 10,778	$ -
Remuneration to directors/supervisors	$ 3,234	$ -

If there are still changes in the amount specified in the financial statement after announcement, proceed to the accounting of change and adjusted for booking in the next fiscal year.

China Man-Made Fiber Corporation held board meetings on March 16, 2020 and March 18, 2019, which adopted resolutions to approve the 2019 and 2018 employee and director/supervisor compensations as follows:

Amount

	2019		2018	
	Remuneration to employees	Remuneration to directors/ supervisors	Remuneration to employees	Remuneration to directors/ supervisors
Amount resolved by the Board of Directors for release	$ -	$ -	$ 13,673	$ 4,102
Amount recognized in financial statements of respective years	$ -	$ -	$ 13,673	$ 4,102

The actual amount for remuneration to employees, Directors and Supervisors in 2019 and 2018 did not vary from the amount recognized in the individual financial statements of 2019 and 2018.

For further information on the appropriation of remuneration to the employees and Directors and Supervisors by the Board of Taichung Commercial Bank in 2021 and 2020, visit the "MOPS" website of Taiwan Stock Exchange Corporation.

(8) Non-financial assets impairment loss (reversal gain)

	2020	2019
Inventory (included in the operating costs)	$ 19,854	$ 108,397
Property, plant and equipment	(605,359)	-
	($ 585,505)	$ 108,397

26. Continuing department income tax

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

	2020	2019
Income tax expenses in the current period		
Accrued in current year	$ 121,815	$ -
Prior years adjustment	(3)	-
	121,812	-
Deferred tax		
Accrued in current year	-	(374,339)
Change in tax rate	-	-
	-	(374,339)
Income tax expense (income) recognized in profit and loss	$ 121,812	($ 374,339)

Adjustment of accounting income and income tax expense (gains) is as follows:

	2020	2019
Income (loss) before tax from continuing operations	$ 1,063,859	($ 1,104,103)
Income tax (gain) expense of net income before tax at the statutory tax rate (20%)	$ 212,772	($ 220,821)
Non-deductible expenses and losses for tax purposes	413	2,372
Non-taxable income	(667,220)	(119,273)
Unrecognized taxable (deductible) temporary differences and loss deductions	454,035	(36,617)
Land revaluation increment tax	121,815	-
Income tax expense of prior years adjusted in the current year	(3)	-
Income tax expense (income) recognized in profit and loss	$ 121,812	($ 374,339)

(2) Income tax benefits recognized in the other comprehensive profit or loss

	2020	2019
Deferred tax		
Accrued in current year		
- Re-evaluation of determined benefit plan	$ 1,702	($ 1,305)

(3) Current income tax asset

	December 31, 2020	December 31, 2019
Current income tax asset		
Tax refund receivable	$ 1,653	$ 4,160

(4) Deferred income tax assets and liabilities

Changes in the deferred income tax assets and liabilities are as follows:

2020

Deferred income tax assets	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
Temporary difference				
Property, plant and equipment	$ 18,318	$ -	$ -	$ 18,318
Inventory	23,134	-	-	23,134
Defined benefit pension plans	61,408	-	1,702	63,110
Loss allowance	39,256	-	-	39,256

Others	38,291	-	-	38,291
	180,407	-	1,702	182,109
Loss credit	468,405	-	-	468,405
	$ 648,812	$ -	$ 1,702	$ 650,514
Deferred tax liabilities				
Temporary difference				
Allowance for land increment value tax	$ 866,019	$ -	$ -	$ 866,019

2019

	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
Deferred income tax assets				
Temporary difference				
Property, plant and equipment	$ 31,145	($ 12,827)	$ -	$ 18,318
Inventory	11,158	11,976	-	23,134
Loss allowance	39,881	(625)	-	39,256
Others	95,628	2,766	1,305	99,699
	177,812	1,290	1,305	180,407
Loss credit	95,356	373,049	-	468,405
	$ 273,168	$ 374,339	$ 1,305	$ 648,812
Deferred tax liabilities				
Temporary difference				
Allowance for land increment value tax	$ 866,019	$ -	$ -	$ 866,019

(5) The deductible temporary differences of deferred income tax assets not recognized on the balance sheet

	December 31, 2020	December 31, 2019
Deductible temporary differences		
Allowance to reduce inventory to market	$ 114,314	$ 114,314
Defined benefit pension plans	7,550	7,550
Loss credit	2,270,174	98,010
	$ 2,392,038	$ 219,874

(6) Unused losses credit related information

Loss deduction as at December 31, 2020:

Uncredited balance	Last year of credit
$ 58,648	111 years
505,260	115 years
1,788,564	118 years
2,259,727	119 years
$ 4,612,199	

(7) Income tax audit

The declared cases before 2018 have been approved by the taxation collection agency before the deadline of the Company's business income tax declaration.

27. Earnings per share

Unit: NTD per share

	2020	2019
Basic earnings per share	$ 0.73	($ 0.57)
Diluted earnings per share	$ 0.73	($ 0.57)

The earnings and weighted average common stock shares used in calculating the earnings per share are as follows:

2020	2019

Net profits of the current year

Net profits of the current year	$ 942,047	($ 729,764)

Quantity

	2020	2019
Weighted average common stock shares used to calculate basic earnings per share	1,290,198	1,290,382
Effect of dilutive potential common stock:		
Remuneration to employees	1,332	-
Weighted average common stock shares used to calculate diluted earnings per share	1,291,530	1,290,382

28. Equity Transactions

Company subsidiary Tackhsin disposed 5% of shares held by subsidiary Pan Asia Chemical Corporation from March to May, 2020, resulting in shareholding ratio change. The above transactions are equity transactions. The Company adjusted the equity transaction difference to the additional paid-in capital and undistributed surplus. See Note 36 of the 2020 Consolidated Financial statement.

29. Capital risk management

Under the premise of capital management for assuring sustainable operation, the Company seeks to maximize return to shareholders through the optimization of debts and equity balance.

The Company capital structure is made up of company net debt (meaning the borrowing minus cash and cash equivalent) and those belonging to company owner’s equity (meaning its capitalization, capital reserve, retained earnings and other equity items).

The Company’s management reviews the capital structure yearly, and the reviews include taking into consideration the cost of capital and the risks associated with each class of capital. The Company based on the suggestions of management has the overall capital structure balanced by paying dividends, issuing new shares, buying back shares and issuing new debts or paying back old debts.

30. Financial instruments

(1) Fair value information- Financial instruments that are not measured at fair value

The management of the Company believes that the carrying amount of financial assets and liabilities not measured by fair values approaches their fair values.

(2) Information on fair value – financial instruments at fair value on repetition.

1. Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Shares traded on the Taiwan Stock Exchange or OTC exchange	$ 8	$ -	-	$ 8
Beneficiary certificates of funds	400,270	-	-	400,270
Financial assets at fair value through other comprehensive profit or loss				
Equity investment				
- Listed stocks – domestic and emerging stock	1,549,130	-	-	1,549,130
- Domestic non-listed (OTC) stocks	-	-	266,264	266,264
- Foreign TSEC/GTSM unlisted shares	-	-	7,865	7,865
Debt instrument				
-Domestic corporate bonds	-	110,000	-	110,000
	$1,949,408	$ 110,000	$ 274,129	$2,333,537

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Shares traded on the Taiwan Stock	$ 189,876	$ -	-	$ 189,876

Exchange or OTC exchange				
Shares traded on foreign exchange or OTC exchange	98,199	-	-	98,199
Beneficiary certificates of funds	312,650	-	-	312,650
Financial assets at fair value through other comprehensive profit or loss				
Equity investment				
- Listed stocks – domestic and emerging stock	1,707,275	-	-	1,707,275
- Domestic non-listed (OTC) stocks	-	-	262,208	262,208
- Foreign TSEC/GTSM unlisted shares	-	-	8,384	8,384
Debt instrument				
- Domestic corporate bonds	-	110,000	-	110,000
	$2,308,000	$ 110,000	$ 270,592	$2,688,592

The transfer between Level 1 and Level 2 fair value did not occur in 2020 and 2019.

2. Reconciliation of financial instruments at Level 3 fair value:

2020

Financial Assets	Financial assets at fair value through other comprehensive profit or loss Equity instruments	Debt instruments	Total
Balance, beginning of year	$ 270,592	$ -	$ 270,592
Recognized in the other comprehensive income (Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss)	2,722	-	2,722
- Purchase	815	-	815
Balance, end of year	$ 274,129	$ -	$ 274,129

2019

Financial Assets	Financial assets at fair value through other comprehensive profit or loss Equity instruments	Debt instruments	Total
Balance, beginning of year	$ 258,959	$ -	$ 258,959
Recognized in the other comprehensive income (Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss)	10,813	-	10,813
- Purchase	820	-	820
Balance, end of year	$ 270,592	$ -	$ 270,592

3. Evaluation techniques and an input value of Level 2 fair value measurement

Categories of financial instruments	Evaluation techniques and input values
Non-derivatives	The bid price in active markets is not taken as fair value.

4. Evaluation techniques and an input value of Level 3 fair value measurement

Categories of financial instruments	Evaluation techniques and input values
Investment equity not listed at TWSE (TPEx)	Market multiple method: The fair value of the subject matter may be evaluated by comparison with the bid price of the stocks in the industry in the active market with liquidity discount ratio taken into account and the corresponding net

value of multiples.

5. The measurement of Level 3 fair value is the sensitivity analysis of the reasonable substituted assumption of fair value

The significant unobservable input value under the market multiple method adopted by the company is the liquidity discount ratio. When the ratio increases, the fair value of the investment decreases. Sensitivity analysis is compiled as follows:

Risk factors	Changes	Effects
Liquidity Discount Ratio	10%	($ 11,346)

(4) Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial Assets		
Measured at fair values through profit and/or loss		
Measured at fair value through income under compulsion	$ 400,278	$ 600,725
Financial assets on the basis of cost after amortization (Note 1)	2,643,665	3,956,805
Financial assets at fair value through other comprehensive profit or loss		
Equity investment	1,823,259	1,977,867
Debt instrument	110,000	110,000
Financial Liabilities		
Measured at cost after amortization (Note 2)	11,544,470	14,474,091

Note 1: The balance includes cash and cash equivalent, notes receivable, accounts receivable, other receivables (excluding tax rebates receivable), withheld guarantee (classified as other asset in the account) and restricted asset – liquid (classified as other liquid asset in the account) and related financial assets measured by cost.

Note 2: The balances included short-term loans, short-term bills payable, notes payable, accounts payable, other payables, long-term loans and such financial liabilities measured at post-amortization costs.

(3) Purpose and policy of financial risk management

The main financial tools of the Company include equity and debt investments, accounts receivable, other receivables, accounts payable, loans and other payables. The Company’s financial management department shall provide services to each business unit, to plan and coordinate operations in the domestic financial markets, and to monitor and manage the Company’s operation-related financial risks with the internal risk report, with the risk exposure analyzed in accordance with the degree and breadth of risks. The risks include market risk, credit risk and liquidity risk.

1. Market risk

The Company’s operating activities subjecting the Company to shoulder key financial risks being the foreign exchange rate fluctuation risk, interest rate fluctuation risk and equity securities pricing fluctuation risk.

The exposure of market risk of the financial instruments of the Company and the management and measurement of this risk remained unchanged.

(1) Exchange rate risk

The Company incurs exchange rate fluctuation exposure for engaging in foreign currency-priced sales transactions. Approximately 42% of the Company’s sales amount is priced by nonfunctional currency. The Company’s exchange rate exposure management is within the permitted scope of the policies and with the use of forward foreign exchange contract to manage risk.

Sensitivity analysis

The Company is mainly affected by the changes in the exchange rate of USD.

The Branch’s sensitivity analysis for the exchange rate of NT dollar (the functional currency) to each relevant foreign currency increased or decreased by 3% is detailed as follows. The 3% sensitivity rate is used for the Branch’s reporting exchange rate risk to management; also, it is management's reasonable estimation of the possible fluctuation in exchange rates.

The sensitivity analysis includes only the outstanding foreign currency monetary items; also, the translation at yearend is adjusted with the change in exchange rate by 3%. The positive figures in the below table indicate that when various relevant currencies devaluating at 3%, which will affect the pretax net earnings' amount; when NTD appreciating by 3% to various relevant currencies, its impact to the pretax net earnings will be at the same amount but in a negative figure.

	The impact of the U.S. dollar	
	2020	2019
Profit and loss	$ 19,145	$ 33,000

(2) Interest rate risk

Interest rate risk exposure is due to the Company borrowing funds at floating interest rates.

The carrying amount of financial assets and liabilities of the Company under interest rate exposure on balance sheet date is as follows:

	December 31, 2020	December 31, 2019
With fair value interest rate risk		
- Financial Assets	$ 132,070	$ 110,901
- Financial Liabilities	5,062,513	7,089,298
Contain cash flow interest rate risk		
- Financial Assets	110,000	110,000
- Financial Liabilities	5,446,812	6,017,823

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the derivative and non-derivative instruments on the balance sheet date. For liabilities with floating rate, it is analyzed by assuming the liabilities on the balance sheet date are outstanding throughout the reporting period. The fluctuation rate used on the interest rate in company internal report to key management level is at the interest rate plus or minus 100 base points, which also represents company management's assessment on rational probable fluctuation range on the interest rate.

If the interest rate increasing/decreasing by 100 base points, and under the circumstance that all other variables remain unchanged, the Company's pretax net earnings in 2020 and 2019 will also be decreased/increased by NT$05,105 thousand and NT$131,088 thousand.

(3) Other price oriented risks.

The Company has incurred equity pricing exposure for investing in OTC equity securities investment and beneficiary certificates. The equity investments (except for financial assets at fair value through profit or loss) are not held for trading and are considered strategic. The Company has not actively traded such investments. The Company's equity pricing risk primarily concentrates on equity instructions at Taiwan Stock Exchange.

Sensitivity analysis

The below listed sensitivity analysis has been sought by equity pricing exposure on the balance sheet date.

If equity prices rise/fall by 15%, pre-tax profits/losses of the Company in 2020 and 2019 will increase/decrease by NT$ 60,046,000 and NT$ 88,801,000, while equity will increase/decrease by NT$ 232,370,000 and NT$ 255,354,000, respectively.

2. Credit risk

Credit risk refers to the risk that the customer or counter party delays the contractual obligation resulting in the financial loss of the Company. As of the balance sheet date, the

Company’s maximum credit risk exposure of financial loss due to the counterparty’s failure in fulfilling contractual obligations is mainly derived from the book value of the financial assets recognized on the individual balance sheet.

To mitigate the credit risk, the Company management has assigned designated personnel responsible for determining the line of credit cap, loan approval and adopting other adequate monitoring procedure, through which to ascertain that adequate action has been taken on recalling overdue receivables. In addition, the Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Under the circumstance, the Company’s management believes that the Company’s credit risk is significantly reduced.

The Company continues to assess the financial condition of the customers of accounts receivable.

Except for the major customer Company A of the consolidated company, the Company does not have a significant credit exposure to any single counterparty or any group counterparty with similar characteristics. When the counterparty is an affiliated company, the Company has it defined as a counterparty with similar characteristics. State of credit risk concentration on Company A in 2020 and 2019 are at 5% and 4% respectively to the total monetary-based assets; state of other transaction opponents’ credit risk concentration in 2020 and 2019 are at 25% and 37% to the total monetary-based assets respectively.

3. Liquidity risk

The Company has supported the Group’s business operation and mitigated the impact of changes in cash flow by managing and maintaining sufficient cash and cash equivalent position. The Company's management monitors the use of banking facilities and ensures the compliance of loan agreement.

Bank loan is a main source of liquidity to the Company. Please refer to Note (2) “introduction of financing quota” for the Company’s unused financial quota as of December 31, 2020 and 2019.

(1) Liquidity risk table for non-derivative financial liabilities

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the consolidated company’s undiscounted cash flow of financial liabilities on the possible earliest repayment date upon request. The following table shows the earliest times that the Company may be demanded to make immediate repayment of bank loans, without considering the likelihood of such demands. Maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment date.

December 31, 2020

	0~ 30 days	31~ 90 days	91~180 days	181 days to 1 year	More than 1 year	Total
Non-derivative financial liabilities						
Shot-term borrowings	$ 302,939	$1,559,324	$ -	$2,451,426	$ -	$4,313,689
Short-term notes payable	100,000	650,000	-	-	-	750,000
Long-term borrowings	-	617,685	1,647,685	312,868	2,868,574	5,446,812
Payables	926,997	49,612	43,836	14,700	-	1,035,145
Deposits received	-	-	-	-	2,861	2,861
Lease liabilities	1,087	2,174	3,099	3,808	2,761	12,929

December 31, 2019

	0~ 30 days	31~ 90 days	91~180 days	181 days to 1 year	More than 1 year	Total
Non-derivative financial liabilities						
Shot-term borrowings	$ 751,157	$ 2,297,475	$ 1,370,955	$ 2,021,426	$ -	$ 6,441,013
Short-term notes payable	350,000	150,000	150,000	-	-	650,000
Long-term borrowings	-	342,368	234,035	1,515,103	3,926,318	6,017,823
Payables	1,197,763	100,053	54,454	14,700	-	1,366,970
Deposits received	-	-	-	-	3,694	3,694

Lease liabilities	1,093	2,185	3,125	5,809	8,648	20,860

(2) Financing amount

	December 31, 2020	December 31, 2019
Bank loan amount (renewal must be with the mutual agreement)		
- The loan quota used	$ 10,509,325	$ 13,107,121
- The loan quota not yet used	6,895,931	3,809,770
	$ 17,405,256	$ 16,916,891

31. Transactions with related parties

(1) Name and affilation of related parties

Name	Affiliation
Taichung Commercial Bank	Subsidiary of the Company
Pan Asia Chemical Corporation	Subsidiary of the Company
Deh Hsing Investment Co., Ltd.	Subsidiary of the Company
Taichung Securities Investment Trust Co., Ltd.	Subsidiary of the Company
Chou Chin Industrial Co., Ltd.	Subsidiary of the Company
EUREKA INVESTMENT COMPANY LIMITED	Subsidiary of the Company
Melasse	Subsidiary of the Company
Xiang-Feng Development	Indirect subsidiary of the Company
Tou-Ming Industry	Indirect subsidiary of the Company
Jin-Bang-Ge Industry	Indirect subsidiary of the Company
IOLITE COMPANY LTD.	Indirect subsidiary of the Company
Precious Wealth International Limited	Indirect subsidiary of the Company
Hammock (Hong Kong) Company Limited	Indirect subsidiary of the Company
Hebei Hanoshi Contact Lens Co., Ltd.	Indirect subsidiary of the Company
Taichung Bank Insurance Agency Co., Ltd.	Indirect subsidiary of the Company
Taichung Commercial Bank Lease Enterprise	Indirect subsidiary of the Company
Taichung Commercial Bank Securities Co., Ltd.	Indirect subsidiary of the Company
TCCBL Co., Ltd.	Indirect subsidiary of the Company
Taichung Commercial Bank Lease Enterprise (Suzhou) Ltd	Indirect subsidiary of the Company
Taichung Bank Venture Capital Co., Ltd.	Indirect subsidiary of the Company
GREENWORLD FOOD CO., LTD.	Indirect subsidiary of the Company
Chou Chang Corporation	Indirect subsidiary of the Company
Bomy Enterprise	Indirect subsidiary of the Company
Bomy Shanghai	Indirect subsidiary of the Company
Pan-Feng Industry	Indirect subsidiary of the Company
Yuju Universal Corporation	Indirect subsidiary of the Company
Noble House Glory	Indirect subsidiary of the Company
Shanghai Bangyi International Trading Co., Ltd.	Indirect subsidiary of the Company
Shanghai Bomy Consultancy Management Co., Ltd.	Indirect subsidiary of the Company
Chung Chien Investment Co., Ltd.	Investors with control
Pan Asia Investment Co., Ltd.	Investors with control
Nan Chung Petrochemical Corp.	Affiliated enterprises
Wei-Kang International	Affiliated enterprises
Storm Model Management	Affiliated enterprises
FunTeam Industrial CO., LTD	Affiliated enterprises
BONWELL PRAISE Co., Ltd	Affiliated enterprises
Qian Teng PR Planning (Shanghai), Co., Ltd.	Affiliated enterprises
Shanghai Nianjia Cultural Diffusion Co., Ltd.	Affiliated enterprises
Hua Nan Financial Holding	Substantial related party
Hua Nan Bank	Substantial related party
Hua Nan Insurance	Substantial related party
Hsu Tian Investment Co., Ltd	Substantial related party
TAIWAN FILAMENT WEAVING DEVELOPMENT	Substantial related party

Name	Affiliation
CO., LTD.	
TA YI DEVELOPMENT CO., LTD.	Substantial related party
Midea	Substantial related party
Formosa Imperial Wineseller Corp.	Substantial related party
Formosawine Vintners Corporation	Substantial related party
Da Fa Investment Company	Substantial related party
Sheng Jen Knitted Textiles Co., Ltd.	Substantial related party
Reliance Consolidated Securities Co., Ltd.	Substantial related party
Wang Wan Chin Education Foundation	Substantial related party
Sheng Yuan Cher Investment Company	Substantial related party
Chao-Qing Investment	Substantial related party
Peng Hsu Investment Company	Substantial related party
General Pride Enterprise Co., Ltd.	Substantial related party
Shield Bright Investment Limited	Substantial related party

(2) Important transactions between the Company and related parties:

Except as disclosed in other notes, transactions between the Companies and related parties, are also as follows:

1. Sale

Name	2020	2019
Pan Asia Chemical Corporation	$ 632,507	$ 836,909

(1) The terms and conditions of the Company's sale to said related parties are as same as that to the general customers, other than some sales which no similar sales may be comparable to. The general customers apply the A/R settlement from 1 month~2 months.

(2) The Company's sales to Pan Asia Chemical Corporation primarily refer to the eto ethylene oxide and nonylphenol produced by the Company's Kaohsiung Plant.

(3) The Company entered into the sale contract for the eto ethylene oxide, which is outlined as following:

A. Contract period: from July 1, 2015 to June 30, 2021, subject to renegotiation upon expiry.

B. Quantity: To be supplied based on the scheduled quantity requested by Pan Asia Chemical Corporation, provided that the Company may adjust the quantity subject to its production.

C. Purchasing price: to be settled based on the pricing method agreed by both parties.

2. Purchase

Name	2020	2019
Nan Chung Petrochemical Corp.	$ 2,053,199	$ 3,361,822
Pan Asia Chemical Corporation	3,424	4,050
	$ 2,056,623	$ 3,365,872

The terms and conditions of the Company's purchase from said related parties are as same as that to the general suppliers. The general suppliers apply the A/R settlement 1 month~2 months.

3. Bank deposits and interest revenue

	2020		2019	
Name	Balance - ending	Interest revenue	Balance - ending	Interest revenue
Hua Nan Bank	$ 88,304	$ 35	$ 132,779	$ 115
Taichung Commercial Bank	83,726	4,382	67,328	4,591

$172,030	$ 4,417	$ 200,107	$ 4,706

4. Receivable (payable) accounts from related parties

Name	December 31, 2020	December 31, 2019
Accounts receivable		
Pan Asia Chemical Corporation	$ 96,470	$ 170,057
Payable accounts and notes		
Nan Chung Petrochemical Corp.	$ -	$ 307,149
Other payables		
Substantial related party	$ 11	$ -
Subsidiaries	64	-
	$ 75	$ -
Other receivables		
Subsidiaries	$ 461	$ 463

5. Rental revenue

Name	2020	2019
Pan Asia Chemical Corporation	$ 3,187	$ 3,187
Others	227	227
	$ 3,414	$ 3,414

The rental was negotiated and agreed based on the rental prevailing in the neighborhood, and payable per month.

6. Other income

Name	2020	2019
Hua Nan Bank	$ 8,984	$ 8,197
Pan Asia Chemical Corporation	3,847	3,590
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.	96	96
Chou Chin Industrial Co., Ltd.	240	-
	$ 13,167	$ 11,883

The Company’s 2020 and 2019 other income from Hua Nan Commercial Bank Company pertains to the Company serving as Hua Nan Commercial Bank Co.’s institutional director has received of director/auditor remuneration and director/auditor attendance travel expense income.

7. Pre-paid expenses

Name	2020	2019
Substantial related party	$ 1,083	$ 875

(3) Tenancy agreement

Name	2020	2019
Interest expenses		
Pan Asia Chemical Corporation	$ 8	$ 14

Name	2020	2019

(4) Remuneration to the management

	2020	2019
Short-term employee benefits	$ 16,611	$ 17,540
Retirement benefits	393	469
	$ 17,004	$ 18,009

The salaries and remunerations to directors and other key management were determined by the Salary Committee in accordance with the personal performances and trends in the markets:

(5) Other related party transaction

1. The Company participated in in the cash capital increase of Taichung Commercial Bank in 2020. The new investment in the amount of NT$446,524,000. The shareholding ratio decreased from 22.29% to 22% due to failure to subscribe according to the shareholding ratio.
2. The Company has in 2019 participated in De Hsing Investment Co.'s cash reinvestment, by newly investing in 20,000,000 shares, with investment cost at $200,000 thousand, and with the shareholding percentage remains unchanged.

32. Pledged assets

The details of the Company pledging its assets as bank loan's mortgaging collateral, import duty guarantee payment, guarantee for hiring foreign workers is as follows (shown by book value):

	December 31, 2020	December 31, 2019
Restricted assets-current-pledged time deposit	$ 132,070	$ 110,901
Common share investment (financial asset classified in the account as other general loss or gain, measured by fair value – nonliquid)	289,451	272,006
Investment under the equity method	5,027,646	5,170,525
Nonliquid asset pending for sale – Yunlin Textile Industrial Zone land	-	769,610
Investment in real estate-Land of Yunlin Spinning Industiral Park	34,943	34,943
Investment-based real estate – the land and building at Erchungpu Section, Sanchung District	704,376	704,376
Property, plant and equipment- Land	2,863,895	2,863,895
Real estate, plant and equipment – property and building	337,280	355,395

The fund and investment-common stock furnished as security is stated as following:

	December 31, 2020	December 31, 2019
The financial assets measured for the fair values through other comprehensive income- non-current -Hua Nan Financial Holding	1,148 thousand shares	1,148 thousand shares
The financial assets measured for the fair values through other comprehensive income- non-current -Taiwan Tea Corporation	15,000 thousand shares	15,000 thousand shares
Investment adopting the equity method – Nan Chung Petrochemical Corp.	10,000 thousand shares	10,000 thousand shares
Investment adopting the equity method – Taichung Commercial Bank Company, Limited	355,400 thousand shares	364,400 thousand shares

33. Significant contingent liabilities and unrecognized contractual commitments

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

(1) The guarantee notes already issued by the Company are stated as following:

	December 31, 2020	December 31, 2019
Banking facility	$ 15,551,230	$ 18,027,828
Advance payment and performance bond	320,000	320,000

	$ 15,871,230	$ 18,347,828

(2) As of December 31, 2020 and 2019, the Company has issued but not used of letters of credit are at $1,339,77 thousand and $2,411,172 thousand, respectively.

(3) The Company and Air Liquide Company have signed of gas purchasing contract, where the contract specifies a minimum purchasing volume for oxygen and nitrogen, with purchasing price, besides at monthly cost of approximately $13,800 thousand, which is subject to adjustment per wholesale price index in April every year, and is calculated at the contract price on oxygen and nitrogen purchasing volumes, with said purchasing contract period set to 240 months, and will be automatically extended for 36 months at contract expiry if the two parties made no contest, and if the contract needs to be terminated, a 24-month advance notice is required, with the two parties determining said contract's starting date as July 1, 2014.

(4) O-Bank and Yuanta Bank filed a litigation in February and November, 2020 by reason of several employees receiving the aforementioned bank's assignment of claim notice and serving as the contact window in cooperation with the New Site Industries Inc., resulting in bank clerks' error and mistakenly believing the Company, Yijinyang Industries Co., Ltd., and New Brite Industries Inc. incurred transactions and continuing to lend and allocate funds, and claiming the Company and employees shall be jointly and severally liable for compensation. The Company has commissioned a defense attorney to represent the Company in this lawsuit. Based on the lawyer's opinion, this case subjectively possesses no external form of duties performed by employed persons. After the trial, the court deemed the bank's entitlement to seeking compensation from the Company. If the bank is at fault shall also be determined, which will reduce or exempt the Company from compensation liability (i.e. the compensation amount). The Company has provisioned for liability reserve for the pending litigation. See Note 22.

34. Other information

The Company has been affected by the COVID-19 global pandemic. The downstream demand in the textile industry slowed down drastically, and Sinopec Group's capacity increased significantly in 2020, resulting in the adjustment of ethylene glycol production depending on market conditions and a decrease in sales revenues in 2020 compared to the same period in the previous year.

In coping with the impact of the pandemic, the Company has adjusted its operational strategies and has implemented strict control on inventory. In terms of raw materials, procurements are made based on order demand quantity, while the safe stock is reduced. In addition, production is scheduled based on actual orders placed by customers or agents, thereby reducing finished product stock and timely adjusting price strategies to achieve balanced production and sales. Furthermore, the Company plans to actively differentiate products on some production lines to increase revenues and profits. This is to avoid the price disadvantages of bulk specifications and competition from China and ASEAN countries. Meanwhile, impacts brought about by oil price fluctuations are reduced, including planned exports to make up for impacts arising from short-term domestic work suspension.

In view of the above, the Company shall evaluate the business and financial aspects have not been subject to major impacts. In addition to the above-mentioned measures, the Company shall continue to evaluate its ability to continue operating and possible effects arising from impairment of assets and funding risks.

35. Information about foreign exchange of foreign currency financial assets and liabilities:

The information about foreign currency financial assets and liabilities rendering material effect on the Company:

December 31, 2020

	Foreign Currency	Foreign Exchange Rate	Book Value
Financial Assets			
Monetary Items			
USD	$ 40,491	28.48	$ 1,153,193
EURO	2,266	35.02	79,369
JPY	44,695	0.28	12,349
Financial Liabilities			

	Foreign Currency	Foreign Exchange Rate	Book Value
Monetary Items			
USD	61	28.48	1,745

December 31, 2019

	Foreign Currency	Foreign Exchange Rate	Book Value
Financial Assets			
Monetary Items			
USD	$ 84,739	29.98	$ 2,540,463
EURO	1,113	33.59	37,386
JPY	41,611	0.28	11,485
Financial Liabilities			
Monetary Items			
USD	2,240	29.98	67,140

The merged company's 2020 and 2019 foreign currency exchange loss or gain (loss) (including realized and unrealized) is at (NT$60,496) thousand and (NT$32,300) thousand respectively, and since the foreign currency transaction types are innumerable, thus it is unable to disclose the impact of loss or gain by foreign currency type.

36. Disclosures

(1) Material transactions and (2) transfer investment information:

1. Loans to others. Refer to page 244 for detail)
2. Endorsements/guarantees to others. Refer to page 246 for detail)
3. Marketable securities – ending. (Refer to pp.247-2509 for detail)
4. Cumulative amount of the same marketable securities purchased or sold reaching NT$300 million or more than 20% of the Paid-in sharescapital. Refer to page 250 for detail)
5. Acquisition amount of real estate reaching NT$300 million or more than 20% of the Paid-in sharescapital. (None)
6. Disposal of real estate reaching NT$300 million or more than 20% of the Paid-in sharescapital. Refer to page 251 for detail)
7. Amount on purchase from and sale to related parties reaching 100 million NTD or more than 20% of the Paid-in capital. Refer to page 251 for detail)
8. Accounts receivable-related party reaching NT$100 million or more than 20% of the Paid-in capital. Refer to page 251 for detail)
9. Transactions in engaging in derivative financial instruments. (None)
10. Investee information. (Refer to pp.253-255 for detail)
11. Main Shareholders Information (See page 255 for details)

(2) Information about investment in Mainland China:

1. Invested company's name, business operations, paid-in capital, investment method, capital inward or outward, shareholding ratio, investment gains and losses, investment yearend book value, investment income and loss inward, and investment limits in Mainland China. (Refer to pp.253-255 for detail)
2. The following significant transactions and their price, payment terms and unrealized gains and losses with the invested company in Mainland China through third regions directly or indirectly: (None)
   (1) Input amounts, percentages, balance, & percentages of relevant payable at end of the term: (None).
   (2) Sale amounts, percentages, balance, & percentages of Accounts receivable at end of the term: (None).
   (3) Amount of property transaction and amount of the profit and/or loss so incurred: (None).
   (4) Balance and purposes of endorsements/guarantees or collateral provided at end of the term: (please see page 244).

(5) The highest balance of fund financing balance at end of the term, range of interest rates and total amount of interest in the current term: (None).

(6) Other transactions having significant effect upon profit and/or loss or financial standing of the current term, e.g., provision or acceptance of services: (None).

VI. State of the Company and its affiliated enterprise's financial turnover for the most recent year and up to the yearly reporting printing date: None.

Seven. Review of financial status, business performance, and risk management issues

I. Financing status (extra-industry combined information)

Table of Comparative Analysis of Financial Conditions

Unit: NTD thousand

Year / Item	2019	2020	Variation	
			Amount	%
Current assets	538,261,854	573,571,299	35,309,445	6.56%
Fund and investment	144,001,844	157,764,186	13,762,342	9.56%
Property, plant and equipment	23,585,296	23,932,395	347,099	1.47%
Investment property	1,464,708	2,165,712	701,004	47.86%
Intangible assets	181,823	246,491	64,668	35.57%
Other assets	4,408,711	5,410,983	1,002,272	22.73%
Total assets	711,904,236	763,091,066	51,186,830	7.19%
Current liabilities	631,868,016	678,322,996	46,454,980	7.35%
Long term liabilities	5,450,168	4,114,374	(1,335,794)	(24.51%)
Other liabilities	13,983,646	14,253,545	269,899	1.93%
Total liabilities	651,301,830	696,690,915	45,389,085	6.97%
Capital stock	16,213,672	16,213,672	0	0.00%
Capital surplus	1,710,808	1,663,531	(47,277)	(2.76%)
Retained earnings	5,012,171	5,921,888	909,717	18.15%
Other items	(932,888)	(801,081)	131,807	(14.13%)
Non-controlling interest	38,598,643	43,402,141	4,803,498	12.44%
Total equity	60,602,406	66,400,151	5,797,745	9.57%

Note: the most recent two years' increase/decrease exceeds 20%:

1. Increased investment real estate: Mainly the parent company's (China Man-Made fiber Corporation) construction and purchase of real estate properties.
2. Increased intangible assets: Mainly the subsidiary's (Taichung Commercial Bank Co., Ltd.) increased computer software.
3. Increased other assets: Mainly the subsidiary's (Taichung Commercial Bank Co., Ltd.) refundable deposits, collection of underwriting shares, and pending payments.
4. Decreased long-term liabilities: Mainly the parent company's (China Man-Made Fiber Corporation) repayment of long-term borrowing.

II. Financial performance (extra-industry combined information)

(I) Financial performance comparison analysis table

Unit: NTD thousand

Year Item	2019	2020	Increase (decrease)	Variation %
Income	35,732,022	30,816,399	(4,915,623)	(13.76%)
Expenses	(32,615,940)	(25,895,694)	(6,720,246)	(20.60%)
Income before tax from continuing operations	3,116,082	4,920,705	1,804,623	57.91%
Income tax (expenses) gains	(535,258)	(871,997)	336,739	62.91%
Net profit after tax from continuing operations	2,580,824	4,048,708	1,467,884	56.88%
Net profit attributable to parent company	(729,764)	942,047	1,671,811	229.09%
Net profit attributable to non-controlling interest	3,310,588	3,106,661	(203,927)	(6.16%)
Earnings per share	(0.57)	0.73	1.3	228.07%

Description on the most recent two year's fluctuation of an increase or decrease exceeding 20%:

Decreased expenditures: Mainly the parent company's China Man-Made Fiber Corporation decreased cost of goods sold.

The pre-tax profit, the income tax expenses, the profit after tax, and the net profit from continuing operations are attributed to the parent company owner. The earning per shar also increased compared to the previous period, mainly because the parent company (China Man-Made Fiber Corporation) profited from land sold.

(II) The basis for anticipating the future one year's sales volume, the probable impact to company future finance operation and the response plan: the merged company's ethylene glycol, ethylene oxide, surface active agent and related products would take into consideration the overall operating strategy by allocating a most suitable production volume on various products, through which to create the best profitability.

III. Cash flow (Different industry merger information)

Unit: NTD thousand

Balance of cash and cash equivalents, beginning of period	Net cash flow from operating activities for the year	Annual cash and cash equivalent inflows	Cash and cash equivalents at the end of the period	Remediation measures against expected cash flow deficit	
				Investment plans	Finance plans
41,526,021	23,747,927	7,699,326	49,225,347	Not applicable	Not applicable

(I) Changes of cash flow in current year analysis:

1. Operating activities: derived from operating activity net cash inflow at NT$23,747,927 thousand, which primarily stems from a increase in deposits and remittances amount.
2. Investment activities: Cash outflow of NT$ 14,930,409,000 generated by investment activities can mainly be attributed to acquisition of financial assets

measured at fair value through other comprehensive income (FVTOCI).

3. Fundraising activity: fundraising activity has generated of the cash outflow is at NT$1,019,637 thousand, which primarily stems from retirement long-term borrowings.

(II) Responsive measures and liquidity analysis on cash flow deficits: not applicable.

(III) Liquidity analysis for the next year:

Unit: NTD thousand

Balance of cash and cash equivalents, beginning of period	Expected net cash flow from operating activities for the year	Expectant full year cash and cash equivalent outflow volume	Expectant period ending cash and cash equivalent amount	Remediation measures against expected cash flow deficit	
				Investment plans	Finance plans
49,225,347	21,050,625	6,675,100	47,615,650	Not applicable	Not applicable

IV. Impact of major capital expenditures on financial operations in the most recent fiscal year: Capital expenditures of the Company amounting to NT$ 680 million in 2020 had no significant impact on financial operations of the Company. Expenditures were mainly generated by equipment improvement and replacement, the purchase of land in the Xiaogang District, Kaohsiung, and the Sanchong urban renewal project.

V. The most recent year's reinvestment plan, the main cause of its profitability or deficit, improvement plan and the future one year's investment plan: of the Company's 2020 investments adopting the equity method, the investment in its affiliated enterprise Nan Chung Petrochemical Corp. recognizes a losses of NT$49,248 thousand, in addition to investment in financial asset gain measured by fair value at NT$24,814 thousand.

VI. Risk disclosure

(I) The impact of changes in interest rate, exchange rate, and inflation on the Company's profit or loss in recent years, and future response measures.

1. Describe the impact of the most recent two year's exchange loss and interest receipt/expenditure status to company loss or gain: (Different industry merger information)

Item	2019	2020
Exchange gain (loss) (A)	200,438	231,314
Interest receipt (expenditure)(B)	8,170,105	8,109,339
Operating revenue (C)	35,732,022	30,816,399
A/C	0.56%	0.75%
B/C	22.86%	26.32%

2. The impact of the most recent year's inflation to company loss or gain: to judge by 2020's consumer wholesale price index's yearly increase ratio, there is no inflation issue, and has no impact to company loss or gain.

3. The Company's tangible measures for countering exchange rate fluctuation, interest rate fluctuation and inflation:

The Company's export market revenue accounts for a certain ratio in its revenue, and export payments are also largely in USD, thus exchange rate fluctuations bear a certain impact to company loss or gain. In response to exchange rate fluctuations, adequate exchange rate hedging financial products are used, under a conservation principle, i.e. buying/selling longer-term foreign exchange and related maneuvers to adequate hedge against exchange rate fluctuation risk.

The merged company has hold of floating interest rate asset and the floating interest rate debt it sustains may see market interest rate fluctuation to create fluctuation risk on said asset and liability, and upon assessing it, the merged company controls the liquidity gap in its practical implementation of the operation, through which to mitigate the risk arisen form interest rate fluctuations.

(II) The policy of engaging in high-risk, highly leveraged investments, loaning of funds, endorsements and guarantee, and derivatives trading, the main reason for profit or loss, and future response measures:

1. Engaging in high risk, high leverage investment: nil.
2. Lending to others and endorsement and guarantee:
   (1) Information on capital lending to others
   To step up the finance management in rendering endorsement guarantee and mitigating the operating risk, the procedure has been formulated in accordance with the “public listed companies’ capital lending and endorsement guarantee processing criteria”.
   (2) Information on endorsement guarantee for others

Unit: NTD thousand

Name of Endorser/Guarantor	Endorsed/Guaranteed		Maximum balance in current period
	Company name	Affiliation	
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Subsidiary of Chou Chin Industrial Co., Ltd.	15,000
Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd.	A subsidiary of Taichung Commercial Bank Company, Limited	942,289
Taichung Commercial Bank Lease Enterprise	Taichung Commercial Bank Leasing (Suzhou) Ltd.	A subsidiary of Taichung Commercial Bank Company, Limited	2,124,584

3. Derivative transactions:
   Which pertains to engaging in derivative product trading per the Company-defined “engaging in derivative product trading processing procedure”.
   The derivative instruments signed by the consolidated company include forward foreign exchange contracts, currency swap contracts, and convertible bond asset swap contracts that are used to manage the interest rate and exchange rate risk of the consolidated company.

(III) The most recent year’s research and development plan, the current progress of the incomplete R&D plan, expectant mass production completion time needing to inject further R&D expenditure, major reasons affecting the R&D success in the future: the Company products belong to a mature industry, hence there are no major R&D expenditures.

(IV) The most recent year's critical local, foreign policy and legal changes to the Company finance's impact and countermeasures: the Company has all adopted adequate countermeasures in response to critical local/foreign policy and legal changes, which bear no critical impact to company finance operations.

(V) The impact of the most recent year's technological change to the Company finance operations and the countermeasures: in the most recent year, the Company industry has not had any major industry change, thus it bears no impact to company finance operations.

(VI) The impact of the most recent year's enterprise image change to the Company's crisis management and the countermeasures: the Company management has always emphasized on a good corporate image, solid management, and there has not been any major change in recent years, thus bears no impact to its enterprise crisis management, as the Company would continue to uphold the principle to achieve a sustainable management.

(VII) Expected result and possible risks of mergers and acquisitions and Counter assessments: None.

(VIII)The expected benefits from plant expansion, the potential risks associated, and the responsive measures: None.

(IX) The risk confronting the incoming goods or good sold and the countermeasures: upon assessing it, the risk is flow, but the Company would continue to step up the collaboration relations as the countermeasure.

(X) The risks and impacts of significant shareholding transfers by directors, supervisors, or major shareholders with more than 10% ownership interest, and the responsive measures to such risks: None.

(XI) The effects, risks and responsive measures associated with changes in management: not applicable.

(XII) Litigation and non-contentious cases:

1. Shan Hung Construction's project payout dispute case, which has yet created a critical impact to company finance operations.
2. O-Bank and Yuanta Bank filed a joint and several liability litigation against the Company in February and November, 2020 following the New Site Industries Inc. case. The Company has appointed a lawyer to defend by law. The attorney argues that this case does not objectively involve performance of duties by employees and that the Company should therefore bear no joint and several liability with regard to this case. However, the court believes after hearing the case that the bank is entitled to request compensation from the Company, but it should also consider negligence on the part of the bank, which could result in the reduction or exemption of the liability to compensation thereby affecting the compensation amount payable by the Company. The Company has provisioned liabilities in the amount of $64,908,000 for the pending litigation case.

(XIII)Other important risks and response measures: None

VII. Other important disclosures: none

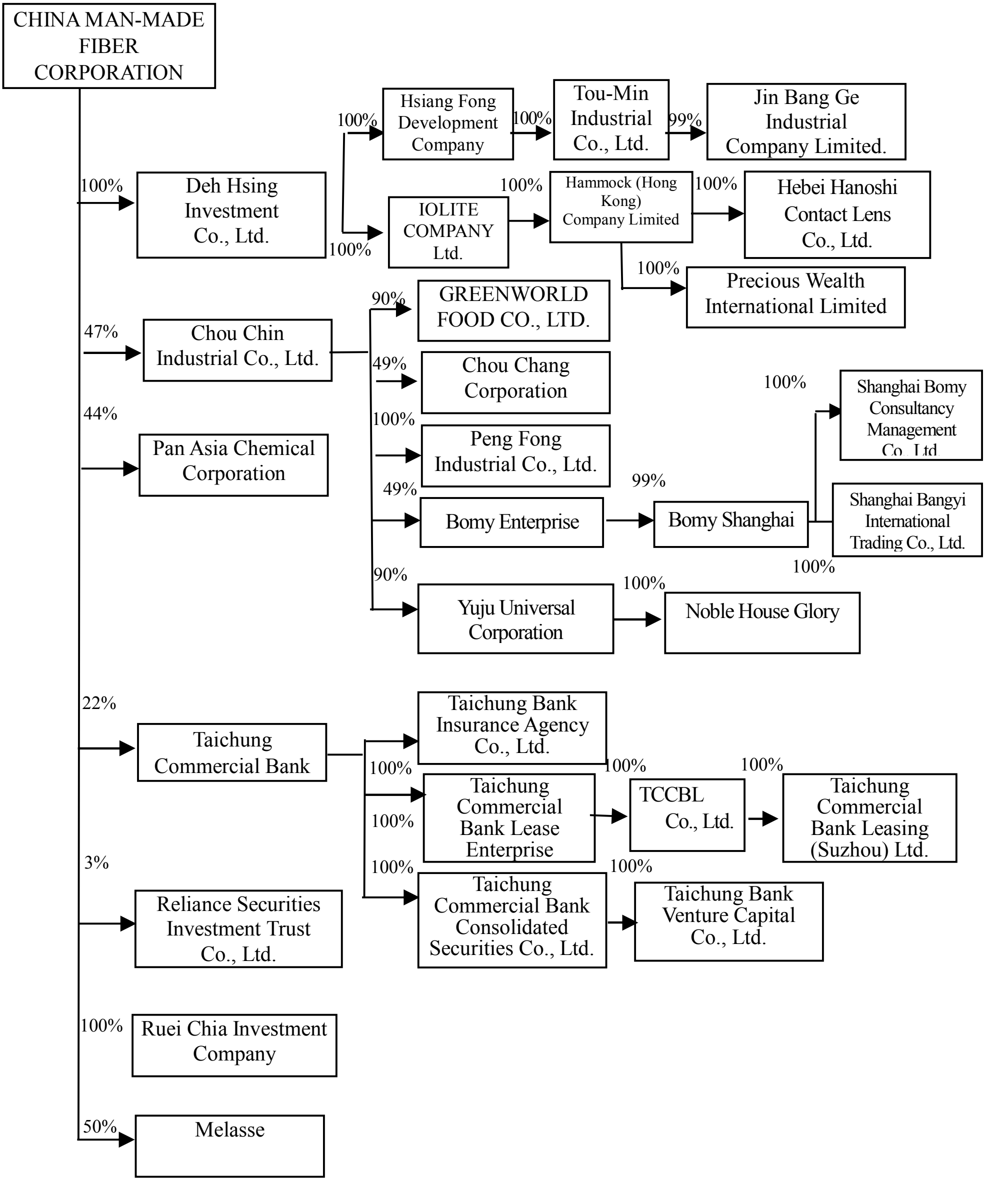
Eight. Special remarks

I. Affiliated companies

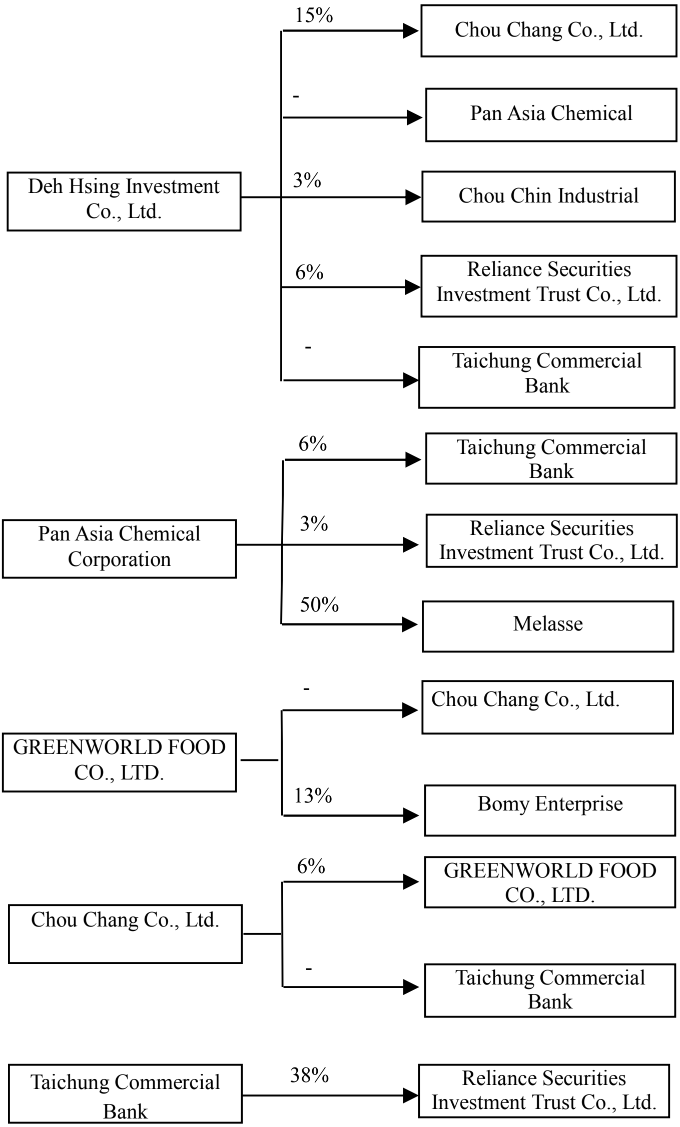
(I) Affiliates consolidated business report

1. Organization chart for affiliates:

(1) The controlling Company and subsidiary companies:



(2) Cross-investment: None.
(3) Subsidiaries and subsidiaries:



2. Basic information of affiliated enterprises Unit: NTD thousand / foreign currency thousand

Name of enterprise	Date of establishment	Address	Paid-in capital	Major operations
Controlling company:				
CHINA MAN-MADE FIBER CORPORATION	1955.05.11	No. 8, Jingjian Rd., Dashe Dist., Kaohsiung City 815	$ 16,213,672	The petrochemical industry and construction industry.
Subsidiary companies:				
Deh Hsing Investment Co., Ltd.	1997.02.19	10F, No.50, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City	1,550,000	General investment business.
Chou Chin Industrial Co., Ltd.	1972.12.14	No. 14, Xingye Rd., Fuxing Township, Changhua County	716,881	Manufacturing and trading.
Pan Asia Chemical Corporation	1982.04.06	11F, No.50, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City	3,023,284	Petrochemical business.
Taichung Commercial Bank	1953.08.22	No. 87, Min Chuan Road, West District, Taichung	41,516,943	Banking business as permitted under the Banking Act.
Taichung Securities Investment Trust Co., Ltd.	1995.06.01	4F, No.50, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City	312,000	Securities investment trust business.
GREENWORLD FOOD CO., LTD.	1993.03.06	10F., No. 138, Sec. 2, Hankou Rd., Xitun Dist., Taichung City	195,000	Manufacturing and trading.
Chou Chang Corporation	1994.10.07	9F., No. 138, Sec. 2, Hankou Rd., Xitun Dist., Taichung City	270,600	Manufacturing and trading.
Taichung Bank Insurance Agency Co., Ltd.	2007.09.26	No. 80-4, Ching Hua N. Rd., Peitun Dist., Taichung	1,286,000	Insurance agency .
Taichung Commercial Bank Lease Enterprise	2012.01.13	4F-5, No.50, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City	1,964,630	Financing Leasing.
TCCBL Co., Ltd.	2012.06.13	P.O. Box 957,Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	893,373	Leasing and investments.
Taichung Commercial Bank Leasing (Suzhou) Ltd.	2012.12.11	Room 2, F4, Property Business Plaza, No.158, Wangdun Road, Industrial Park of Suzhou, Jiangsu	893,373	Leasing.
Taichung Commercial Bank Consolidated Securities Co., Ltd.	2013.05.02	1, 2F, No. 45, Min Zu Rd., Central Dist., Taichung	1,404,289	Securities and futures business
Taichung Bank Venture Capital Co., Ltd.	2020.11.10	17F.-4, No. 85,Sec. 1, Jhongsiao E. Rd.,Jhongjheng Dist., Taipei City	210,000	Venture Investment

3. Entities presumed in control-subsidiary relations and information on identical: None.

4. (1) The industries housed in the same business location of the whole Affiliated Enterprises:

   A. The petrochemical industry: primarily pertains to manmade fiber, fiberglass paper, polyamide fiber, polymer fiber, chemical product and its raw materials' manufacturing/processing and sales; ethylene glycol, ethylene oxide, nonyl phenol, ethylene, liquefied petroleum gas and related petrochemical industry products' manufacture and sales; oxygen gas, liquid oxygen, nitrogen gas and related manufacture and sales.

   B. Construction: Commission construction firms to build residential and commercial buildings to be rented or for sale.

   C. The general investment industry: investment and consulting operations to various enterprises

   D. The securities industry: underwriting marketable securities, trading marketable securities at mercantile or over-the-counter trading markets on its own or through appointed trading, marketable securities shareholders' service representation, futures trading facilitator and other competent government authorities-sanctioned pertinent operations.

   E. The manufacturing and trading industry: automated vending machine manufacture and sale,

   F. The securities investment trust industry: issuing beneficiary certificates, soliciting securities investment trust funds, utilizing securities investment trust funds to engage in securities investment operation and accepting the clients' full fiduciary empowerment for investment operation and other competent government authorities-sanctioned pertinent operations.

   G. Commercial bank: Banking business as permitted under the Banking Act.

   H. The leasing industry: offering financing-based leasing and related diversified financial products.

I. The cosmetics and cleaning products manufacturing industry: in compliance with cosmetic, sanitation management act regulations, it operates in the cosmetics manufacturing industry; cleaning rising soaps, rising agents, laundry powder, stain remover and related cleaning products manufacturing industry.

J. The real estate investment industry: Engaged in real estate development, residential, building and other construction investment, construction, rental, etc.

K. The foods manufacturing industry: Canned fruit and vegetable juice, beverage foundry, warehousing and distribution of beverage sales industry.

L. The short-term lodging service industry: The industry that provides room service or holiday accommodation based on day or week.

M. Venture capital industry: provides business operation, management, or consultancy services to invested businesses.

N. Consultancy service industry: enterprise management consultancy, engineering management services, business consultancy, and financial consultancy industries

O. International trade industry: Engages in general merchandise import and export trade.

(2) The division of labor of the business group:

China Manmade Fiber Corp. produces manmade fiber products, such as rayon, fiberglass paper, polyamide fiber, polymer fiber and petrochemical raw materials ethylene glycol, ethylene oxide, nonyl phenol and the like, with its produced nonyl phenol and ethylene oxide supplying to Pan Asia Co., Ltd. for producing a variety of nonionic surface active agent, and to further spread the operating risk, it adopts a diverse management approach, and has thus separately reinvested in De Hsing Investment Co., Ltd., Chou Chin Industrial Co., Ltd., Taichung Commercial Bank Co., Ltd., Taichung Securities Investment Trust, Ruei Jia Investment Co., Ltd. and Melasse Co., Ltd.

Pan Asia Co., Ltd. operates in a variety of nonionic surface active agent's manufacture/processing, sales, import/export/trading operations, yet to spread the risk, has adopted a diverse management approach by reinvesting in Taichung Commercial Bank Co., Ltd.

Taichung Commercial Bank Co., Ltd. starts out in bank operations, Taichung Bank Insurance Agent Co., Ltd. operates in life and property insurance brokering operation, and also develops through Taichung Commercial Bank Co., Ltd.'s branch employees as the distribution system, and to further expand its financial services' diversification and offering quality financial services to its customers, has separately reinvested in founding Taichung Bank Leasing Enterprise Co., Ltd., TCCBL Co., Ltd., Taichung Bank Leasing (Suzhou) Co., Ltd., Taichung Bank Securities Co., Ltd. and Taichung Bank Venture Capital Co., Ltd.

Taichung Bank Leasing Enterprise Co., Ltd. operates in leasing services, offering diverse service items and financial products, including leasing service, installment repayment service, local accounts receivable factoring service, financing-based loan service and the like for the consumers to choose from.

TCCBL Co., Ltd is a foreign holding subsidiary 100% owned by Taichung Commercial Bank Lease Enterprise. Its main business purpose is acting as an investor in Taichung Commercial Bank Leasing (Suzhou) Ltd.; additionally, it also runs leasing operations.

The business purpose of Taichung Commercial Bank Leasing (Suzhou) Ltd. is providing Taiwanese businesses in China leasing and other related services.

Taichung Commercial Bank Consolidated Securities Co., Ltd., is mainly engaged in securities brokerage, proprietary trading of securities, Margin Purchase and Short Sale of marketable securities trading, and futures introducing broker (IB) business.

Taichung Commercial Bank Co., Ltd. Venture Capital Co., Ltd. is the 100% reinvestment company of Taichung Commercial Bank Securities Co., Ltd. It mainly provides business operation, management, or consultancy services to invested businesses.

Through joint marketing efforts between the bank, leasing, insurance brokerage companies and securities ,we can implement well-rounded service to small and medium enterprises, increase the ratio of non-interest revenue, boost our competitiveness, and strengthen our service quality.

Deh Hsing Investment Co., Ltd. is mainly engaged in investment business, and invested in Pan Asia Co., Ltd., Taichung Commercial Bank Co., Ltd., Taichung Securities Investment Trust Co., Ltd., Jiuchang Co., Ltd., Jiujin Industrial Co., Ltd., and Xiangfeng Development Co., Ltd. and IOLITE COMPANY LIMITED.

Shiang Feng Development Co., Ltd. is of De Hsing Investment Co., Ltd.'s 100% reinvested company, which primarily operates in real estate development construction, leasing and related operations, yet to spread the risk, has first reinvested in Transparency Enterprise Co., Ltd., and then have Transparency Co., Ltd. reinvest in Jin Bong Ge Enterprise Co., Ltd.

IOLITE Company Limited is of De Hsing Investment Co., Ltd.'s 100% reinvested offshore venture capital company, which first reinvests in Han No Shih (HK) Co., Ltd., and then have Han No Shih (HK) Co., Ltd. reinvest in Hebei Han No Shih Contact Lens Co., Ltd.

Hebei Han No Shi Contact Lens Co., Ltd. primarily produces and sales on contact lens and related products.

Previous Wealth International Limited is of IOLITE's 100% reinvested company, which primarily operates in the general investment industry.

Chou Chin Industrial Co., Ltd. primarily operates in beverage production/distribution business, yet to disperse the risk, has separately reinvested in Jiou Chang Co., Ltd., Bomy Co., Ltd., Pen Feng Enterprise Co., Ltd., Bomy Int'l Co. and Noble House Glory Corp.

Bomy International Co. Ltd. is of an 49% offshore company reinvested by Chou Chin Industrial Co., Ltd., and which also reinvests a 99% holdings in Shanghai Bomy Foods Co., Ltd.; Shanghai Bomy Foods Co., Ltd. primarily operates in food production operation.

Shanghai Bomy Foodstuff Co., Ltd. is the 99% reinvestment overseas company of Bomy International Co., Ltd. It has 100% reinvestment in Shanghai Bomy Consultancy Management Co., Ltd. and Shanghai Bangyi International Trading Co., Ltd.; Shanghai Bomy Consultancy Management Co., Ltd. mainly engages in consultancy services; Shanghai Bangyi International Trading Co., Ltd. mainly engages in international trade.

Yu Ju Global Co. Ltd. is of Chou Chin Industrial Co., Ltd.'s 90% reinvested offshore company, which also reinvests in Nobel House Glory Corp.; Nobel House Glory Corp. primarily operates in short-term lodging industry.

5. Information on directors, supervisors, and presidents of affiliated enterprises Unit: Thousand Shares

Name of enterprise	Title	Company name or representative	Status of shareholding	
			Quantity	Shareholding
Controlling company: CHINA MAN-MADE FIBER CORPORATION	Chairman	Pan Asia Investment Co., Ltd.	50,379	3.11%
		Representative: Kuei-Hsien Wang	-	-
	Vice Chairman	Chung Chien Investment Co., Ltd.	42,240	2.61%
		Representative: Ming-Shan Chuang	5	-
	Director	Pan Asia Investment Co., Ltd.	50,379	3.11%
		Representative: Kuei-Fong Wang	29	-
		Ming-Hsiung Huang	37	-
	Director	Chung Chien Investment Co., Ltd.	42,240	2.61%
		Representative: Hung-Yang Wu	-	-
		Kuo-Ching Chen	175	0.01%
	Independent director	Te-Wei Li	-	-
		Chih-Ming Shih	-	-
		Li-Yeh Hsu	-	-
	President	Ming-Shan Chuang	5	-
Subsidiary companies: Deh Hsing Investment Co., Ltd.	Chairman	China Man-Made Fiber Corporation	155,000	100.00%
		Representative: Kuei-Hsien Wang	-	-
	Director	China Man-Made Fiber Corporation	155,000	100.00%
		Representative: Po-Nien Lin	-	-
		Hung-Yang Wu	-	-
	Supervisor	China Man-Made Fiber Corporation	155,000	100.00%
		Representative: Jeh-Yi Wang	-	-
Chou Chin Industrial Co., Ltd.	Chairman	Da Fa Investment Co., Ltd.	19,431	27.10%
		Representative: Kuei-Hsien Wang	-	-
	Director	Da Fa Investment Co., Ltd.	19,431	27.10%
		Representative: Kuei-Fong Wang	-	-
		Shun-Tai Lung	-	-
		Ming-Hsiung Huang	-	-
		Hsiao-Chieh Lin	-	-
	Supervisor	Chou Chang Co., Ltd. Representative:	489	0.68%
		Da-Yin Yeh	-	-
		Chien-Rong Gong	-	-
Pan Asia Chemical Corporation	Chairman	Chung Chien Investment Co., Ltd.	15,492	5.12%
		Representative: Kuei-Hsien Wang	-	-
	Director	Sheng Jen Knitting Plant Co., Ltd.	18,748	6.20%
		institutional representatives: Hung-Yang Wu	-	-
		Kuei-Fong Wang	-	-
	Director	Chung Chien Investment Co., Ltd.	15,492	5.12%
		Representative: Jeh-Yi Wang	1	-
	Independent director	Lung-Teng Chen	-	-
		Kuo-Fu Hsiao	-	-
		Kuo-Ming Chang	-	-
	President	Jeh-Yi Wang	1	-

Name of enterprise	Title	Company name or representative	Status of shareholding	
			Quantity	Shareholding
Taichung Commercial Bank	Chairman	Kuei-Fong Wang	457	0.01%
	Managing Director	Representative to Hsu Tian Investment Co., Ltd.:	132,644	3.19%
		Ming-Hsiung Huang	-	-
		Wei-Liang Lin	-	-
	Director	Representative to Hsu Tian Investment Co., Ltd.:	132,644	3.19%
		Hsin-Ching Chang	-	-
		Li-Tzu Lai	34	0.00%
		Yeh Shu Hui	-	-
		Deh-Wei Chia	285	0.01%
		Shi-Yi Chiang	-	-
	Independent director	Li-Wen Lin	-	-
	Independent director	Hsin-Chang Tsai	-	-
	Independent director	Chien-An Shih	-	-
	Independent director	Pi-Ya Chen	-	-
	President	Deh-Wei Chia	285	0.01%
Taichung Bank Insurance Agency Co., Ltd.	Chairman	Taichung Commercial Bank	128,600	100.00%
		Representative: Li-Tzu Lai	-	-
	Director	Taichung Commercial Bank	128,600	100.00%
		Representative:		
		Ming-Jen Hsu	-	-
		Chun-Ying Wang	-	-
		Chien-Hung Lin	-	-
		Shu-Chen Chen	-	-
	Supervisor	Taichung Commercial Bank	128,600	100.00%
		Representative: Chin-Min Liao	-	-
Taichung Commercial Bank Lease Enterprise	Chairman	Taichung Commercial Bank	196,463	100.00%
		Representative: Wei-Liang Lin	-	-
	Director	Taichung Commercial Bank	196,463	100.00%
		Representative:		
		Yi-Yuan Tung	-	-
		Kuo-Ming Lo	-	-
		Yao-Tien Li	-	-
		Kuo-Chun Liu	-	-
	Supervisor	Taichung Commercial Bank	196,463	100.00%
		Representative: Hsin-Ching Chang	-	-
TCCBL Co., Ltd.	Chairman	Taichung Commercial Bank Lease Enterprise	30,000	100.00%
		Representative: Kuo-Ming Lo	-	-
Taichung Commercial Bank Leasing (Suzhou) Ltd.	Chairman	TCCBL Co., Ltd. Representative:	-	100.00%
		Hsueh-Hsuan Liao	-	-
	Director	TCCBL Co., Ltd. Representative:	-	100.00%
		Wei-Liang Lin	-	-
		Jui-Yang Lin	-	-
		Yi-Pin Lin	-	-
		Chih-Hua Yao	-	-
	Supervisor	TCCBL Co., Ltd. Representative:	-	100.00%
		Hsin-Ching Chang	-	-
Taichung Commercial Bank Consolidated Securities Co., Ltd.	Chairman	Taichung Commercial Bank	140,429	100.00%
		Representative: Yeh Shu Hui		-
	Director	Taichung Commercial Bank	140,429	100.00%

Name of enterprise	Title	Company name or representative	Status of shareholding	
			Quantity	Shareholding
		Representative:		-
		Hsiu-Chen Chou	-	
		Chun-Sheng Lin	-	-
		Kang-Chi Chou	-	-
		Kai-Yu Lin	-	-
	Supervisor	Taichung Commercial Bank	140,429	100.00%
		Representative:		-
		Chin-Min Liao	-	
Taichung Bank Venture Capital Co., Ltd.	Chairman	Taichung Commercial Bank	210,000	100.00%
		Consolidated Securities Co., Ltd.	-	-
		Representative:		
		Shi-Yi Chiang		
	Director	Taichung Commercial Bank	210,000	100.00%
		Consolidated Securities Co., Ltd.	-	-
		Representative:		
		Zai-Hong Yang		
		Cheng-Tao Lu	-	-
		Yuan-Ching Chiu	-	-
		Shih-Nan Yang	-	-
	Supervisor	Taichung Commercial Bank	210,000	100.00%
		Consolidated Securities Co., Ltd.	-	-
		Representative:		
		Kuang-Chung Hsiao		
Taichung Securities Investment Trust Co., Ltd.	Chairman	Da Fa Investment Co., Ltd.	1,959	6.28%
		Representative:		
		Shi-Yi Chiang	-	-
	Vice Chairman	Taichung Commercial Bank	12,000	38.46%
		Representative:		
		Ming-Hsiung Huang	-	-
	Director	Da Fa Investment Co., Ltd.	1,959	6.28%
		Representative:		
		Hsu-Hsi Weng	-	-
		Po-Nien Lin	-	-
		Taichung Commercial Bank	12,000	38.46%
		Representative:		
		Po-Mao Huang	-	-
	Supervisor	Deh Hsing Investment Co., Ltd.	1,716	5.50%
		Representative:		
		Chien-Rong Gong	-	-
GREENWORLD FOOD CO., LTD.	Chairman	Chou Chin Industrial Co., Ltd.	17,508	89.78%
		Representative:		
		Kuei-Hsien Wang	-	-
	Director	Chou Chin Industrial Co., Ltd.	17,508	89.78%
		Representative:		
		Hsiao-Chieh Lin	-	-
		Ming-Hsiung Huang	-	-
	Supervisor	Chou Chang Co., Ltd. Representative:	1,119	5.74%
		Shi-Yi Chiang	-	-
Chou Chang Corporation	Chairman	Chou Chin Industrial Co., Ltd.	13,142	48.57%
		Representative:		
		Kuei-Hsien Wang	-	-
	Director	Chou Chin Industrial Co., Ltd.	13,142	48.57%
		Representative:		
		Ming-Hsiung Huang	-	-
		Hsiao-Chieh Lin	-	-
	Supervisor	Pan Asia Investment Co., Ltd.	9,847	36.39%
		Representative:		
		Shi-Yi Chiang	-	-
Ruei Chia Investment Company	Chairman	China Man-Made Fiber Corporation	3,750	100.00%
		Representative:		
		Hsiao-Chieh Lin	-	-

Name of enterprise	Title	Company name or representative	Status of shareholding	
			Quantity	Shareholding
Hsiang Fong Development Company	Chairman	Deh Hsing Investment Co., Ltd.	31,300	100.00%
		Representative: Hsiao-Chieh Lin	-	-
	Director	Deh Hsing Investment Co., Ltd.	31,300	100.00%
		Representative: Jih-Lung Lin	-	-
		Ming-Shuan Lin	-	-
	Supervisor	Deh Hsing Investment Co., Ltd.	31,300	100.00%
		Representative: Chien-Rong Gong	-	-
Peng Fong Industrial Co., Ltd.	Chairman	Chou Chin Industrial Co., Ltd.	1,500	100.00%
		Representative: Yi-Ting Tsuang	-	-
	Director	Chou Chin Industrial Co., Ltd.	1,500	100.00%
		Representative: Yi-Fang Lin	-	-
		Kuo-Jen Yang	-	-
	Supervisor	Chou Chin Industrial Co., Ltd.	1,500	100.00%
		Representative: Hsiao-Chieh Lin	-	-
Melasse	Chairman	Ming-Shan Chuang	-	-
	Director	Jeh-Yi Wang	-	-
		Ming-Shuan Lin	-	-
	Supervisor	Kuei-Hsien Wang	-	-
Tou-Min Industrial Co., Ltd.	Director	Jih-Lung Lin	10	0.04%
Jin Bang Ge Industrial Company Limited.	Director	Yu-Ling Wu	100	0.58%
Bomy Enterprise	Director	Kuei-Hsien Wang	10,000	48.66%
		Yin-Ming Yang	50	0.24%
		Yuan-Feng Cheng	-	-
Bomy Shanghai	Chairman	Bomi International Co., Ltd.	1,985	99.25%
		representative: Yuan-Feng Cheng	-	-
	Director	Bomi International Co., Ltd.	1,985	99.25%
		representative: Kuei-Hsien Wang	-	-
		Yin-Ming Yang	-	-
		Hsuan-Chi Shih	-	-
		Shanghai Nanjiang Metal Structure Plant	15	0.75%
		representatives: Feng Hsu	-	-
	Supervisor	Bomi International Co., Ltd.	1,985	99.25%
		representative: Hsiao-Chieh Lin	-	-
Shanghai Bomy Consultancy Management Co., Ltd.	Chairman	Bomi International Co., Ltd.	-	100.00%
		representative: Yuan-Feng Cheng	-	-
	Supervisor	Chieh Chou	-	-
Shanghai Bangyi International Trading Co., Ltd.	Chairman	Bomi International Co., Ltd.	-	100.00%
		representative: Yuan-Feng Cheng	-	-
	Supervisor	Chieh Chou	-	-
Yuju Universal Corporation	Director	Chou Chin Industrial Co., Ltd.	810	90.00%
		Representative: Kuei-Hsien Wang	-	-
Noble House Glory	Director	Yuju Universal Corporation	2	100.00%
		Representative: Yu-Ying Wu		
		Hsiao-Chieh Lin	-	-
IOLITE COMPANY	Director	Deh Hsing Investment Co., Ltd.	19,005	100.00%

Name of enterprise	Title	Company name or representative	Status of shareholding	
			Quantity	Shareholding
LIMITED	Director	Hsien-Chang Chen		
Precious Wealth International Limited	Director	IOLITE COMPANY LIMITED	375	100.00%
Hammock (Hong Kong) Company Limited	Director	IOLITE COMPANY LIMITED	1,500	100.00%
	Director	Kuei-Hsien Wang	-	-
Hebei Hanoshi Contact Lens Co., Ltd.	Director	Hammock (Hong Kong) Company Limited	1,500	100.00%
	Director	Kuei-Hsien Wang	-	-
	Director	Kuei-Fong Wang		
	Director	Kuo-Ching Chen		
	Supervisor	Yung-Ta Liu	-	-

6. Business Performance of Affiliated Enterprises

Unit: NTD thousand, unless otherwise noted or foreign currency per thousand dollars

Name of enterprise	Capital	Total assets	Total liabilities	Net value	Operating income/net earnings	Gain (loss) before income tax	Net income (loss) for the year	Earnings Per Share After Tax (Loss per share) (NT$)
Controlling company:								
CHINA MAN-MADE FIBER CORPORATION	$ 16,213,672	$ 35,707,030	$ 12,709,020	$ 22,998,010	$ 7,476,601	$ 1,063,859	$ 942,047	$ 0.73
Subsidiary companies:								
Deh Hsing Investment Co., Ltd.	1,550,000	1,501,777	791	1,500,986	-	(64,104)	(63,035)	(0.41)
Chou Chin Industrial Co., Ltd.	716,881	4,319,458	2,607,001	1,712,457	2,712,969	149,639	149,568	2.09
Pan Asia Chemical Corporation	3,023,284	8,656,280	3,022,536	5,633,744	1,457,681	256,302	247,931	0.82
Taichung Commercial Bank	41,516,943	727,676,304	670,354,551	57,321,753	10,728,720	4,664,493	4,025,533	1.03
Taichung Securities Investment Trust Co., Ltd.	312,000	435,162	10,869	424,293	42,362	(8,453)	(8,453)	(0.27)
GREENWORLD FOOD CO., LTD.	195,000	778,473	584,549	193,924	2,276,339	42,632	34,576	1.77
Chou Chang Corporation	270,600	646,615	324,117	322,498	13,134	15,253	13,395	0.50
Taichung Bank Insurance Agency Co., Ltd.	1,286,000	2,012,675	181,752	1,830,923	518,909	325,175	256,747	2.00
Taichung Commercial Bank Lease Enterprise	1,964,630	7,128,537	5,197,718	1,930,819	241,425	37,708	27,868	0.14
TCCBL Co., Ltd.	893,373	793,246	12,200	781,046	11,414	(3,996)	(3,996)	-
Taichung Commercial Bank Leasing (Suzhou) Ltd.	893,373	3,214,183	2,477,621	736,562	149,899	15,602	8,726	-
Taichung Commercial Bank Consolidated Securities Co., Ltd.	1,404,289	4,485,285	2,970,655	1,514,630	444,296	136,823	128,246	0.91
Taichung Bank Venture Capital Co., Ltd.	210,000	217,484	2,752	214,732	6,606	4,732	4,732	0.23
Peng Fong Industrial Co., Ltd.	15,000	1,240	495	745	4,621	(294)	(294)	(0.20)
Ruei Chia Investment Company	37,500	34,108	80	34,028	-	(1,237)	(1,237)	(0.33)
Hsiang Fong Development Company	313,000	293,117	80	293,037	-	(1,618)	(1,618)	(0.05)
Melasse	29,000	28,531	456	28,075	7,610	1,641	1,641	0.57
Tou-Min Industrial Co., Ltd.	252,000	232,899	80	232,819	-	(1,536)	(1,536)	-
Jin Bang Ge Industrial Company Limited.	173,000	197,613	41,080	156,533	-	(1,301)	(1,301)	-
IOLITE COMPANY LIMITED	$ 541,262	$ 459,788	$ -	$ 459,788	$ 38	($ 35,244)	($ 35,244)	$ -
Precious Wealth International Limited	USD 375	10,952	5	10,947	-	-	-	-
Hammock (Hong Kong) Company Limited	470,685	346,412	820	345,592	-	(35,755)	(35,755)	-
Hebei Hanoshi Contact Lens Co., Ltd.	470,685	323,650	22,761	300,889	58	(35,663)	(35,663)	-
Bomy Enterprise	USD 20,550	296,824	1,314	295,510	-	13,765	13,765	-
Bomy Shanghai	USD 20,000	624,238	325,210	299,028	-	14,516	14,516	-
Shanghai Bomy Consultancy Management Co., Ltd.	RMB 1,000	-	-	-	-	-	-	-
Shanghai Bangyi International Trading Co., Ltd.	RMB 1,000	138,883	132,204	6,679	127,663	6,492	6,492	-
Yuju Universal Corporation	USD 900	16,260	-	16,260	-	(5,530)	(5,530)	-
Noble House Glory	JPY 90,000	55,560	41,623	13,937	-	(4,681)	(4,681)	-

(II) Consolidated financial statement of affiliated enterprises

As stipulated under the “affiliated enterprises’ consolidated operating report, affiliated enterprises’ consolidated financial statements and affiliation report compiling criteria”, companies that the Company shall streamline into compiling the affiliated enterprises’ consolidated financial statements and companies shall streamline into compiling and producing the parent/subsidiary companies’ consolidated financial statements, per International Financial Reporting Criteria number 10, are all identical, and also the affiliated enterprises’ consolidated financial statements shall disclose of relevant information has all been disclosed in the foresaid parent/subsidiaries’ consolidated financial statements; which please refer to the parent/subsidiaries’ consolidated financial statements.

(III) Disclaimer on affiliated enterprises

Statement of Declaration

The Bank Affiliation Report 2020 (from January 1 to December 31, 2020) was prepared in accordance with the "Criteria Governing Preparation of Report on Affiliations, Consolidated Business Reports and Sale or Contribution of Assets between an Investor and its Associate or Joint Venture of Affiliated Enterprises", and the information disclosed herein is materially consistent with that disclosed in the notes to the financial statement for the previous period.

CHINA MAN-MADE FIBER CORPORATION

Chairman: Kuei-Hsien Wang

March 15, 2021

CPA’s Review Comments

To CHINA MAN-MADE FIBER CORPORATION:

The certified public accountant has duly audited China Manmade Fiber Corp.’s 2020 financial statements in accordance with the “Certified public accountant’s audit/authenticating financial statement rules” and the generally recognized audit criteria, and has also on March 15, 2020 issue a no opinion withheld, stepped up investigation matter section and other audit report as retained on file, where said audit’s purpose has been to opine the CPA’s opinion on the overall adequacy of the financial statements. The 2020 Affiliation Report prepared by the China Man-Made Fiber Co., Ltd., is attached. Such report was prepared in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Sale or Contribution of Assets between an Investor and its Associate or Joint Venture of Affiliated Enterprises.” An audit review requires us to proceed with the necessary procedures, including the acquisition of customer’s declaration and the confirmation on related information. The review has been successfully accomplished.

In our opinion, the Affiliation Report for 2020 prepared by China Man-Made Fiber Co., Ltd., is in compliance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Sale or Contribution of Assets between an Investor and its Associate or Joint Venture of Affiliated Enterprises” and the contents of financial information are identical with those presented in the financial statements. No material amendments to the information shall be required.

Deloitte & Touche

Hsu Wen-Ya, CPA	CPA Su-Huan Yu
Securities and Futures Commission Approval No. Tai-Tsai-Cheng (VI) No. 0920123784	Securities and Futures Commission Approval No. Tai-Tsai-Cheng (VI) No. 0920123784

March 15, 2021

(IV) Affiliation Report

1. Relations between parent and subsidiaries

Unit: share; %

Name of holding company	Reason of holding	Status of shareholding and lien of stock by holding company			Directors, Supervisors or managers appointed by holding company	
		Quantity of Shares	Shareholding	Shares under lien	Title	Name
Chung Chien Investment Co., Ltd.	Indirectly control over the HR, finance or operation of the Company	42,239,838 Shares	2.61%	36,002,000	Vice Chairman Director Director	Ming-Shan Chuang Hung-Yang Wu Kuo-Ching Chen
Pan Asia Investment Co., Ltd.	Indirectly control over the HR, finance or operation of the Company	50,378,593 Shares	3.11%	22,100,000	Chairman Director Director	Kuei-Hsien Wang Kuei-Fong Wang Ming-Hsiung Huang

2. Transactions between subsidiaries and Parent Name of enterprise:
   (1) Incoming (sale) goods transaction: nil
   (2) Asset transaction: nil
   (3) Financing: none
   (4) Asset lease: none
   (5) Disclosure of major transactions: none
3. Guarantees/endorsements between subsidiaries and Parent Name of enterprise: None.

II. Private placement of securities during the latest year up till the publication date of this annual report: None

III. Holding or disposal of the Company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report:

Unit: NTD thousand; thousand shares; %

Name of Subsidiary	Paid-in capital	Source of capital	The Company's shareholding ratio	Date acquired (liquidated)	Share count acquired	Share count liquidated	Investment Gain (Loss)	Holding share count as of December 31, 2020	State of mortgage lien designation	The amount of endorsement guarantee the Company has made to its subsidiaries	The amount the Company lends to its subsidiaries
					Amount acquired	Amount liquidated		Amount held			
Pan Asia Chemical Corporation	3,023,284	Self-owned Capital	44%	-	0	0	0	251,443	Yes	0	0
					0	0		879,074			
Deh Hsing Investment Co., Ltd.	1,550,000	Self-owned Capital	100%	-	0	0	0	11,172	N/A	0	0
					0	0		25,787			
Chou Chin Industrial Co., Ltd.	716,880	Self-owned Capital	47%	-	0	0	0	59,123	N/A	0	0
					0	0		195,060			
Chou Chang Corporation	270,600	Self-owned Capital	0%	-	0	0	0	9,247	N/A	0	0
					0	0		35,136			

IV. Other supplementary information: None

Nine. Occurrences of events defined under Article 36-3-2 of the Securities and Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: None.

CHINA MAN-MADE FIBER CORPORATION

Chairman: Kuei-Hsien Wang