China Steel Chemical Corporation and Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Steel Chemical Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter of the Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2020 is stated as follows:

<u>Revenue recognition</u>

The Corporation and its subsidiaries' specific operating revenue from export sales amounted to NT$652,193 thousand, representing 12% of the total operating revenue, and its contribution to the gross profit is significant. The Corporation and its subsidiaries' export transaction procedure is complicated, and the management is under pressure to achieve the expected target and market expectations, which may be achieved by manipulating the operating revenue. We are concerned whether the sales revenue of the Corporation and its subsidiaries actually occurred; as a result, we considered operating revenue from export sales as a key audit matter.

Refer to Notes 4 and 24 to the consolidated financial statements for the accounting policies and the related disclosures of revenue.

The audit procedures that we performed included the following:

1. We obtained an understanding and tested the effectiveness of the design and implementation of internal control of sales.

2. We verified the related documents to confirm that the products were actually transferred and fulfilled the obligation, and tested cash collection to confirm the existence of sales revenue.

3. We performed the confirmation to make sure that the amount of sales revenue can be measured reliably.

Other Matters

We have also audited the standalone financial statements of China Steel Chemical Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion with emphasis of matter paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation and its subsidiaries to cease to continue as a going concern.

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yu-Hsiang Liu and Hung-Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 994,321	9	$ 1,156,667	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	701,915	6	772,422	6
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	209,453	2	174,599	1
Financial assets for hedging - current (Notes 4 and 10)	-	-	119,920	1
Notes receivable (Notes 4 and 11)	60,429	1	92,563	1
Accounts receivable, net (Notes 4 and 11)	271,865	2	317,863	3
Accounts receivable - related parties (Notes 4, 11 and 30)	113,885	1	100,837	1
Other receivables (Note 30)	221,455	2	250,119	2
Current tax assets	495	-	-	-
Inventories (Notes 4 and 12)	970,561	8	842,603	7
Other financial assets - current (Notes 4, 13 and 19)	168,533	1	49,000	-
Other current assets	37,649	-	94,956	1
Total current assets	3,750,561	32	3,971,549	33
NON-CURRENT ASSETS				
Financial assets at fair value through profit of loss - non-current (Notes 4 and 7)	76,042	1	71,910	1
Financial assets at amortized cost - non-current (Notes 4 and 9)	3,939	-	3,875	-
Investments accounted for using the equity method (Notes 4 and 15)	1,664,220	14	1,594,136	13
Property, plant and equipment (Notes 4, 16 and 30)	4,148,025	36	4,438,535	37
Right-of-use assets (Notes 4, 17 and 30)	674,799	6	703,489	6
Investment properties (Notes 4 and 18)	552,988	5	552,988	4
Deferred tax assets (Notes 4 and 26)	85,121	1	73,038	1
Prepaid equipment	54,784	-	64,467	-
Refundable deposits	5,050	-	8,654	-
Other non-current assets (Notes 14 and 19)	627,344	5	609,164	5
Total non-current assets	7,892,312	68	8,120,256	67
TOTAL	$ 11,642,873	100	$ 12,091,805	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	$ 1,093,251	10	$ 1,992,505	17
Contract liabilities (Notes 4 and 24)	12,088	-	12,872	-
Accounts payable	29,175	-	50,394	-
Accounts payable - related parties (Note 30)	158,044	2	186,149	2
Other payables (Notes 14, 21, 22 and 30)	760,717	7	871,969	7
Current tax liabilities (Note 26)	154,914	1	98,586	1
Lease liabilities - current (Notes 4, 17 and 30)	40,321	-	37,013	-
Current portion of long-term borrowings (Note 20)	500,000	4	-	-
Other current liabilities	6,838	-	5,558	-
Total current liabilities	2,755,348	24	3,255,046	27
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 20)	1,300,000	11	650,000	5
Deferred tax liabilities (Notes 4 and 26)	1,545	-	7,936	-
Lease liabilities - non-current (Notes 4, 17 and 30)	618,829	6	647,905	5
Net defined benefit liabilities (Notes 4 and 22)	151,868	1	168,670	2
Guarantee deposit received	4,857	-	3,530	-
Total non-current liabilities	2,077,099	18	1,478,041	12
Total liabilities	4,832,447	42	4,733,087	39
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 23)				
Ordinary share capital	2,369,044	20	2,369,044	20
Capital surplus	869,637	8	845,852	7
Retained earnings				
Legal reserve	2,641,723	23	2,561,069	21
Special reserve	176,833	1	161,983	2
Unappropriated earnings	787,720	7	1,348,767	11
Total retained earnings	3,606,276	31	4,071,819	34
Other equity	(193,150)	(2)	(176,832)	(2)
Treasury shares	(117,638)	(1)	(117,638)	(1)
Total equity attributable to owners of the Corporation	6,534,169	56	6,992,245	58
NON-CONTROLLING INTERESTS (Note 23)	276,257	2	366,473	3
Total equity	6,810,426	58	7,358,718	61
TOTAL	$ 11,642,873	100	$ 12,091,805	100

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 30)				
Revenue from sales of goods	$ 5,231,184	98	$ 7,404,103	98
Other operating revenue	132,590	2	137,887	2
Total operating revenue	5,363,774	100	7,541,990	100
OPERATING COSTS (Notes 12, 22, 25 and 30)	4,243,881	79	5,696,043	76
GROSS PROFIT	1,119,893	21	1,845,947	24
OPERATING EXPENSES (Notes 22, 25 and 30)				
Selling and marketing expenses	117,580	2	134,099	2
General and administrative expenses	101,435	2	147,370	2
Research and development expenses	130,979	3	121,968	1
Expected credit loss	-	-	117	-
Total operating expenses	349,994	7	403,554	5
PROFIT FROM OPERATIONS	769,899	14	1,442,393	19
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 30)				
Interest income	14,611	-	32,852	-
Other income	79,281	2	74,076	1
Other gains and losses	(60,917)	(1)	(18,702)	-
Share of profit of associates	77,946	2	90,897	1
Interest expenses	(29,801)	(1)	(26,191)	-
Total non-operating income and expenses	81,120	2	152,932	2
PROFIT BEFORE INCOME TAX	851,019	16	1,595,325	21
INCOME TAX EXPENSES (Notes 4 and 26)	142,992	3	297,336	4
NET PROFIT FOR THE YEAR	708,027	13	1,297,989	17
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	1,199	-	(13,996)	-

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CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Unrealized gains and losses on financial assets at fair value through other comprehensive income	$ 4,169	-	$ 168	-
Gains and losses on hedging instruments	2,080	-	(2,080)	-
Share of other comprehensive loss of associates accounted for using the equity method	(7,515)	-	(16,210)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(656)	-	3,215	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(25,742)	-	(31,228)	(1)
Share of other comprehensive loss of associates accounted for using the equity method	(3,222)	-	(4,292)	-
Other comprehensive loss for the year, net of income tax	(29,687)	-	(64,423)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 678,340	13	$ 1,233,566	16
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 716,891	13	$ 1,292,839	17
Non-controlling interests	(8,864)	-	5,150	-
	$ 708,027	13	$ 1,297,989	17
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 702,662	13	$ 1,237,432	16
Non-controlling interests	(24,322)	-	(3,866)	-
	$ 678,340	13	$ 1,233,566	16
EARNINGS PER SHARE (Note 27)				
Basic	$ 3.09		$ 5.57	
Diluted	$ 3.08		$ 5.56	

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation													
			Retained Earnings				Other Equity							
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Gain and Loss on Hedging Instruments	Total Other Equity	Treasury Shares	Total Equity Attributable to Owners of the Corporation	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	$ 2,369,044	$ 820,648	$ 2,413,957	$ 161,983	$ 1,471,119	$ 4,047,059	$ (44,737)	$ (89,173)	$ -	$ (133,910)	$ (117,638)	$ 6,985,203	$ 370,339	$ 7,355,542
Appropriation of 2018 earnings (Note 23)														
Legal reserve	-	-	147,112	-	(147,112)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,255,594)	(1,255,594)	-	-	-	-	-	(1,255,594)	-	(1,255,594)
	-	-	147,112	-	(1,402,706)	(1,255,594)	-	-	-	-	-	(1,255,594)	-	(1,255,594)
Changes in capital surplus from investments in associates accounted for using the equity method	-	10	-	-	-	-	-	-	-	-	-	10	-	10
Net profit for the year ended December 31, 2019	-	-	-	-	1,292,839	1,292,839	-	-	-	-	-	1,292,839	5,150	1,297,989
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(11,846)	(11,846)	(26,504)	(15,393)	(1,664)	(43,561)	-	(55,407)	(9,016)	(64,423)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,280,993	1,280,993	(26,504)	(15,393)	(1,664)	(43,561)	-	1,237,432	(3,866)	1,233,566
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	25,194	-	-	-	-	-	-	-	-	-	25,194	-	25,194
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(639)	(639)	-	639	-	639	-	-	-	-
BALANCE AT DECEMBER 31, 2019	2,369,044	845,852	2,561,069	161,983	1,348,767	4,071,819	(71,241)	(103,927)	(1,664)	(176,832)	(117,638)	6,992,245	366,473	7,358,718
Appropriation of 2019 earnings (Note 23)														
Legal reserve	-	-	128,035	-	(128,035)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	14,850	(14,850)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,137,142)	(1,137,142)	-	-	-	-	-	(1,137,142)	-	(1,137,142)
Cash dividends distributed by legal reserve	-	-	(47,381)	-	-	(47,381)	-	-	-	-	-	(47,381)	-	(47,381)
	-	-	80,654	14,850	(1,280,027)	(1,184,523)	-	-	-	-	-	(1,184,523)	-	(1,184,523)
Changes in capital surplus from investments in associates accounted for using the equity method	-	17	-	-	-	-	-	-	-	-	-	17	-	17
Net profit for the year ended December 31, 2020	-	-	-	-	716,891	716,891	-	-	-	-	-	716,891	(8,864)	708,027
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	939	939	(13,506)	(3,330)	1,668	(15,168)	-	(14,229)	(15,458)	(29,687)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	717,830	717,830	(13,506)	(3,330)	1,668	(15,168)	-	702,662	(24,322)	678,340
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	23,768	-	-	-	-	-	-	-	-	-	23,768	-	23,768
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(65,894)	(65,894)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,150	1,150	-	(1,150)	-	(1,150)	-	-	-	-
BALANCE AT DECEMBER 31, 2020	$ 2,369,044	$ 869,637	$ 2,641,723	$ 176,833	$ 787,720	$ 3,606,276	$ (84,747)	$ (108,407)	$ 4	$ (193,150)	$ (117,638)	$ 6,534,169	$ 276,257	$ 6,810,426

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 851,019	$ 1,595,325
Adjustments for:		
Depreciation expense	463,019	425,352
Amortization expense	12,959	10,330
Expected credit loss	-	117
Net gain on financial assets at fair value through profit or loss	(15,724)	(17,642)
Interest expense	29,801	26,191
Interest income	(14,611)	(32,852)
Dividend income	(7,164)	(13,776)
Share of profit of associates	(84,511)	(105,667)
Loss on disposal of property, plant and equipment	66	593
Impairment loss on non-financial assets	38,515	2,538
Loss on disposal of subsidiaries	2,524	-
Gain on disposal of non-current assets held for sale	-	(407)
Gain on lease modification	(15)	(10)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	28,616	52,382
Notes receivable	32,134	(71,996)
Accounts receivable	45,999	205,859
Accounts receivable - related parties	(13,048)	(41,859)
Other receivables	40,981	297,273
Inventories	(166,696)	(229,127)
Other current assets	57,307	71,367
Contract liabilities	(784)	(56,945)
Accounts payable	(21,219)	13,953
Accounts payable - related parties	(28,105)	(49,756)
Other payables	(110,897)	(26,698)
Other current liabilities	1,280	(2,019)
Net defined benefit liabilities	(15,603)	(13,927)
Cash generated from operations	1,125,843	2,038,599
Income taxes paid	(106,306)	(496,364)
Net cash generated from operating activities	1,019,537	1,542,235
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(48,079)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	17,394	-
Acquisition of financial assets at amortized cost	-	(3,885)
Proceeds from disposal of financial assets at amortized cost	-	7,865
Acquisition of financial assets at fair value through profit or loss	(415,711)	(979,415)

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CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2020	**2019**
Proceeds from disposal of financial assets at fair value through profit or loss	$ 455,050	$ 961,622
Acquisition of investment accounted for using the equity method	(80,000)	(81,600)
Proceeds from capital return on investment accounted for using the equity method	25,087	4,233
Proceeds from disposal of non-current assets held for sale	-	10,932
Acquisition of property, plant and equipment	(109,035)	(510,086)
Proceeds from disposal of property, plant and equipment	100	12
Decrease (increase) in refundable deposits	3,604	(333)
Decrease in other financial assets	2,467	137,561
Increase in other non-current assets	(59,008)	(11,175)
Interest received	15,897	34,698
Dividends received from associates	7,164	13,776
Dividends received from others	58,999	49,233
Net cash used in investing activities	(126,071)	(366,562)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,000,241	4,114,506
Repayments of short-term borrowings	(3,899,495)	(4,104,215)
Increase in short-term bills payable	550,000	30,000
Decrease in short-term bills payable	(550,000)	(30,000)
Increase in long-term borrowings	1,250,000	250,000
Repayments of long-term borrowings	(100,000)	(250,000)
Increase in guarantee deposit received	1,327	1,127
Repayment of principal of lease liabilities	(32,937)	(26,804)
Dividends paid	(1,159,226)	(1,230,894)
Interest paid	(33,145)	(34,186)
Decrease in non-controlling interests	(65,894)	-
Net cash used in financing activities	(1,039,129)	(1,280,466)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(16,683)	(15,796)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(162,346)	(120,589)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,156,667	1,277,256
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 994,321	$ 1,156,667

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

China Steel Chemical Corporation (the "Corporation") was incorporated by China Steel Corporation (CSC) and other shareholders in February 1989. The Corporation started operations in May 1993, and CSC is the parent company that has substantive control over the Corporation. As of December 31, 2020 and 2019, CSC owned 29.04% of the Corporation's voting shares. The Corporation mainly engages in the production, processing and sales of coal tar distillation products, Naphtha products and coke products; in addition, it also trades related upstream and downstream products.

The shares of the Corporation have been listed and have been traded on the Taiwan Stock Exchange since November 1998.

The consolidated financial statements are presented in the Corporation's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors and authorized for issue on February 23, 2021.

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

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Corporation and its subsidiaries' accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

   As of the date the consolidated financial statements were reported to the board of directors for issue, the Corporation and its subsidiary are in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on their financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

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

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

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

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

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

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

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

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

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

Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Corporation and its subsidiary will restate their comparative information when they initially applies the aforementioned amendments.

As of the date the consolidated financial statements were reported to the board of directors for issue, the Corporation and its subsidiary are in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on their financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets are realized within 12 months after the balance sheet date; and

3) Cash and cash equivalents unless the asset is restricted from being used for an exchange or used to settle a liability for more than twelve months after the balance sheet date.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities expected to be settled within 12 months after the balance sheet date; and

3) Liabilities without an unconditional right to defer settlement for at least 12 months after the balance sheet date.

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

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiaries).

Income and expenses of subsidiaries disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2) Subsidiaries included in consolidated financial statements

Refer to Note 14, Table 6 and 7 for the detail information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

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

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the closing rates. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year.

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the financial statements of foreign subsidiaries are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the balance sheet date; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income accumulated in equity attributed to the owners of the Corporation and non-controlling interests as appropriate.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation and its subsidiaries are reclassified to profit or loss.

f. Inventories

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

g. Investments in associates

An associate is an entity over which the Corporation and its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Corporation and its subsidiaries use the equity method to account for their investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation and its subsidiaries' share of profit or loss and other comprehensive income of the associate. The Corporation and its subsidiaries also recognize the changes in the share of equity of associates.

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

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

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

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

When the Corporation and its subsidiaries transact with their associates, profits or losses on the transactions are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Corporation and its subsidiaries.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation.

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

j. Impairment of property, plant and equipment and right-of-use assets

At each balance sheet date, the Corporation and its subsidiaries review the carrying amounts of their property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

k. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation and its subsidiaries become a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement category

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

i Financial asset at FVTPL

Financial asset classified as at FVTPL is financial asset mandatorily classified as at FVTPL.

Financial assets mandatorily classified as at FVTPL included investments in equity instruments which are not designated at FVTOCI and debt investments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29.

ii Financial assets at amortized cost

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

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

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

Financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable (including related parties) at amortized cost, other receivables, refundable deposits and other financial assets, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

ii) 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 include time deposits and short-term bills with original maturities within 3 months from the date of acquisition, high liquidity, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii Investments in debt instruments at FVTOCI

Debt instruments that meet the following two conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to interest income calculated using the effective interest method are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Corporation and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including notes and accounts receivables and debt investments at FVTOCI) and debt instruments at FVTOCI at each balance sheet date.

The Corporation and its subsidiaries always recognizes lifetime Expected Credit Loss (ECL) for notes and accounts receivables. For all other financial instruments, the Corporation and its subsidiaries recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation and its subsidiaries measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

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

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

ii When a financial asset is more than 90 days past due unless the Corporation and its subsidiaries has reasonable and corroborative information to support a more lagged default criterion.

The Corporation and its subsidiaries recognize an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Corporation and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

2) Equity instruments

Equity instruments issued by the Corporation and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

The Corporation and its subsidiaries’ all financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

l. Treasury shares

Shares of the Corporation held by subsidiaries are reclassified to treasury shares from investments accounted for using equity method at the acquisition cost. The Corporation distributes dividends to its subsidiaries, it will write-off investment income in its accounts and also adjust additional paid-in capital treasury shares.

m. Hedging instruments

The Corporation and its subsidiaries designate certain hedging instruments, which is non-derivatives in respect of foreign currency risk, as cash flow hedges.

<u>Cash flow hedges</u>

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Corporation and its subsidiaries discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

n. Revenue recognition

The Corporation and its subsidiaries identify the contract with the customers, allocate the transaction price to the performance obligations, and recognize revenue when performance obligations are satisfied.

For contract where the period between the date the Corporation and its subsidiaries transfers a promised good or service to a customer and the date the customer pays for that good or service is within twelve months, the Corporation and its subsidiaries does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from sale of goods

Sales of goods are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence. Accounts receivable is recognized concurrently. Advance received from customers is recognized as a contract liability.

The Corporation and its subsidiaries do not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from rendering of services

Service income is recognized when services are provided.

o. Leases

At the inception of a contract, the Corporation and its subsidiaries assess whether the contract is, or contains, a lease.

1) The Corporation and its subsidiaries as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Corporation and its subsidiaries as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation and its subsidiaries use the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Corporation and its subsidiaries remeasure the lease liabilities with a corresponding adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation and its subsidiaries account for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation and its subsidiaries will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Corporation and its subsidiaries recognize as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation and its subsidiaries with no future related costs are recognized in profit or loss in the period in which they are received.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liability represents the actual deficit in the Corporation and its subsidiaries' defined benefit plan.

s. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation and its subsidiaries expect, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3) Current tax and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Corporation and its subsidiaries consider the economic implications of the COVID-19 when making their critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 500	$ 500
Checking accounts and demand deposits	534,965	562,863
Cash equivalents (investment with original maturities less than 3 months)		
Time deposits	236,594	293,504
Short-term bills	222,262	299,800
	$ 994,321	$ 1,156,667

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL - current

	December 31	
	2020	**2019**
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 529,164	$ 697,652
Domestic listed shares	109,563	74,770
Convertible corporate bonds	63,188	-
	$ 701,915	$ 772,422

Financial assets at FVTPL - non-current

	December 31	
	2020	**2019**
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Emerging market shares	$ 24,996	$ 20,789
Domestic unlisted shares	51,046	51,121
	$ 76,042	$ 71,910

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

	December 31	
	2020	**2019**
Foreign debt investments		
Corporate bonds	$ 29,890	$ -
Domestic equity investments - listed shares		
Ordinary shares	167,884	162,118
Preference shares	11,679	12,481
	$ 209,453	$ 174,599

These investments in equity instruments are held by the Corporation and its subsidiaries' strategy and are not for the purposes of trading and for short-term profit. Accordingly, management elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT

	December 31	
	2020	**2019**
Corporate Bonds	$ 3,939	$ 3,875

10. FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2020	**2019**
Financial assets for hedging - current		
Cash flow hedges		
Foreign currency time deposits	$ -	$ 119,920

For the purpose of managing cash flow risk arising from exchange rate fluctuations, the Corporation designated foreign currency time deposits for the future increase in investment. The Corporation performed an assessment of effectiveness and it is expected that the value of the foreign currency time deposits and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying exchange rates. However, the Corporation expected that there will be no increase in investment in the near future, and thus the corresponding cash outflows is no longer expected to occur. Accordingly, the Corporation has discontinued adopting cash flow hedges from December,2020.

Refer to Note 23 for information relating to profit (loss) arising from the change of fair value of financial instruments for hedging.

11. NOTES AND ACCOUNTS RECEIVABLE, NET (INCLUDING RELATED PARTIES)

	December 31	
	2020	**2019**
Notes receivable		
Operating	$ 60,429	$ 92,563
Accounts receivable (including related parties)		
At amortized cost		
Gross carrying amount	$ 385,750	$ 418,812
Less: Allowance for impairment loss	-	112
	$ 385,750	$ 418,700

The average credit period of sales of goods was 30-90 days. No interest was charged on accounts receivable. The Corporation and its subsidiaries adopted a policy of only dealing with entities that are rated equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, management of the Corporation and its subsidiaries has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation and its subsidiaries reviews the recoverable amount of each individual trade debt at the end of the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the Corporation and its subsidiaries' credit risk was significantly reduced.

The expected credit losses on notes and accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Corporation and its subsidiaries' historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation and its subsidiaries' different customer base.

The following table details the loss allowance of notes and accounts receivable based on the Corporation and its subsidiaries' provision matrix.

December 31, 2020

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	100	-	
Gross carrying amount	$ 431,923	$ 13,720	$ -	$ 536	$ -	$ -	$ 446,179
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-
Amortized cost	$ 431,923	$ 13,720	$ -	$ 536	$ -	$ -	$ 446,179

December 31, 2019

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	100	-	
Gross carrying amount	$ 490,676	$ 7,306	$ 9,456	$ 3,825	$ 112	$ -	$ 511,375
Loss allowance (Lifetime ECL)	-	-	-	-	(112)	-	(112)
Amortized cost	$ 490,676	$ 7,306	$ 9,456	$ 3,825	$ -	$ -	$ 511,263

The movements of the loss allowance of notes and accounts receivable were as follow:

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ 112	$ -
Recognition	-	117
Written off	(111)	-
Effect of foreign currency exchange differences	(1)	(5)
Balance, end of the year	$ -	$ 112

12. INVENTORIES

	December 31	
	2020	2019
Finished goods	$ 626,744	$ 500,392
Work in progress	119,581	142,950
Raw materials	100,753	87,483
Supplies	123,483	111,778
	$ 970,561	$ 842,603

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was NT$4,177,811 thousand and NT$5,624,254 thousand, respectively. The cost of goods sold included inventory write-downs of NT$38,515 thousand and NT$2,538 thousand, respectively.

13. OTHER FINANCIAL ASSETS

	December 31	
	2020	2019
Current		
Time deposits with original maturities more than 3 months	$ -	$ 49,000
Deposits for project		
Restricted deposits	168,533	-
	$ 168,533	$ 49,000

Since the Corporation applied The Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the earnings remitted from overseas subsidiary were recognized as restricted deposits and determined whether they were current or non-current based on the expected time of use of funds.

14. SUBSIDIARIES

The consolidated entities were as follows:

Investor	Investee	Main Businesses	Percentage of Ownership (%) December 31, 2020	Percentage of Ownership (%) December 31, 2019	Description
China Steel Chemical Corporation (CSCC)	Ever Wealthy International Corporation (EWI)	General investment	100	100	
	Ever Glory International Co., Ltd. (EGI)	International trading and general investment	-	100	Liquidation in September 2020
	Formosa Ha Tinh CSCC (Cayman) International Limited (CSCCC)	General investment	50	50	
Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd. (CCSNM)	Processing and trading of asphalt mesocarbon microbeads product sorting	100	100	

In October 2015, the Corporation entered into a joint venture and collaboration agreement with Formosa Ha Tinh (Cayman) and Formosa Ha Tinh Steel Corporation (Formosa Ha Tinh). According to the agreement, CSCCC was to be established through a joint investment from the Corporation and Formosa Ha Tinh (Cayman) in which the Corporation would own 50% of the equity. CSCCC mainly engages in the processing and sale of the by-products produced by Formosa Ha Tinh such as coal tar products, naphtha products and coke. CSCCC was established in January 2016 with a paid-in capital of US$10,000 thousand from the Corporation. As of December 31, 2020, US$3,000 thousand has been paid to this account.

According to the joint venture and collaboration agreement, CSCCC should pay USD$18,580 thousand to Formosa Ha Tinh to acquire the underwriting premium from Formosa Ha Tinh for its produced coal tar products, naphtha products and coke (listed under other noncurrent assets). As of December 31, 2020, this account has not been paid and is listed under other payables.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Corporation and its subsidiaries' investments accounted for by equity method were as follows:

	December 31 2020	December 31 2019
Material associates		
CHC Resources Corporation (CHC)	$ 324,626	$ 312,239
Transglory Investment Corporation (TIC)	600,376	568,107
CSC Solar Corporation (CSCSC)	286,981	277,906
	1,211,983	1,158,252
Associates that are not individually material	452,237	435,884
	$ 1,664,220	$ 1,594,136

a. Material associates

Name of Associate	Proportion of Ownership and Voting Rights (%) December 31 2020	Proportion of Ownership and Voting Rights (%) December 31 2019
CHC	6	6
TIC	9	9
CSCSC	15	15

Refer to Table 6 “Information on Investees” for the above investees’ main business nature, principal places of business and countries of incorporation.

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

	December 31	
	2020	2019
CHC	$ 712,668	$ 755,473

The summarized financial information below represents amounts shown in the associates’ financial statements prepared in accordance with IFRSs adjusted by the Corporation and its subsidiaries for equity accounting purposes.

CHC

	December 31	
	2020	2019
Current assets	$ 2,889,894	$ 2,478,713
Non-current assets	10,340,503	9,315,353
Current liabilities	(2,903,673)	(2,599,961)
Non-current liabilities	(4,742,185)	(3,857,542)
Equity	5,584,539	5,336,563
Non-controlling interests	(209,939)	(167,046)
	$ 5,374,600	$ 5,169,517
Proportion of the Corporation and its subsidiaries’ ownership (%)	6	6
Equity attributable to the Corporation and its subsidiaries	$ 324,626	$ 312,239
Carrying amount	$ 324,626	$ 312,239

	For the Year Ended December 31	
	2020	2019
Operating revenue	$ 9,970,633	$ 9,506,160
Net profit for the year	$ 773,023	$ 827,973
Other comprehensive loss	(70,086)	(56,243)
Total comprehensive income	$ 702,937	$ 771,730

TIC

	December 31	
	2020	2019
Current assets	$ 2,469	$ 1,304
Non-current assets	6,598,420	6,373,776
Current liabilities	(75,063)	(200,008)
Equity	$ 6,525,826	$ 6,175,072

(Continued)

	December 31	
	2020	2019
Proportion of the Corporation and its subsidiaries' ownership (%)	9	9
Equity attributable to the Corporation and its subsidiaries	$ 600,376	$ 568,107
Carrying amount	$ 600,376	$ 568,107

(Concluded)

	For the Year Ended December 31	
	2020	2019
Operating revenue	$ 134,062	$ 268,506
Net profit for the year	$ 120,233	$ 249,976
Other comprehensive income (loss)	230,521	(93,524)
Total comprehensive income	$ 350,754	$ 156,452

CSCSC

	December 31	
	2020	2019
Current assets	$ 303,574	$ 335,707
Non-current assets	4,094,952	4,057,219
Current liabilities	(766,693)	(809,545)
Non-current liabilities	(1,718,627)	(1,730,669)
Equity	$ 1,913,206	$ 1,852,712
Proportion of the Corporation and its subsidiaries' ownership (%)	15	15
Equity attributable to the Corporation and its subsidiaries	$ 286,981	$ 277,906
Carrying amount	$ 286,981	$ 277,906

	For the Year Ended December 31	
	2020	2019
Operating revenue	$ 480,149	$ 353,446
Net profit for the year	$ 153,194	$ 101,809
Other comprehensive loss	(268)	-
Total comprehensive income	$ 152,926	$ 101,809

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2020	2019
The Corporation and its subsidiaries' share of		
Net profit for the year	$ 4,432	$ 18,070
Other comprehensive loss	(27,935)	(8,244)
Total comprehensive income (loss)	$ (23,503)	$ 9,826

The Corporation and its subsidiaries held more than 20% of the shares with its parent company CSC and fellow subsidiaries and accounted for using the equity method.

The investments accounted for using the equity method and the Corporation and its subsidiaries' share of profit or loss and comprehensive income of those investments were based on the associates' financial statement audited by auditors for the same year.

16. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2020

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2020	$ 1,145,237	$ 1,513,589	$ 5,229,892	$ 153,602	$ 194,931	$ 277,506	$ 8,514,757
Additions	-	19,992	209,628	7,131	1,722	(118,295)	120,178
Disposals	-	-	(26,440)	(1,210)	(1,925)	-	(29,575)
Effect of foreign currency exchange differences	-	7,883	8,484	72	361	(1)	16,799
Balance at December 31, 2020	$ 1,145,237	$ 1,541,464	$ 5,421,564	$ 159,595	$ 195,089	$ 159,210	$ 8,622,159
Accumulated depreciation							
Balance at January 1, 2020	$ -	$ 366,182	$ 3,507,435	$ 90,665	$ 111,940	$ -	$ 4,076,222
Depreciation expense	-	78,140	313,331	17,437	17,871	-	426,779
Disposals	-	-	(26,375)	(1,110)	(1,924)	-	(29,409)
Effect of foreign currency exchange differences	-	-	193	52	297	-	542
Balance at December 31, 2020	$ -	$ 444,322	$ 3,794,584	$ 107,044	$ 128,184	$ -	$ 4,474,134
Carrying amount at December 31, 2020	$ 1,145,237	$ 1,097,142	$ 1,626,980	$ 52,551	$ 66,905	$ 159,210	$ 4,148,025

For the Year Ended December 31, 2019

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2019	$ 1,145,237	$ 1,073,763	$ 3,927,764	$ 115,852	$ 134,585	$ 1,297,552	$ 7,694,753
Additions	-	439,826	1,323,274	45,166	62,963	(1,020,041)	851,188
Disposals	-	-	(19,761)	(7,248)	(1,783)	-	(28,792)
Effect of foreign currency exchange differences	-	-	(1,385)	(168)	(834)	(5)	(2,392)
Balance at December 31, 2019	$ 1,145,237	$ 1,513,589	$ 5,229,892	$ 153,602	$ 194,931	$ 277,506	$ 8,514,757
Accumulated depreciation							
Balance at January 1, 2019	$ -	$ 297,540	$ 3,235,067	$ 82,140	$ 97,607	$ -	$ 3,712,354
Depreciation expense	-	68,642	291,886	15,847	16,621	-	392,996
Disposals	-	-	(19,187)	(7,230)	(1,770)	-	(28,187)
Effect of foreign currency exchange differences	-	-	(331)	(92)	(518)	-	(941)
Balance at December 31, 2019	$ -	$ 366,182	$ 3,507,435	$ 90,665	$ 111,940	$ -	$ 4,076,222
Carrying amount at December 31, 2019	$ 1,145,237	$ 1,147,407	$ 1,722,457	$ 62,937	$ 82,991	$ 277,506	$ 4,438,535

The above items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings	
Main structure	2-50 years
Facility	5-25 years
Machinery and equipment	
Power equipment	3-20 years
Examination equipment	3-10 years
Computer equipment	3-10 years
Transportation equipment	
Transportation equipment	3-10 years
Telecommunication equipment	3-10 years
Other equipment	
Extinguishment equipment	5-10 years
Air condition and utilities equipment	3-10 years
Monitoring, office and other equipment	3-10 years

17. LEASE AGREEMENT

a. Right-of-use assets

	December 31	
	2020	**2019**
Carrying amounts		
Land	$ 348,618	$ 362,556
Machinery	239,596	258,361
Buildings	86,585	82,572
	$ 674,799	$ 703,489

	For the Year Ended December 31	
	2020	**2019**
Additions to right-of-use assets	$ 15,831	$ 3,018
Depreciation charge for right-of-use assets		
Land	$ 15,157	$ 15,107
Machinery	10,461	10,807
Buildings	10,622	6,442
	$ 36,240	$ 32,356

b. Lease liabilities

	December 31	
	2020	**2019**
Carrying amounts		
Current	$ 40,321	$ 37,013
Non-current	$ 618,829	$ 647,905

Range of discount rate for lease liabilities were as follows:

	December 31	
	2020	**2019**
Land (%)	1.4703	1.4703
Machinery (%)	1.4703	1.4703
Buildings (%)	0.8626-3.0000	1.1955-3.0000

c. Material lease activities and terms

The Corporation and its subsidiaries leased machineries used in manufacturing operations. The contracts were signed for periods from 23 to 25 years. These arrangements do not contain renewal or purchase options. Some lease arrangements allow rent adjustment according to Consumer Price Index every year.

The Corporation and its subsidiaries leased land and buildings used as factories. The contracts were signed for periods from 2 to 45 years. The rents were calculated according to 3% of the announced total present value or 6% of the announced total land value. The Corporation and its subsidiaries do not have renewal or purchase option to the right-of-use assets. The Corporation and its subsidiaries will not transfer or sublet all or part of the leased premises without lessors' approval.

d. Other lease information

	For the Year Ended December 31	
	2020	**2019**
Expenses relating to short-term leases	$ 4,918	$ 6,852
Total cash outflow for all lease agreements (including short-term lease agreements)	$ (48,369)	$ (44,590)

Refer to Note 18 for the Corporation and its subsidiaries leasing their own investment properties in operating leases.

18. INVESTMENT PROPERTIES

For the Year Ended December 31, 2020 and 2019

	Land	**Buildings**	**Total**
Cost			
Balance at January 1 and December 31, 2020 and 2019	$ 561,813	$ 47,665	$ 609,478
Accumulated depreciation and impairment			
Balance at January 1 and December 31, 2020 and 2019	$ 8,825	$ 47,665	$ 56,490
Carrying amount at December 31, 2020 and 2019	$ 552,988	$ -	$ 552,988

The lease term of investment properties is 3 years. The rent was calculated according to 3% of the announced total present value. The leases do not have renewal or purchase option at the end of the lease period.

The total lease payment receivable in the future from leasing of investment properties in operating lease is as follows:

	December 31	
	2020	**2019**
Lease commitments	$ 65,235	$ 14,728

The Corporation participated in "Qianzhen Residential Building Project" conducted by its fellow subsidiary China Prosperity Development Corporation and signed the land purchase agreement in June 2015 with a cost of NT$10,525 thousand and recognized the amount as investment properties. The Corporation also signed the land purchase agreement with its employees. According to the purchase agreement, land prices received from employees were deposited in the Bank of Taiwan.

Since the project was completed and China Prosperity Development Corporation has obtained the building occupation permit and expected to complete the sale in one year. The Corporation transferred its investment property to non-current assets held for sale in December 2018. The transfer of land ownership is completed in June 2019.

The Corporation's investment properties of buildings are depreciated in 50 years by straight-line depreciation method.

As of December 31 2020 and 2019, the fair value of investment properties was both NT$895,837 thousand. The fair value was based on the Corporation's management have adopted the evaluation model used by market participants using Level 3 inputs and with reference to comparison of the similar transaction price in the market. The significant and unobservable inputs included the rate of capitalization of return and related fee rate.

All of the Corporation's investment properties are held under freehold interests.

Refer to Note 30 for the lease transactions conducted with related party.

19. OTHER NON-CURRENT ASSETS

	December 31	
	2020	**2019**
Product underwriting premium (Note 14)	$ 529,159	$ 557,028
Restricted deposits (Note 13)	58,269	-
Deferred charges	39,916	52,136
	$ 627,344	$ 609,164

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Bank loans	$ 1,084,000	$ 1,967,000
Letters of credit borrowings	9,251	25,505
	$ 1,093,251	$ 1,992,505
Range of interest rate (%)	0.72-1.02	0.72-1.118

b. Long-term bank borrowings

	December 31	
	2020	2019
Unsecured loans		
Due on various dates through November, 2023	$ 1,800,000	$ 650,000
Less: Current portion	500,000	-
	$ 1,300,000	$ 650,000
Range of interest rate (%)	0.8772-1.1955	1.046-1.1955

In May 2018, the Corporation entered into a credit facility agreement with KGI Bank for a NT$500,000 thousand credit line. The Corporation applied for the extension of the agreement period to 2023 in June, 2020. Under the agreement, based on the Corporation's quarterly reviewed consolidated financial statements and audited annual consolidated financial statements, which shall be verified quarterly, the consolidated profit from operations of the Corporation shall not be negative for two consecutive quarters. Otherwise, the credit line shall be cancelled until the quarter profit from operation becomes positive. The Corporation and its subsidiaries did not violate the provision.

21. OTHER PAYABLES

	December 31	
	2020	2019
Royalties (Note 14)	$ 527,250	$ 555,019
Salaries and incentive bonus	81,309	100,477
Outsourced repair and construction	39,632	50,833
Employees' compensation and remuneration of directors and supervisors	37,822	70,093
Soil remediation expense	32,986	45,466
Purchase of equipment	5,315	7,742
Others (freight, commission and insurance, etc.)	36,403	42,339
	$ 760,717	$ 871,969

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of a subsidiary in China make contributions in accordance with the local regulations. The subsidiary is required to contribute a specified percentage of payroll costs to the government. The only obligation of the subsidiary in China with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law (the "LSL") is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts a specific amounts of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Corporation and its subsidiaries' defined benefit plans were as follows:

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ 382,165	$ 367,200
Fair value of plan assets	(228,279)	(196,592)
Net defined benefit liability	$ 153,886	$ 170,608
Current (recognized as other payables)	$ 2,018	$ 1,938
Non-current	151,868	168,670
	$ 153,886	$ 170,608

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2019	$ 347,580	$ (177,234)	$ 170,346
Service cost			
Current service cost	6,969	-	6,969

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Interest expense (income)	$ 3,868	$ (2,066)	$ 1,802
Recognized in profit or loss	10,837	(2,066)	8,771
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,932)	(5,932)
Actuarial loss - changes in financial assumptions	15,290	-	15,290
Actuarial loss - experience adjustments	4,638	-	4,638
Recognized in other comprehensive income	19,928	(5,932)	13,996
Contributions from the employer	-	(22,505)	(22,505)
Benefits paid	(11,145)	11,145	-
	(11,145)	(11,360)	(22,505)
Balance at December 31, 2019	367,200	(196,592)	170,608
Service cost			
Current service cost	7,078	-	7,078
Interest expense (income)	2,754	(1,566)	1,188
Recognized in profit or loss	9,832	(1,566)	8,266
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,332)	(6,332)
Actuarial loss - changes in financial assumptions	10,095	-	10,095
Actuarial gain - experience adjustments	(4,962)	-	(4,962)
Recognized in other comprehensive income	5,133	(6,332)	(1,199)
Contributions from the employer	-	(23,789)	(23,789)
Balance at December 31, 2020	$ 382,165	$ (228,279)	$ 153,886

(Concluded)

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

	For the Year Ended December 31	
	2020	2019
Operating costs	$ 5,970	$ 6,392
Selling and marketing expenses	761	789
General and administrative expenses	748	735
Research and development expenses	787	855
	$ 8,266	$ 8,771

Through the defined benefit plans under the LSL, the Corporation is exposed to the following risks:

1) Investment risk

   The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

   A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

   The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2020	**2019**
Discount rate (%)	0.50	0.75
Expected rate of salary increase (%)	3	3

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

	December 31	
	2020	**2019**
Discount rate		
0.25% increase	$ (10,095)	$ (10,288)
0.25% decrease	$ 10,460	$ 10,680
Expected rate of salary increase		
0.25% increase	$ 10,038	$ 10,269
0.25% decrease	$ (9,743)	$ (9,949)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	**2019**
The expected contributions to the plan for the next year	$ 32,046	$ 24,322
The average duration of the defined benefit obligation	11.1 years	11.7 years

23. EQUITY

a. Ordinary share capital

	December 31	
	2020	2019
Number of shares authorized (in thousands)	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	236,904	236,904
Shares issued	$ 2,369,044	$ 2,369,044

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset deficits, distribute cash or transfer to share capital (see note below)		
Additional paid-in capital	$ 218	$ 218
Treasury share transactions	868,124	844,356
May be used to offset deficits only		
Share of changes in equity of associates	1,295	1,278
	$ 869,637	$ 845,852

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.

c. Retained earnings and dividend policy

Under the dividend policy, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

The Corporation is currently in a growing industry environment and the Corporation intends to take advantage of the economic environment to seek for a sustainable operation. The Corporation's dividend policy is to focus on dividend stability and growth by referring to future operating conditions; also, the Corporation should distribute not less than 50% of distributable earnings, and cash dividend may not be less than 50% of the amount distributed.

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

Under Rule No. 1010012865, Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Corporation should appropriate or reverse a special reserve. For the subsequent decrease in the deduction amount to shareholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriation of earnings for 2019 and 2018 had been approved in the shareholder's meeting in June 2020 and 2019, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividend Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2019	**2018**	**2019**	**2018**
Legal reserve	$ 128,035	$ 147,112		
Special reserve	14,850	-		
Cash dividends	1,137,142	1,255,594	$ 4.8	$ 5.3

In addition, the Corporation's board of directors resolved to distribute cash from legal reserve of NT$47,381 thousand, NT$0.2 per share, total NT$5 per share for 2019.

The appropriation of earnings for 2020 had been proposed by the Corporation's board of directors in February 2021. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 71,898	
Special reserve	16,317	
Cash dividends	615,952	$ 2.6

In addition, the Corporation's board of directors resolved to distribute cash from legal reserve of NT$47,381 thousand, NT$0.2 per share, total NT$2.8 per share.

The appropriations of earnings for 2020 are subject to the resolution in the shareholders' meeting to be held in June 2021.

d. Other equity items

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

	For the Year Ended December 31	
	2020	**2019**
Balance, beginning of the year	$ (71,241)	$ (44,737)
Recognized during the year		
Exchange differences arising from translating foreign operations	(10,284)	(22,212)
Share of exchange difference of associates accounted for using the equity method	(3,222)	(4,292)
Balance, end of the year	$ (84,747)	$ (71,241)

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	**2019**
Balance, beginning of the year	$ (103,927)	$ (89,173)
Recognized during the year		
Unrealized gain and loss - debt instruments	(795)	-
Unrealized gain and loss - equity instruments	4,964	168
Share from associates accounted for using the equity method	(7,499)	(15,561)
Other comprehensive income recognized in the year	(107,257)	(104,566)
Cumulative unrealized gain and loss of equity instruments transferred to retained earnings due to disposal	(1,150)	639
Balance, end of the year	$ (108,407)	$ (103,927)

3) Gains and losses on hedge instruments (cash flow hedges)

	For the Year Ended December 31	
	2020	**2019**
Balance, beginning of the year	$ (1,664)	$ -
Recognized during the year		
Foreign currency risk - changes in the fair value of hedging instruments	(10,900)	(2,080)
Share of fair value changes of hedging instruments of associates accounted for using the equity method	4	-
Tax effect	2,180	416
Reclassification adjustments		
Hedged item no longer expected to occur		
Foreign currency risk - changes in the fair value of hedging instruments	12,980	-
Tax effect	(2,596)	-
Balance, end the of year	$ 4	$ (1,664)

e. Non-controlling interests

	For the Year Ended December 31	
	2020	**2019**
Balance, beginning of the year	$ 366,473	$ 370,339
Net profit (loss) for the year	(8,864)	5,150
Other comprehensive income in the year		
Exchange difference arising from translating foreign operation	(15,458)	(9,016)
Distribution of cash dividends	(65,894)	-
Balance, end of the year	$ 276,257	$ 366,473

f. Treasury shares

The Corporation’s shares acquired and held by subsidiary - EWI for the purpose of investment accounted for as treasury shares were as follows (number of shares in thousands):

For the Year Ended December 31, 2020

Beginning of the Year		Decrease During the Year			End of the Year		
Number of Shares Held	Carrying Amount	Number of Shares Held	Carrying Amount	Selling Price	Number of Shares Held	Carrying Amount	Market Price
4,754	$ 117,638	-	$ -	$ -	4,754	$ 117,638	$ 515,759

For the Year Ended December 31, 2019

Beginning of the Year		Decrease During the Year			End of the Year		
Number of Shares Held	Carrying Amount	Number of Shares Held	Carrying Amount	Selling Price	Number of Shares Held	Carrying Amount	Market Price
4,754	$ 117,638	-	$ -	$ -	4,754	$ 117,638	$ 582,308

The Corporation's shares held by the subsidiaries are accounted for as treasury shares with all shareholders' rights, except the rights to participate in the Corporation's capital increase in cash and right to vote.

24. OPERATING REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from chemical product production and sale	$ 4,661,008	$ 6,302,723
Revenue from trading	570,176	1,101,380
Revenue from the rendering of services	85,383	91,853
	5,316,567	7,495,956
Revenue from investment		
Gain on fair value change of financial assets at FVTPL	35,077	22,399
Share of profit of associates	6,565	14,770
Dividend income	5,565	8,865
	47,207	46,034
	$ 5,363,774	$ 7,541,990

a. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable (including related parties)	$ 446,179	$ 511,263	$ 603,379
Contract liabilities			
Sale of goods	$ 12,088	$ 12,872	$ 68,707
Other contract liabilities	-	-	1,110
	$ 12,088	$ 12,872	$ 69,817

The changes in the contract liability balances primarily result from the timing difference between the Corporations and its subsidiaries' satisfaction of performance obligation and the respective customer's payment.

Revenue in the current year that was recognized from the balance at the beginning of the year contract liability was summarized as follows:

	For the Year Ended December 31	
	2020	2019
From contract liabilities at the start of the year		
Sale of goods	$ 13,368	$ 68,693

b. Disaggregation of revenue

For the year ended December 31, 2020

	Chemicals Segment - Production and Sales	Chemicals Segment - Trading	Investment Segment	Total
Type of goods or services				
Sale of goods	$ 4,661,008	$ 570,176	$ -	$ 5,231,184
Rendering of services	85,383	-	-	85,383
Others	-	-	47,207	47,207
	$ 4,746,391	$ 570,176	$ 47,207	$ 5,363,774

For the year ended December 31, 2019

	Chemicals Segment - Production and Sales	Chemicals Segment - Trading	Investment Segment	Total
Type of goods or services				
Sale of goods	$ 6,302,723	$ 1,101,380	$ -	$ 7,404,103
Rendering of services	91,853	-	-	91,853
Others	-	-	46,034	46,034
	$ 6,394,576	$ 1,101,380	$ 46,034	$ 7,541,990

25. PROFIT BEFORE INCOME TAX

Profit before income tax consisted of following items:

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 8,339	$ 25,235
Financial assets at amortized cost	4,861	7,604
Investments in debt instruments at FVTOCI	1,398	-
Others	13	13
	$ 14,611	$ 32,852

b. Other income

	For the Year Ended December 31	
	2020	2019
Subsidy income	$ 20,598	$ -
Income from sale of prototype trail products	20,448	14,210
Rental income (Note 30)	16,610	16,537
Reversal of accrued payables	11,213	8,910
Income from sale of scarp and wastes	4,142	4,189
Dividend income	1,599	4,911
Insurance claim income	-	19,792
Others	4,671	5,527
	$ 79,281	$ 74,076

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange loss	$ (38,705)	$ (13,289)
Loss on fair value change of financial assets mandatorily at FVTPL	(19,353)	(4,757)
Loss on disposal of subsidiaries	(2,524)	-
Loss on disposal of property, plant and equipment	(66)	(593)
Gain on disposal of non-current assets held for sale	-	407
Others	(269)	(470)
	$ (60,917)	$ (18,702)

The components of net foreign exchange loss were as follows:

	For the Year Ended December 31	
	2020	2019
Foreign exchange gain	$ 28,019	$ 31,071
Foreign exchange loss	(66,724)	(44,360)
Net foreign exchange loss	$ (38,705)	$ (13,289)

d. Interest expenses

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 23,014	$ 23,022
Interest on lease liabilities	10,514	10,934
Interest on issuing short-term bills	152	54
Others	8	-
	33,688	34,010
Less: Amounts included in the cost of qualifying assets	3,887	7,819
	$ 29,801	$ 26,191

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest	$ 3,887	$ 7,819
Capitalization rate (%)	1.1955	0.8-1.1955

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 426,779	$ 392,996
Right-of-use asset	36,240	32,356
Other non-current assets	12,959	10,330
	$ 475,978	$ 435,682
An analysis of depreciation by function		
Operating costs	$ 428,493	$ 397,743
Operating expenses	34,526	27,609
	$ 463,019	$ 425,352
An analysis of amortization by function		
Operating costs	$ 12,959	$ 10,330

f. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits		
Salaries	$ 381,980	$ 426,181
Labor and health insurance	25,304	24,853
Others	19,683	19,084
	426,967	470,118
Post-employment benefits		
Defined contribution plans	8,060	7,694
Defined benefit plans (Note 22)	8,266	8,771
	16,326	16,465
	$ 443,293	$ 486,583
An analysis by function		
Operating costs	$ 291,965	$ 310,285
Operating expenses	151,328	176,298
	$ 443,293	$ 486,583

g. Employees' compensation and remuneration of directors and supervisors

The Articles of Incorporation of the Corporation stipulated the Corporation to distribute employees' compensation and remuneration of directors and supervisors at the rates no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The Corporation accrued compensation of employees and remuneration of directors for NT$31,518 thousand and NT$6,304 thousand, respectively for the year ended December 31, 2020.

The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2020 and 2019 which have been approved by the Corporation's board of directors in February 2021 and March 2020, respectively, were as follows:

	Cash	
	For the Year Ended December 31	
	2020	2019
Compensation of employees	$ 33,803	$ 59,867
Remuneration of directors and supervisors	6,761	11,973

Material differences between such estimated amounts and the amounts resolved by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The appropriations of employees' compensation and remuneration of directors and supervisors have been resolved by the board of directors in March 2020 and 2019 and consolidated financial statements for 2019 and 2018 as follows:

	For the Year Ended December 31, 2019		For the Year Ended December 31, 2018	
	Compensation of Employees	Remuneration of Directors and Supervisors	Compensation of Employees	Remuneration of Directors and Supervisors
Amounts approved in the board of directors' meeting	$ 59,867	$ 11,973	$ 68,067	$ 13,613
Amounts recognized in the annual financial statements	$ 58,411	$ 12,040	$ 67,249	$ 13,450

The difference amounts above were recognized in profit and loss in 2020 and 2019.

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

26. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Year Ended December 31	
	2020	**2019**
Current tax		
In respect of the current year	$ 160,963	$ 282,186
Adjustments for prior year	1,143	9,099
Adjustments under the Alternative Minimum Tax Act	-	1,107
Income tax on unappropriated earnings	16	-
Land value increment tax	-	44
	162,122	292,436
Deferred tax		
In respect of the current year	(19,130)	(2,796)
Adjustments for prior year	-	7,696
	(19,130)	4,900
	$ 142,992	$ 297,336

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2020	**2019**
Profit before income tax	$ 851,019	$ 1,595,325
Income tax expense at the statutory rate	$ 181,187	$ 320,215
Deductible income in determining taxable income	(39,354)	(34,825)
Investment Credits	-	(6,000)
Additional income tax under the Alternative Minimum Tax Act	-	1,107
Income tax on unappropriated earnings	16	-
Adjustments for prior years	1,143	16,795
Land value increment tax	-	44
	$ 142,992	$ 297,336

The subsidiaries in China are subject to income tax rate of 25%. Tax rates applied by other subsidiaries operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax (benefit) recognized in other comprehensive income (loss)

	For the Year Ended December 31	
	2020	**2019**
Recognized in other comprehensive income		
Cash flow hedges	$ 416	$ (416)
Remeasurement on defined benefit plan	240	(2,799)
	$ 656	$ (3,215)

c. Current tax liabilities

	December 31	
	2020	2019
Current tax liabilities		
Income tax payable	$ 154,914	$ 98,586

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2020

	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
Deferred tax assets				
Temporary differences				
Defined benefit plan	$ 34,121	$ (3,104)	$ (240)	$ 30,777
Unrealized losses on inventories	22,705	8,267	-	30,972
Difference between tax reporting and financial reporting - depreciation methods	6,702	(324)	-	6,378
Foreign investment loss	-	9,593	-	9,593
Others	9,510	(1,693)	(416)	7,401
	$ 73,038	$ 12,739	$ (656)	$ 85,121
Deferred tax liabilities				
Temporary differences				
Unrealized exchange gains, net	$ 395	$ 1,150	$ -	$ 1,545
Foreign investment gain	7,541	(7,541)	-	-
	$ 7,936	$ (6,391)	$ -	$ 1,545

For the Year Ended December 31, 2019

	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
Deferred tax assets				
Temporary differences				
Defined benefit plan	$ 34,069	$ (2,747)	$ 2,799	$ 34,121
Unrealized losses on inventories	24,415	(1,710)	-	22,705
Difference between tax reporting and financial reporting - depreciation methods	7,026	(324)	-	6,702

(Continued)

	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End the of Year
Others	$ 7,533	$ 1,561	$ 416	$ 9,510
	$ 73,043	$ (3,220)	$ 3,215	$ 73,038
Deferred tax liabilities				
Temporary differences				
Unrealized exchange gains, net	$ 1,256	$ (861)	$ -	$ 395
Foreign investment gain	5,000	2,541	-	7,541
	$ 6,256	$ 1,680	$ -	$ 7,936

(Concluded)

e. Income tax assessments

The Corporation's and the subsidiary EWI income tax returns through 2018 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

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

Net profit for the year

	For the Year Ended December 31	
	2020	2019
Net profit attributable to owners of the Corporation	$ 716,891	$ 1,292,839

Weighted average number of ordinary shares outstanding (in thousand shares)

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares outstanding	236,904	236,904
Less: Number of treasury shares acquired by subsidiaries	4,754	4,754
Weighted average number of ordinary shares used in computation of basic earnings per share	232,150	232,150
Plus: Effect of dilutive potential ordinary shares - employees' compensation	428	584
Weighted average number of ordinary shares used in the computation of diluted earnings per share	232,578	232,734

Since the Corporation is allowed to settle compensation paid to employees by cash or shares, the Corporation assumed that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

28. CAPITAL MANAGEMENT

The capital management of the Corporation and its subsidiaries is aimed at ensuring effective use of capital and ensuring a smooth operation and ensuring optimized debt and equity balance. The overall strategy of the Corporation and its subsidiaries has not significantly changed for the year ended December 31, 2019. The capital structure of the Corporation and its subsidiaries consist of net liabilities and equity. Except for description of Note 20, without any need for complying with other external capital requirements. The Corporation and its subsidiaries review capital structure on a quarterly basis, including the consideration of capital costs and related risks. Currently, the equity in the capital structure is greater than liabilities and it will be used to pay for dividends or debts; also, the Corporation and its subsidiaries have invested in financial instruments as part of capital and fund management.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial assets measured at FVTPL				
Mutual funds	$ 529,164	$ -	$ -	$ 529,164
Domestic listed shares	109,563	-	-	109,563
Emerging market shares	-	-	24,996	24,996
Domestic unlisted shares	-	-	51,046	51,046
Convertible corporate bonds	63,188	-	-	63,188
	$ 701,915	$ -	$ 76,042	$ 777,957
Financial assets at FVTOCI				
Domestic listed shares	$ 179,563	$ -	$ -	$ 179,563
Foreign corporate bonds	29,890	-	-	29,890
	$ 209,453	$ -	$ -	$ 209,453
December 31, 2019				
Financial assets measured at FVTPL				
Mutual funds	$ 697,652	$ -	$ -	$ 697,652
Domestic listed shares	74,770	-	-	74,770
Emerging market share	-	-	20,789	20,789
Domestic unlisted shares	-	-	51,121	51,121
	$ 772,422	$ -	$ 71,910	$ 844,332
Financial assets at FVTOCI				
Domestic listed shares	$ 174,599	$ -	$ -	$ 174,599

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

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

	Financial Assets at FVTPL For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ 71,910	$ 71,135
Recognized in profit or loss	5,422	3,363
Purchases	-	482
Capital reduction	(1,290)	(3,070)
Balance, end of the year	$ 76,042	$ 71,910

3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

a) The fair value of emerging market shares was based on the closing price adjusted for liquidity risk premium or the external expert accreditation report.

b) The fair value of unlisted shares was based on the current net value or trading price.

b. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets at FVTPL		
Mandatorily at FVTPL (including non-current)	$ 777,957	$ 844,332
Financial assets for hedging	-	119,920
Financial assets at FVTOCI		
Investments in equity instruments	179,563	174,599
Investments in debt instruments	29,890	-
Financial assets at amortized cost 1)	1,897,746	1,979,578
Financial liabilities		
Financial liabilities at amortized cost 2)	3,846,044	3,754,547

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, other financial assets - current, financial assets at amortized cost - noncurrent, notes and accounts receivable (including related parties), restricted deposits, other receivables and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payable (including related parties), other payables, long-term borrowings (including current portion of long-term borrowings) and guarantee deposit received.

c. Financial risk management objectives and policies

The Corporation and its subsidiaries' major financial instruments include equity and debt investments accounts receivable, accounts payable, short-term and long-term borrowings. The Corporation and its subsidiaries' treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation and its subsidiaries through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporation and its subsidiaries sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Corporation and its subsidiaries' policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Corporation and its subsidiaries did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Corporation and its subsidiaries' activities exposed them primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There had been no change to the Corporation and its subsidiaries' exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation and its subsidiaries had sales in foreign currencies, which were exposed to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts or were mitigated by future receivables and payables denominated in the same foreign currency.

The carrying amounts of the Corporation and its subsidiaries' foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are set out in Note 32.

Sensitivity analysis

The Corporation and its subsidiaries were mainly exposed to the currencies USD and RMB. The following table details the Corporation and its subsidiaries' sensitivity to a 3% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate of 3% represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only the outstanding foreign monetary items at each balance sheet date. Scenario 1 in the following table indicates the profit and loss of the Corporation and its subsidiaries when the functional currency against the USD or RMB appreciated by 3%. Scenario 2 in the following table indicates the profit or loss of the Corporation and its subsidiaries when the functional currency against the USD or RMB depreciated by 3%.

	USD Effect (Note)		RMB Effect (Note)	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Profit or loss in Scenario 1	$ (13,344)	$ (14,545)	$ (2,000)	$ (2,971)
Profit or loss in Scenario 2	13,344	14,545	2,000	2,971

Note: It was mainly derived from the cash and cash equivalents, receivables, restricted deposits (including noncurrent), financial assets at amortized cost - noncurrent, payables, and other payables denominated in foreign currency without cash flow hedging arranged at each balance sheet date by the Corporation and its subsidiaries.

Changes in the exchange rate sensitivity of the Corporation and its subsidiaries in 2020 mainly due to the decrease of USD and RMB assets. The management believes that the sensitivity analysis is not representative of the inherent risk of exchange rate since the foreign currency risk exposure at balance sheet date does not reflect the interim risk exposure; also, the sales denominated in USD and RMB will be affected by customer orders and shipping schedules.

b) Interest rate risk

The carrying amounts of the Corporation and its subsidiaries financial assets and financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2020	2019
Fair value interest rate risk		
Financial liabilities	$ 1,159,150	$ 1,184,918
Cash flow interest rate risk		
Financial assets	492,274	418,521
Financial liabilities	1,300,000	150,000

Because of held financial liabilities, if interest rates had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' cash in the next year for the years ended December 31, 2020 and 2019 would have decreased/increased by NT$13,000 thousand and NT$1,500 thousand, respectively.

c) Other price risk

The Corporation and its subsidiaries are exposed to equity price risk through their investments in listed shares and mutual funds; the risk is managed by maintaining a portfolio of investments with different risks. The equity price risk of the Corporation and its subsidiaries was primarily concentrated on the share and fund market in Taiwan and it was evaluated by the closing price of the equity securities and net value of the mutual funds on a monthly basis.

Sensitivity analysis

The sensitivity analysis measures the exposure to equity price risk at the balance sheet date. Considering the market price fluctuation of the Corporation and its subsidiaries' main investment targets, the fluctuation of 6% was used for the sensitivity analysis of equity securities.

If equity prices had been 6% higher/lower for the years ended December 31, 2020 and 2019, respectively, the pre-tax profit for the years ended December 31, 2020 and 2019 would have been higher/lower by NT$38,324 thousand and NT$46,345 thousand, respectively, as a result of the fair value changes of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have been higher/lower by NT$10,774 thousand and NT$10,476 thousand, respectively, as a result of the changes in fair value of FVTOCI, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default resulting in financial loss to the Corporation and its subsidiaries. As at the balance sheet date, the Corporation and its subsidiaries' maximum exposure to credit risk is the carrying amount of accounts receivables on the consolidated balance sheets. The main customers of the Corporation and its subsidiaries were creditworthy. Annual credit investigation of the credit status of the customers is conducted and a credit report is issued. The business unit uses the credit report as basis for the rating of the customers and the credit line granted. In addition, the credit rating and customer credit status are compiled in a weekly report for use as reference of the business department. If necessary, the customers will be requested to provide collaterals or to pay cash for each transaction. The business department also understands the credit status of customers through external credit investigation and industry reports. The credit risk was immaterial to Corporation and its subsidiaries.

The Corporation and its subsidiaries' concentrations of credit risk in total of notes and accounts receivable were as follows:

	December 31	
	2020	**2019**
Customer A	$ 90,911	$ 85,021
Customer B	49,059	69,989
Customer C	22,176	53,053
	$ 162,146	$ 208,063

3) Liquidity risk

The Corporation and its subsidiaries have supported business operation through management and by maintaining sufficient cash and cash equivalents or easily realizable financial instruments. In addition, the Corporation and its subsidiaries signed line of credit contracts with financial institutions for a ready source of funds to support the business operation of the Corporation and its subsidiaries.

The equity of the Corporation and its subsidiaries is far greater than its liabilities; also, the bank credit lines have available unused amount; therefore, there is no liquidity risk.

The Corporation and its subsidiaries rely on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Corporation and its subsidiaries had available unutilized short-term bank loan facilities in the amounts of NT$4.3 billion thousand and NT$5.0 billion thousand, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Corporation and its subsidiaries' remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation and its subsidiaries can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2020

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing	$ 947,936	$ 4,857	$ -	$ 952,793
Lease liabilities	42,318	135,718	614,231	792,267
Variable interest rate liabilities	1,106,071	1,313,245	-	2,419,316
Fixed interest rate liabilities	503,652	-	-	503,652
	$ 2,599,977	$ 1,453,820	$ 614,231	$ 4,668,028

December 31, 2019

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing	$ 1,108,512	$ 3,530	$ -	$ 1,112,042
Lease liabilities	37,722	135,004	622,853	795,579
Variable interest rate liabilities	1,945,043	150,597	-	2,095,640
Fixed interest rate liabilities	56,117	503,570	-	559,687
	$ 3,147,394	$ 792,701	$ 622,853	$ 4,562,948

30. TRANSACTIONS WITH RELATED PARTIES

Related Party Name	Relationship with the Corporation
China Steel Corporation (CSC)	The parent entity of the Corporation
International CSRC Investment Holding Co., Ltd.	The Corporation as key management personnel of other related parties
Linyuan Advanced Materials Technology Co. Ltd. (Linyuan Advanced)	The Corporation as key management personnel of subsidiaries
E-One Moli Energy Corporation	The Corporation as key management personnel of subsidiaries
China Steel Structure Corporation	Fellow subsidiary
Dragon Steel Corporation (DSC)	Fellow subsidiary
United Steel Engineering & Construction Corporation	Fellow subsidiary
China Ecotek Corporation	Fellow subsidiary
Chung Hung Steel Corporation (CHS)	Fellow subsidiary
China Steel Machinery Corporation	Fellow subsidiary
CHC Resources Corporation	Fellow subsidiary
Himag Magnetic Corporation	Fellow subsidiary
China Steel Global Trading Corporation	Fellow subsidiary
Steel Castle Technology Corporation	Fellow subsidiary
Union Steel Development Corporation	Fellow subsidiary
China Steel Security Corporation	Fellow subsidiary
China Steel Precision Materials Corporation (CSPM)	Fellow subsidiary

(Continued)

Related Party Name	Relationship with the Corporation
Betacera Inc.	Fellow subsidiary
Info Champ Systems Corporation	Fellow subsidiary
CSC Solar Corporation	Fellow subsidiary
Thintech Materials Technology Co., Ltd.	Fellow subsidiary
Formosa Ha Tinh (Cayman) Limited	Other related party
Formosa Ha Tinh Steel Corporation (Formosa Ha Tinh)	Other related party

(Concluded)

Details of transactions between the Corporation and its subsidiaries and related parties were as follows:

a. Operating revenue

Account Items	Related Party Category/Name	For the Year Ended December 31 2020	2019
Revenue from sales of goods	The Corporation as key management personnel of subsidiaries		
	Linyuan Advanced	$ 845,761	$ 1,140,278
	Others	49,071	29,237
		894,832	1,169,515
	Parent entity	10,584	14,375
	Fellow subsidiaries	7,734	11,685
		$ 913,150	$ 1,195,575
Revenue from the rendering of services	Parent entity	$ 84,595	$ 91,420
	Fellow subsidiaries	411	-
		$ 85,006	$ 91,420

Part of sales to the parent entity and fellow subsidiaries were charged at the cost plus additional percentage; sales to others were charged in accordance with the agreed pricing formula. Sales referred to above except for revenue from rendering of services from the parent entity, did not have similar transactions for comparison; but not significantly different from regular trading.

b. Purchase of goods

Related Party Category/Name	For the Year Ended December 31 2020	2019
Parent entity		
CSC	$ 1,447,865	$ 2,111,712
Fellow subsidiaries		
DSC	515,258	815,758
Others	1,220	1,020
	516,478	816,778
Other related parties		
Formosa Ha Tinh	605,995	1,121,549
	$ 2,570,338	$ 4,050,039

The Corporation entered into agreements for purchase of light oil products and coal tar with the parent entity in March 2013 and July 2010, respectively. Besides, the Corporation entered into agreements for purchase of light oil products and coal tar with DSC in May 2008. The terms of agreements were 5 years and the agreements would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party. Prices were negotiated between both sides and paid with letters of credit at sight. If any price adjustments occurred due to market volatilities, it shall be settled separately.

In addition, the Corporation entered into agreement for fine coke processing with the parent company for 5 years in January 2008; the agreement would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party.

The Corporation and its subsidiaries entered into agreements for purchase of light oil products and coal tar with Formosa Ha Tinh in November 2018 and May 2016. The term of agreement was 15 years and the agreement would be extended automatically according to the negotiation. Prices were negotiated between both sides and paid with telegraphic transfer before shipment or letters of credit at sight. If any price adjustments occurred due to market volatilities, it shall be settled separately.

c. Receivables from related parties

Account Items	Related Party Category/Name	December 31 2020	December 31 2019
Accounts receivable - related parties	Parent entity	$ 10,430	$ 10,702
	Fellow subsidiaries	1,997	1,192
	The Corporation as key management personnel of subsidiaries		
	Linyuan Advanced	90,911	85,021
	Others	10,547	3,922
		$ 113,885	$ 100,837
Other receivables	Parent entity		
	CSC	$ 1,601	$ 13,740
	Fellow subsidiaries	1,292	916
	Other related parties		
	Formosa Ha Tinh (Cayman)	199,360	209,860
	Others	-	23,981
		$ 202,253	$ 248,497

No guarantee had been received for receivables from related parties. For the years ended December 31, 2020 and 2019, no impairment loss was recognized on receivables from related parties.

d. Payables to related parties

Account Items	Related Party Category/Name	December 31 2020	December 31 2019
Accounts payable - related parties	Parent entity		
	CSC	$ 151,092	$ 186,149
	Other related parties	6,952	-
		$ 158,044	$ 186,149
Other payables	Parent entity	$ 8,820	$ 11,272
	Fellow subsidiaries	82	247
	The Corporation as key management personnel of other related parties	2,101	3,279
	Supervisors of the Corporation	-	1,846
	Other related parties		
	Formosa Ha Tinh	527,250	555,019
		$ 538,253	$ 571,663

The outstanding accounts payable to related parties were unsecured.

e. Acquisitions of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2020	Purchase Price For the Year Ended December 31 2019
Parent entity	$ 23,990	$ -
Fellow subsidiaries	1,470	19,451
	$ 25,460	$ 19,451

f. Lease arrangements - the Corporation and its subsidiaries are lessee

Related Party Category/Name	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Acquisition of right-of-use assets		
Parent entity-CSC	$ 14,118	$ -

Account Items	Related Party Category/Name	December 31 2020	December 31 2019
Lease liabilities	Parent entity-CSC	$ 604,985	$ 625,674
	Fellow subsidiaries		
	CCSNM	50,625	50,366
	CHS	1,166	3,469
		51,791	53,835
		$ 656,776	$ 679,509

Account Items	Related Party Category/Name	For the Year Ended December 31 2020	2019
Interest expenses	Parent entity-CSC	$ 8,988	$ 9,280
	Fellow subsidiary		
	CCSNM	1,456	1,521
	CHS	31	56
		1,487	1,577
		$ 10,475	$ 10,857

Leases of land and plants

The Corporation leased land and plants from its parent entity with total of 3 arrangements. The rental was calculated by an annual rate of 3% based on the current land value and an annual rate of 6% based on the announced land value, respectively. The lease term of the contracts was all 1-5 years, which was ended December, 2021 and 2024, respectively. The rental was paid every half year.

The Corporation also leased the coke plant from its parent entity. The lease term of the contract was 1 year, which was ended December, 2021. The rental was paid every half year.

The Corporation leased land and plants from its fellow subsidiary. The lease term was ended August, 2021. The rental was paid quarterly.

Leases from related parties were without similar transactions with other non-related parties.

Leases of office buildings

The Corporation leased office buildings from its parent entity. The lease term of the contract was ended December, 2022. The rental was paid quarterly. Prices were negotiated between both sides and rental was paid according to the contract. Prices were same as local rental and there was no material difference in the term of contract between related parties and non-related parties.

g. Lease arrangements - the Corporation and its subsidiaries are lessor under operating leases

As described in Note 18, the Corporation leased out land, which was located in the Xiaogang District, Kaohsiung City to its parent entity. The rental was calculated by an annual rate of 3% based on the current land value. The rental was paid every half year. The lease term of the contract was ended December, 2025. As of December 31, 2020 and 2019, the gross lease payments to be received were NT$61,585 thousand and NT$12,315 thousand, respectively. The amounts of lease income recognized for the years ended December 31, 2020 and 2019 were both NT$12,317 thousand.

h. Other related party transactions

1) Public fluid and reservoir

The Corporation’s factory was located inside the parent entity’s plant; the primary energy needed for production was supplied by the parent entity. The Corporation paid on a monthly basis for expenses on public fluid and reservoir, including electricity, wastewater treatment, waste gas treatment, consumption of steam, and coke ovens, based on market prices or cost plus percentage. The expenses mentioned above amounted to NT$304,280 thousand and NT$390,173 thousand for the years ended December 31, 2020 and 2019, respectively. The Corporation and other non-related parties had no similar transactions available for comparison.

2) Technical service fees

The Corporation commissioned the parent entity to provide technical services, including activated carbon like Isotropic graphite block material analysis and the applied technological development in graphitizing mass production. The fees for technical services amounted to NT$6,340 thousand and NT$8,980 thousand for the years ended December 31, 2020 and 2019, respectively.

i. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 38,397	$ 43,218
Post-employment benefits	1,374	1,005
	$ 39,771	$ 44,223

The compensation of the directors and the other management was determined by the Remuneration Committee in accordance with the personal performance evaluation and market trends.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

The Corporation and its subsidiaries' significant commitments and contingencies as of December 31, 2020 were as follows:

a. Guarantee notes provided to sellers for purchase of goods and performance amounted to NT$91,693 thousand.

b. Unused balance of the letter of credit issued by the Corporation for the purchase of raw materials and commodities in the amount of NT$562,884 thousand.

c. Property, plant and equipment construction contract signed for total amount of NT$27,131 thousand, within which about NT$13,938 thousand were not yet completed.

32. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and its subsidiaries and the exchange rates between foreign currencies and respective functional currencies were disclosed.

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2020				
Monetary financial assets				
USD	$ 27,183	28.48	(USD:NTD)	$ 774,184
RMB	15,234	4.377	(RMB:NTD)	66,680
Non-monetary financial assets				
Financial assets mandatorily designated as at FVTPL				
USD	9,444	28.48	(USD:NTD)	268,976
Financial assets at FVTOCI				
USD	1,050	28.48	(USD:NTD)	29,890
Monetary financial liabilities				
USD	7,758	28.48	(USD:NTD)	220,950
USD	3,807	6.507	(USD:RMB)	108,420
December 31, 2019				
Monetary financial assets				
USD	28,678	29.98	(USD:NTD)	859,757
RMB	23,001	4.305	(RMB:NTD)	99,021
Non-monetary financial assets				
Financial assets mandatorily designated as at FVTPL				
USD	7,940	29.98	(USD:NTD)	238,047
RMB	5,184	4.305	(RMB:NTD)	22,317
Monetary financial liabilities				
USD	9,683	29.98	(USD:NTD)	290,302
USD	2,822	6.964	(USD:RMB)	84,606

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains and losses were loss of NT$38,705 thousand and NT$13,289 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transaction and functional currencies of the Corporation and its subsidiaries.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

9) Trading in derivative instruments: The Corporation entered into non-designated hedged foreign exchange forward contracts amounted to NT$77,727 thousand which generated realized exchange gain NT$753 thousand for the year ended December 31, 2020. As of December 31, 2020, the Corporation and its subsidiaries did not hold any derivative instruments.

10) Intercompany relationships and significant intercompany transactions (Table 5)

11) Information on investees (Table 6)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income (loss) of investees, investment gain (loss), carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices and payment terms:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 5, the amount of payable was not significant)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 5)

c) The amount of property transactions and the amount of the resultant gains or losses (None)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (None)

e) The highest balance, the end of period balance and the interest rate range with respect to financing of funds (Table 1)

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

d. Information of major shareholders: List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares. (Table 8)

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reported segments of the Corporation and its subsidiaries were as follows:

a. CSCC/CCSNM - Production and marketing of chemical products.

b. EGI (liquidation in September 2020)/CSCCC - Trade of chemical products.

c. EWI - Investments.

d. Department income and operating results

The Corporation and its subsidiaries have the reporting segments analyzed as follows:

	CSCC/CCSCM	EGI /CSCCC	EWI	Adjustment and Write-off	Consolidated
For the year ended December 31, 2020					
Revenue from external customers	$ 5,316,567	$ -	$ 47,207	$ -	$ 5,363,774
Inter segment revenue	61,346	-	11,805	(73,151)	-
Segment revenue	$ 5,377,913	$ -	$ 59,012	$ (73,151)	$ 5,363,774
Segment income (loss)	$ 725,032	$ (20,349)	$ 56,918	$ 8,298	$ 769,899
Interest income	11,883	2,346	1,978	(1,596)	14,611
Share of profits of associates	97,565	-	-	(19,619)	77,946
Other income	98,234	-	1,150	(20,103)	79,281
Interest expense	(31,397)	-	-	1,596	(29,801)
Other gains and losses	(53,973)	(2,197)	(4,747)	-	(60,917)
Profit (loss) before income tax	847,344	(20,200)	55,299	(31,424)	851,019
Income tax expense	142,415	-	577	-	142,992
Net profit for the year	$ 704,929	$ (20,200)	$ 54,722	$ (31,424)	$ 708,027
For the year ended December 31, 2019					
Revenue from external customers	$ 7,473,072	$ 22,884	$ 46,034	$ -	$ 7,541,990
Inter segment revenue	196,899	14,250	16,788	(227,937)	-
Segment revenue	$ 7,669,971	$ 37,134	$ 62,822	$ (227,937)	$ 7,541,990
Segment income	$ 1,391,694	$ 2,306	$ 55,325	$ (6,932)	$ 1,442,393
Interest income	21,324	11,260	448	(180)	32,852
Share of profits of associates	145,490	-	-	(54,593)	90,897
Other income	59,257	22,006	2,669	(9,856)	74,076
Interest expense	(26,371)	-	-	180	(26,191)
Other gains and losses	(9,353)	(8,086)	(1,263)	-	(18,702)
Profit before income tax	1,582,041	27,486	57,179	(71,381)	1,595,325
Income tax expense (benefit)	297,608	-	(272)	-	297,336
Net profit for the year	$ 1,284,433	$ 27,486	$ 57,451	$ (71,381)	$ 1,297,989

Department interests refers to the profits earned by each department, excluding the administrative cost of the headquarters to be amortized and remuneration of directors and supervisors, rent income, interest income, loss from disposal of property, plant, and equipment, profit from disposal of non-current assets held for sale, net foreign currency exchange gains and losses, financial instruments valuation gains and losses, interest expense and income tax expense, etc. These measurements and amount are provided to the chief operating decision-maker for allocating resources to each segment and for assessing their performance.

e. Segment total assets and liabilities

	December 31	
	2020	2019
Segment assets		
Chemicals segment		
Production and sales	$ 11,344,052	$ 11,770,674
Trading	1,079,762	1,349,916
Investment segment	1,688,085	1,745,781
Adjustments and write-off	(2,469,026)	(2,774,566)
	$ 11,642,873	$ 12,091,805
Segment liabilities		
Chemicals segment		
Production and sales	$ 4,657,055	$ 4,616,087
Trading	527,250	577,486
Investment segment	135	1,805
Adjustments and write-off	(351,993)	(462,291)
	$ 4,832,447	$ 4,733,087

f. Revenue from major products and services

The main products and services revenue of the Corporation and its subsidiaries are analyzed as follows:

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Chemical product production and sale revenue	$ 4,661,008	$ 6,302,723
Trading revenue	570,176	1,101,380
Service revenue	85,383	91,853
Investment income	47,207	46,034
	$ 5,363,774	$ 7,541,990

g. Geographical information

The Corporation and its subsidiaries are operating business mainly in Taiwan and mainland China.

The revenue of the Corporation and its subsidiaries generated from external customers classified by the country and non-current assets classified by country were as follows:

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2020	**2019**	**2020**	**2019**
Taiwan	$ 2,955,946	$ 3,979,840	$ 5,414,647	$ 5,691,613
China	1,122,965	1,762,231	114,135	120,002
Australia	652,193	838,523	-	-
Others	632,670	961,396	529,158	557,028
	$ 5,363,774	$ 7,541,990	$ 6,057,940	$ 6,368,643

Non-current assets exclude financial instruments, investments accounted for using the equity method, deferred income tax assets and refundable deposits.

h. Information about major customers

The external customers that accounted for more than 10% of the consolidated operating revenue of the Corporation and its subsidiaries in 2020 and 2019 were customers of the Corporation. The main customers were as follows:

	For the Year Ended December 31			
	2020		**2019**	
	Amount	**Percentage of Operating Revenue (%)**	**Amount**	**Percentage of Operating Revenue (%)**
Company A	$ 845,761	16	$ 1,140,278	15
Company B	826,569	15	1,224,121	16
Company C	652,193	12	838,523	11
	$ 2,324,523	43	$ 3,202,922	42

TABLE 1

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
1	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Other receivables	Yes	$ 192,060	$ 108,224	$ 108,224	1%-2.5%	Note 1	$ -	Operating capital	$ -	-	$ -	$ 337,590	$ 506,385	Note 2

Note 1: The need for short-term financing.

Note 2: According to “The Process of Financing Others” established by Ever Wealthy International Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 30% and 20% of the net worth of Ever Wealthy International Corporation, respectively; the financing limit amount for parent company shall not exceed 30% of the net worth of the company.

Note 3: The transaction had been eliminated when preparing consolidated financial statement.

TABLE 2

CHINA CHEMICAL STEEL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Chemical Corporation	Mutual fund	Taishin Global Disruptive Innovation Fund USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	20,097	$ 9,391	-	$ 9,391	
China Steel Chemical Corporation	Mutual fund	Cathay US Multi-Income Balanced Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,427,115	14,595	-	14,595	
China Steel Chemical Corporation	Mutual fund	JPMorgan Funds - Income Fund - JPM Income A (mth) - USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	10,055	37,374	-	37,374	
China Steel Chemical Corporation	Mutual fund	FSITC Global Wealthy Nations Bond Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	96,119	29,051	-	29,051	
China Steel Chemical Corporation	Mutual fund	Taishin US Enhanced High Yield Bond Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	91,262	26,689	-	26,689	
China Steel Chemical Corporation	Mutual fund	Taishin Senior Secured High Yield Bond Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	51,562	15,465	-	15,465	
China Steel Chemical Corporation	Mutual fund	Taishin Short Duration Emerging High Yield Bond Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	47,830	14,445	-	14,445	
China Steel Chemical Corporation	Mutual fund	JPMorgan Funds - Global Corporate Bond Fund - A (acc) - USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	15,806	9,179	-	9,179	
China Steel Chemical Corporation	Mutual fund	Prudential Financial Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	626,975	10,003	-	10,003	
China Steel Chemical Corporation	Mutual fund	Jih Sun Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	335,735	5,019	-	5,019	
China Steel Chemical Corporation	Convertible bond	UBS 5 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	14,382	-	14,382	
China Steel Chemical Corporation	Convertible bond	BNP 4 1/2 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	14,360	-	14,360	
China Steel Chemical Corporation	Convertible bond	SOFTBK 6 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	14,128	-	14,128	
China Steel Chemical Corporation	Convertible bond	CS 4 1/2 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,000	8,664	-	8,664	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020 Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	Note
China Steel Chemical Corporation	Convertible bond	HSBC 4.6 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,000	$ 5,844	-	$ 5,844	
China Steel Chemical Corporation	Convertible bond	STANLN 3.265 02/18/36	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,000	5,810	-	5,810	
China Steel Chemical Corporation	Convertible bond	STANLN 4.3 02/19/27	No relation	Financial assets at fair value through other comprehensive income - current	5,000	15,792	-	15,792	
China Steel Chemical Corporation	Corporate bond	AT & T 3 1/2 02/01/61	No relation	Financial assets at fair value through other comprehensive income - current	5,000	14,098	-	14,098	
China Steel Chemical Corporation	Preferred stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	229,000	11,679	-	11,679	
China Steel Chemical Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	2,556,915	63,284	-	63,284	
Ever Wealthy International Corporation	Mutual fund	Cathay High Dividend Taiwan Equity Fund A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,000,000	24,040	-	24,040	
Ever Wealthy International Corporation	Mutual fund	FSITC AI Global Precision Medicine Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	726,183	11,466	-	11,466	
Ever Wealthy International Corporation	Mutual fund	FSITC Glbl Artificl Intlignc Fd TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	355,619	5,992	-	5,992	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Global Smart Car Fund (TWD A)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	356,379	5,182	-	5,182	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Video Gaming & eSports Fund-TWD-N	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	400,000	4,268	-	4,268	
Ever Wealthy International Corporation	Mutual fund	UPAMC Global AIoT Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	218,182	3,419	-	3,419	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Health & Weight Loss Fund-TWD-N	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	300,000	3,216	-	3,216	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Pet Care Fund-TWD-N	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	300,000	3,150	-	3,150	
Ever Wealthy International Corporation	Mutual fund	KGI Cloud Force Fund USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,228	2,960	-	2,960	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Utilities and Infrastructure Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	207,641	2,417	-	2,417	
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Multi Income Fund of Fund TWD Acc	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,058,938	37,251	-	37,251	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020 Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	Note
Ever Wealthy International Corporation	Mutual fund	UPAMC James Bond Money Market	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	620,086	$ 10,443	-	$ 10,443	
Ever Wealthy International Corporation	Mutual fund	Shin Kong Emerging Wealthy Nations Bond Fund A TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	964,153	9,806	-	9,806	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Upstream Fund A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	107,181	5,510	-	5,510	
Ever Wealthy International Corporation	Mutual fund	SinoPac TWD Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	194,009	2,721	-	2,721	
Ever Wealthy International Corporation	Mutual fund	Taishin Strategy Senior Total Return High Yield Bond Fund Acc TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,500,000	15,275	-	15,275	
Ever Wealthy International Corporation	Mutual fund	PineBridge Global ESG Quantitative Bond Fund A TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	10,356	-	10,356	
Ever Wealthy International Corporation	Mutual fund	FSITC US Top 100 Bond Fund (TWD)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	959,813	9,787	-	9,787	
Ever Wealthy International Corporation	Mutual fund	Prudential Financial US Investment Grade Corporate Bond Fund Acc TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	5,051	-	5,051	
Ever Wealthy International Corporation	Mutual fund	PineBridge ESG Quant Multi-Asset Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	99,951	28,824	-	28,824	
Ever Wealthy International Corporation	Mutual fund	KGI Taiwan Premium Assets Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,360	10,347	-	10,347	
Ever Wealthy International Corporation	Mutual fund	Union Multi-Asset High Income Fund A TWD-N	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	4,800	-	4,800	
Ever Wealthy International Corporation	Mutual fund	PineBridge Taiwan Money Market Securities Investment Trust Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,424,472	19,608	-	19,608	
Ever Wealthy International Corporation	Mutual fund	Allianz Global Investors Taiwan Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,188,232	15,011	-	15,011	
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Taiwan First Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	861,234	13,088	-	13,088	
Ever Wealthy International Corporation	Mutual fund	TCB Taiwan Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	688,428	7,048	-	7,048	
Ever Wealthy International Corporation	Mutual fund	Taishin North American Income Trust Fund TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	400,000	9,156	-	9,156	
Ever Wealthy International Corporation	Mutual fund	FSITC Taiwan Money Market	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	989,857	15,277	-	15,277	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Mutual fund	Prudential Financial Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	896,752	$ 14,308	-	$ 14,308	
Ever Wealthy International Corporation	Mutual fund	Taishin 1699 Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	932,710	12,728	-	12,728	
Ever Wealthy International Corporation	Mutual fund	Yuanta De- Bao Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	846,639	10,253	-	10,253	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	493,716	7,380	-	7,380	
Ever Wealthy International Corporation	Mutual fund	JPMorgan Investment Funds - Global High Yield Bond Fund A (acc) - USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,089	6,089	-	6,089	
Ever Wealthy International Corporation	Mutual fund	PGIM US Corporate Bond Fund USD T Accumulation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,659	5,865	-	5,865	
Ever Wealthy International Corporation	Mutual fund	MFS Meridian Funds - Prudent Capital Fund A1 USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	14,981	5,861	-	5,861	
Ever Wealthy International Corporation	Common stock	TA CHEN STAINLESS PIPE CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,620,057	82,008	-	82,008	
Ever Wealthy International Corporation	Common stock	Mega Financial Holding Co., Ltd.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	257,000	7,659	-	7,659	
Ever Wealthy International Corporation	Common stock	CATHAY FINANCIAL HOLDING CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	95,748	4,045	-	4,045	
Ever Wealthy International Corporation	Common stock	TAISHIN FINANCIAL HOLDING CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	209,983	2,782	-	2,782	
Ever Wealthy International Corporation	Common stock	Nishoku Technology Inc.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	24,400	2,660	-	2,660	
Ever Wealthy International Corporation	Common stock	TAICHUNG COMMERCIAL BANK CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	109,058	1,183	-	1,183	
Ever Wealthy International Corporation	Common stock	YEONG LONG TECHNOLOGIES CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,540,000	46,897	4	46,897	Note 1
Ever Wealthy International Corporation	Common stock	National Kaohsiung First University of Science and Technology Investment Corporation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	300,000	2,617	9	2,617	Note 1
Ever Wealthy International Corporation	Common stock	TCC RECYCLE ENERGY TECHNOLOGY COMPANY	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	81,281	935	-	935	Note 1

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020 Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	Note
Ever Wealthy International Corporation	Common stock	Riselink Venture Capital Corp.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	2,632	$ 577	2	$ 577	Note 1
Ever Wealthy International Corporation	Common stock	Harbinger Venture III Capital Corp.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,000	20	1	20	Note 1
Ever Wealthy International Corporation	Common stock	Asia Hepato Gene CO.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	133,300	-	2	-	Impairment loss has been recognized fully
Ever Wealthy International Corporation	Common stock	JU-KAO ENGINEERING CO., LTD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,896,543	24,996	7	24,996	
Ever Wealthy International Corporation	Common stock	China Steel Chemical Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	4,753,537	515,759	-	515,759	Note 2
Ever Wealthy International Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	4,226,265	104,600	-	104,600	
Ever Wealthy International Corporation	Preferred stock	TAISHIN FINANCIAL HOLDING CO., LTD. Class E Preferred Shares	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	164,139	8,437	-	8,437	
Ever Wealthy International Corporation	Preferred stock	Cathay Financial Holding Co., Ltd.(B)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	12,540	789	-	789	
Ever Wealthy International Corporation	Corporate bond	CNH Bond Offering by ITNL Offshore Pte Limited	No relation	Financial assets at amortized cost - noncurrent	30,000	3,939	-	3,939	

Note 1: The basis of fair value is net assets value which had not been audited by independent accountants.

Note 2: Listed as treasury shares when preparing consolidated financial statement.

TABLE 3

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer (Seller)	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	Sales	$ (845,761)	(16)	Receivables are collected as the end of every month of when invoice is issued	Note	Note	$ 90,911	23	
China Steel Chemical Corporation	China Steel Corporation	Parent company	Purchases	1,447,865	55	Letter of credit at sight	Note	Note	(151,092)	(81)	
China Steel Chemical Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	605,995	23	T/T before shipment date/letter of credit at sight	Note	Note	-	-	
China Steel Chemical Corporation	Dragon Steel Corporation	Fellow subsidiary	Purchases	515,258	19	Letter of credit at sight	Note	Note	-	-	

Note: Refer to Note 30.

TABLE 4

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Formosa Ha Tinh CSCC (Cayman) International Limited	China Steel Chemical Corporation	Parent company	$ 199,360 (Note 1 and 3)	Note 1	$ -		$ -	$ -
Formosa Ha Tinh CSCC (Cayman) International Limited	Formosa Ha Tinh (Cayman) Limited	Other related parties	199,360 (Note 1)	Note 1	-		-	-
Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	108,420 (Note 2 and 3)	Note 2	-		-	-

Note 1: Dividends receivable.

Note 2: Receivables including financing provided to others and interests and not applicable to turnover rate.

Note 3: The transaction had been eliminated when preparing consolidated financial statement.

TABLE 5

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Parent to subsidiaries	Sales	$ 71,315 (Note)	Charged at the cost plus additional percentage, and net 150 days from end of the month of when invoice is issued	1.00
0	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Parent to subsidiaries	Purchases	6,261	Net 30 days from end of the month of when invoice is issued	-
0	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Parent to subsidiaries	Accounts receivable	39,754		-
0	China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Parent to subsidiaries	Other payables	199,360		2.00
1	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiaries to subsidiaries	Other receivables	108,420		1.00

Note : Sales amount includes sales of product trial NT$16,230 thousand, the Corporation recognizes as deduction of Construction in Progress.

TABLE 6

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
China Steel Chemical Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	$ 91,338	$ 91,338	15,019,341	6	$ 324,626	$ 761,987	$ 46,039	
China Steel Chemical Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	13,675	13,675	600,069	-	14,421	630,701	1,942	
China Steel Chemical Corporation	Ever Wealthy International Corporation	Republic of China	General investment	300,083	300,083	104,574,982	100	1,289,830	54,722	30,954	Subsidiary (Note 1)
China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Cayman Island	General investment	100,320	100,320	10,000,000	50	276,256	(17,729)	(8,864)	Subsidiary (Note 1)
China Steel Chemical Corporation	Ever Glory International Co., Ltd.	Cayman Island	International trading and general investment	-	39,920	-	-	-	(2,471)	(2,471)	Subsidiary (Notes 1 and 2)
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	69,000,960	9	600,376	120,233	11,061	
China Steel Chemical Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	261,600	261,600	26,160,000	15	286,981	153,194	22,979	
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	160,000	80,000	16,000,000	9	121,645	36,808	3,250	
China Steel Chemical Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	47,950	47,950	2,161,203	8	43,348	17,815	1,395	
China Steel Chemical Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	68,839	68,839	2,450,000	5	31,841	(207,745)	(10,387)	
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40	26,095	(1,659)	(663)	
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35	14,035	794	278	
China Steel Chemical Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	13,500	22,500	1,350,000	5	7,858	26,090	1,305	
China Steel Chemical Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	2,295	2,295	499,998	5	7,151	18,479	924	
China Steel Chemical Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	847	16,934	84,672	6	6,218	(2,756)	(177)	
Ever Wealthy International Corporation	Thintech Materials Technology Co., Ltd.	Republic of China	Sputtering target manufacturing and sales	45,987	45,987	6,119,748	8	96,734	47,326	3,940	
Ever Wealthy International Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	33,015	33,015	1,584,731	6	31,777	17,815	1,023	
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45	17,994	793	357	
Ever Wealthy International Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	8,400	8,400	840,000	35	17,334	2,313	809	
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30	15,786	1,455	436	

Note 1: The transaction had been eliminated when preparing consolidated financial statement.

Note 2: The Company has liquidated in September 2020.

TABLE 7

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 1)	Net Loss of the Investee	% Ownership of Direct or Indirect Investment	Investment Loss (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	$ 1,395,520	Investments through a holding company registered in a third region	$ 69,776	$ -	$ -	$ 69,776	$ (207,359)	5	$ (10,368)	$ 31,347	$ 5,439	
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	174,861	Direct investment	185,291	-	-	185,291	(11,962)	100	(11,962)	152,827	-	Note 4

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
China Steel Chemical Corporation	$ 255,067	$ 255,067	$ 3,920,501

Note 1: The amounts were calculated based on the foreign exchange rate as of December 31, 2020.

Note 2: The basis for recognition of investment income (loss) is based on the financial statements reviewed and attested by R.O.C. parent company's CPA.

Note 3: The limit on investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" is applicable; investments shall not exceed 60% of their net worth.

Note 4: The transaction had been eliminated when preparing consolidated financial statement.

TABLE 8

CHINA STEEL CHEMICAL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of The Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership
CHINA STEEL CORPORATION	68,787,183	29.04
FUBON LIFE ASSURANCE CO., LTD	15,053,000	6.35

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Corporation's common (include treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the consolidated financial statements may differ from the Corporation's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Corporation's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.