109 Annual Report

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榮成紙業
ECO PAPER & BOXES

Vision

Longchen P&P applies highly efficient resource utilization as a waste solution

- Each kg of eco packaging carton made by recycled paper reduces 5.3kg of CO2 for the Earth.
- Highly efficient resource utilization for low carbon paper making and Eco packaging.

For Low Carbon Papermaking

1kg recycled cartons was made of recycled paper, it produces 0.8kg CO2

With Traditional Papermaking

1kg cartons was made of trees and burning, it produces 6.1kg CO2

Human pursuits of civilization and enjoys in a convenient life;
however, the environment has to pay for the cost of fulling with trash.
To leave more resources and cleaner life environment for the children,
we keep increasing recycle technology,
and fully decreasing carbon for the Earth.

Business Model

Longchen P&P manufactures environmentally friendly daily paper products based on a resource recycling model

- Using recycled paper raw material, we exercise an integrated service-based manufacturing approach for Low carbon paper making and Eco packaging.
- We can provide enterprise customers with customized, high added value for an all-round product packaging solutions.

2021

Longchen P&P will decrease 20 million tons carbon

= Saving more than 61 million trees

= Carbon absorption of 52,000 Daan Forest Parks

Spokesperson

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Title: Vice President
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Name of Trading Site for Listed Securities Overseas and Inquiry Information: None

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Letter to Shareholders

Dear Shareholders:

Looking back on 2020, due to COVID-19 and U.S.-China trade war continued, the world political and economic situation was turbulent, the economic slump, and the global economic growth rate was negative growth. Longchen' s operation in 2020 recovered slightly under the epidemic, and as the inference of epidemic was reduced gradually and the activation of paper mills in China and Taiwan returned to normal level, and led the Group out of the worst. It is estimated that a new capacity expansion plan for 2 hundred thousand tons in Taiwan's Erlin Plant is successfully commercialized in the first half of 2021, the production capacity of containerboard products is up to 3.8 million tons from 3.6 million tons in 2020. The operating overview of 2020 and outlook of 2021 are as below.

I. 2020 Operating Results

(I) Operational Plan and Implementation Results

In 2020, due to COVID-19, the sales of containerboard products' market decreased from 2019, and the consolidated operating revenue is NT 41.6 billion dollars which was 12.8% less than the last year; operation expense which was under effective control by the management team was 11.5% less than 2019, and the net operation income is NT 2.3 billion dollars, which is 29.0% increase from last year. The net income after tax attributable to the parent company owner is NT 946 million dollars, and earning per share after tax is 0.77 dollars.

(II) Budget Utilization Report

1. Taiwan Region

In 2020, the individual operation of Taiwan Longchen, as the shipments of the Erlin plant continued to grow and the waste paper cost was effectively controlled, the profit of Taiwan's plants was increasing compared with 2019, and the budget executed well.

2. China Region

Affected by the shutdown at the beginning of the year due to epidemic, the production capacity utilization was not as good as 2019 in China, but the Q4 of 2020 began to enter the traditional peak season which made the containerboard products' price increased, and the result was the profit of investment enterprise in China in the year of 2020 was better than 2019.

(III) Analysis of Financial Revenue and Expenditures, and Profit Margin

In 2020, the consolidated net income before tax of the company and subsidiaries is NT 1.107 billion dollars, which has a growth of 197.3% compared to the last year, as the revenue of containerboard products in Taiwan and China's plant in the next half year has huge significant growth. The company seized the opportunity as China bans foreign waste, and successfully gained the profit by raising the price. Even though the capital cost increased by returning Taiwan firms investment program, and the demand for funds also increased, the company not only effectively executed the financing activities with high market recognition, but also created the net operating cash inflows stably, and that made the financial income and expenditures in good condition.

The net income after tax attributed to the parent company owner of the year 2020 is NT 946 million dollars, which increased 77.2% compared to the last year, the consolidated ROA is 3.05%, and the ROE attributed to the parent company owner is 3.91%.

1. Taiwan Region

   Taiwan individual operating revenue of the year 2020 is NT 9.619 billion dollars, which was 1.17% less than 2019, but as the product mix optimization, the operating interest was NT 1.79 billion dollars and also NT 195 million dollars increased compared to 2019; operating profit ratio was up to 18.61% compared to 16.39% in 2019.

2. China Region

   In 2020, operating revenue of reinvested subsidiaries in China is 7.745 billion RMB (NT 33.159 billion dollars), which 11.29% declined compared to 2019, as the management team controlled the expenses, and made the operating expense decrease, the business interest of the year 2020 is 104 million RMB (NT 445 million dollars), which was improved 76 million RMB (NT 322 million dollars) compared to 2019.

(IV) Research and Development

The research and development expenses of the year 2020 was 1.211 billion dollars, which was 129 million dollars less than 2019, but R&D expenses as a percentage of revenue increased 0.1%. The Company emphasizes the importance of having eco-friendly and sustainable operations while continuing to strengthen its core competitiveness based on technology which enables it to efficiently deploy resources. The Company focuses on five environmentally-friendly technologies such as utilization of regenerated fiber, energy-efficient production, water-saving production, treatment of air and water pollution and waste disposal, as well as space utilization. It continues to promote innovation and focus on each single process during production to ensure eco-friendliness, quality, and efficiency. The Company aims to continuously support Low Carbon paper manufacturing and Eco Packaging.

II. Business policies and major production and marketing strategies

1. Business policies

Low Carbon Papermaking:

(1) Strengthen the Company's competitiveness in Low Carbon Papermaking, and constantly improve the structure of materials, advance the transformation and upgrade of products, and improve energy conservation and emission reduction solutions.

(2) Commence the Erlin Paper Mill Construction and Machine Upgrade Project as scheduled to increase the market share.

Eco Packaging:

(1) Develop high-end Eco Packaging products and satisfy customers' needs with high quality carton products and the solution of complete product packaging.

(2) Decommission and renew obsolete equipment of carton plants and carry out automatic and intelligent upgrading to improve the company’s competitiveness.

2.Estimated sales volume and basis

(1) Estimated sales volume

As the effect of the COVID-19 was slowing down, it is estimated that the quantity of sales in the year of 2021could increase compared with the year of 2020. In addition, the shortage of waste paper material in China is expected to increase the production cost and price. Therefore, the operating income in 2021 is expected to be higher than the operating income in 2020.

(2) Basis of estimated sales volume

Develop feasible plans based on the Company's business strategies and specific demands of corrugated box packaging markets in sales areas.

3. Major production and marketing strategies

(1) Taiwan

Based on the current production capacity of 650,000 t containerboard, we will respond to the "Welcome Taiwanese Entrepreneurs Back to Invest in Taiwan Program" sponsored by the Ministry of Economic Affairs (MOEA) in 2021, and support Taiwanese entrepreneurs in their local investments that will increase the demands in the product packaging market. Furthermore, we will carry out the Erlin Paper Mill Construction and Machine Upgrade Project, decommission and renew obsolete equipment of carton plants and carry out automatic and intelligent upgrading in the field of Eco packaging to increase the market share.

(2) Mainland China

Further reinforce our business in East China and energetically explore the local market in Central China. Based on target customers' needs, continuously introduce the portfolio of niche products. Steady and expand purchase channels of waste paper materials to ensure that the production cost is more competitive. Continue further research, development and innovation and promote product optimization and upgrading. Offer premium customized services to increase the market share in the field of containerboard and obtain optimal returns.

III. Corporate Development Strategy

We will continue to strengthen our competitive advantage while carrying our success forward from Eastern China to Central China. Our aim is to become the leading brand for Low Carbon paper manufacturing and Eco Packaging in the Greater China region.

IV. Impact of Competition, Regulation, and Macro Factors

(I) Taiwan Region

The Company commenced production at the Erlin Mill using paper machine #7 at the end of 2015. The incremental capacity was able to meet customer demand for various product lines. The Company capitalized on this and increased its market share in Taiwan.

Being eco-friendly has always been the Company's advocacy. In two times of return to Taiwan investment project, the Company has upgraded the manufacturing equipment and installed the latest anaerobic treatment system, which was a pioneering move in the industry. At the same time, it has taken a step further in promoting eco-friendliness by introducing projects such as rainwater recovery, solar power generation, manufacturing noise control, etc., so as to establish a standard which is superior to that of its peers and existing regulations. The Company considers these activities as the core of operational sustainability.

(II) China Region

1. More stringent environmental standards

   Strict environmental standards and law enforcement have swiftly eliminated firms that underinvest on environmental facilities in the paper-making industry. As those with less efficient capacity exit the market, the competitiveness and scale of economy of larger players have become significantly stronger. The Company's stock adjustment policies generated a positive effect on the foundation of business development and are beneficial to bigger and stronger firms in the market.

2. Zero waste paper imports

   Although the banned foreign waste was cancelled in 2021, the price of local waste paper was higher than imported waste paper at the same level, which caused the proportion of waste paper material in production cost to increase significantly. After the implementation of the ban, the disadvantage of cost was eliminated, Longchen could compete fairly with other competitors in China under the same cost structure.

3. Policy planning

   In the 13th five-year plan period, the e-commerce field has achieved well development and further promoted the comprehensive utilization system of resource recycling. Paper manufacturing has always been a traditional industry in China, however, in recent years, it has been affected by changes in the industrial environment such as environmental protection policies and the US-China trade conflicts, new round of industrial restructuring and accelerated international division of labor is forming. In the 14th five-year plan, the paper industry will optimize the adjustment of raw materials, products, enterprises, and regional structures to adapt the change, as well as the high-quality development of production, services, and technological compound changes. It is the new normal that must be adapted and the sustainable development of industry.The Company's operating model for the continuous implementation of eco-friendly technologies to achieve Low Carbon paper-making and Eco Packaging is in line with future developments

Conclusions

Longchen P&P focuses on Low Carbon paper manufacturing and Eco Packaging. We are involved in the promotion and development of a circular economy through a recycle and reuse operating model. The Company adopts an efficient resource utilization business model. It promotes and contributes to the growth of a circular economy. Guided by this concept, the Company pursues zero waste and system balance, and establishes a production system with resource recovery and regeneration. This is also the business mission it persistently strives for.

Letter to Shareholders

In 2014, Longchen P&P completed the initial Back to Taiwan investment project worth NT$4.3 billion. This investment fueled its business to grow from NT$6.43 billion sales in 2014 to NT$9.73 billion in 2019; native employee headcount grew from 897 to 1,077. The investment laid a strong foundation for the future growth of Taiwan Longchen. In 2019, Longchen P&P once again lent support to the Ministry of Economic Affairs' "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" and met the increasing need for product packaging given the return of overseas Taiwanese businesses. The Company has plans to add, upgrade, and replace existing paper machines at the Erlin Mill between 2019 and 2021. Production capacity at the Erlin Mill is estimated to reach 850k tons after achieving these goals. The eco packaging business will also execute in stages,the Company would replace old equipment at the carton box plant and promote automation upgrades.It is expected that after overall project of return to Taiwan investment projects compete in the year of 2022, the Longchen group's market share of corrugated box paper in Asia will be improved.

Going forward, Longchen P&P will continue to focus on its core business using recycled waste paper as manufacturing material. It will also become a service-oriented manufacturing company through vertical integration of Low Carbon paper-making and Eco Packaging. The Company will provide its customers with customized, high value-added, and integrated product packaging solutions. Lastly, its management team will strive for excellence in return for the support of all shareholders. The Company expresses its sincere appreciation to all shareholders for their support and care, and wishes prosperity and good health to every shareholder.

Longchen Paper & Packaging Co., Ltd.

Chairman 鄭陳林

Two. Company Profile

I. Establishment: March 18, 1978

II. Company History

1978 Long chen Packaging Co., Ltd. was established with capital of NT$135 million. The first paper machine began operation on June 1.

1979 Installed the second paper machine.

1980 Company name changed to “Long chen Paper Co., Ltd.”.

1981 Installed the third and fourth paper machines.

1984 Capital increased to NT$293 million.

1985 Capital increased to NT$365 million by retained earnings. IPO on the Taiwan Stock Exchange in November. Installed the fifth paper machine.

1987 Capital increased to NT$596 million by retained earnings. Installed the sixth paper machine. Establishment of the Zhanghwa Plant (predecessor of the Shengang Plant).

1988 Capital increased to NT$841 million by retained earnings. Establishment of the Luzhu Plant in May.

1989 Capital increased to NT$1.2 billion by issuing new common shares for the new investment of household paper business and improving capital structure.

1990 Capital increased to NT$1.359 billion by capital surplus transferred and issuance of new common shares. Completion of the Ching-Shuei Plant, household paper products officially launched on the market.

1991 Capital increased to NT$1.959 billion for the cogeneration investment at the Erlin Mill and paying off bank loans.

1992 Commencement of cogeneration operation in May and able to sell spare electricity to the Taiwan Power Company in June.
In October, won the Energy Conservation Excellence Performance Award by the Ministry of Economic Affairs.
Investment in Shanghai Fumen Paper Co., Ltd. in December.

1993 The Ching-shuei Plant began addition of new capacity of 60 tons per day through paper machine #8 for household paper.

1994 Paper products won Green Mark certification. Won the Energy Conservation Excellence Performance Award by the Ministry of Economic Affairs for the second time in February.
Paper machine #8 completed and the Erlin Mill was awarded the Industrial Waste Reduction Excellence Prize in June.

1995 Capital increased to NT$2.43 billion by retained earnings and capital surplus transferred.
Establishment of the Shengang Plant in March.
The Erlin Mill was awarded ISO-9002 certification in April.
Acquired majority shares of Baolong International Co., Ltd. in October.
The Ching-Shuei Plant was awarded ISO-9002 certification in December.

1996 Capital increased to NT$2.67 billion by capital surplus transferred. Establishment of the paper making R&D center.
The Luzhu Plant was awarded ISO-9002 certification in June.
The cogeneration business was spun off to Yuema Engineering Co., Ltd. in July.

1997 The Erlin Mill was awarded the Energy Conservation Excellence Performance Award by the Ministry of Economic Affairs in April.
The Douliu Plant was awarded ISO-9002 certification in May.
Acquired Wuxi Longda - Longchen Paper Co., Ltd. in July and obtained managerial rights.
The Erlin Mill was awarded ISO-14001 certification in November.
The Shengang Plant was awarded ISO-9002 certification in December. Completion of the Longtan Plant

1998 Capital increased to NT$4.7 billion by issuance of new common shares.
Acquired the Douliu Plant from Baolong International in April.

Commencement of production at Suzhou Longchen in October.
In November, the cogeneration plant at the Erlin Mill added desulfurization equipment.

1999 Douliu won the 1998 Factory Pollution Prevention Assessment Excellence Award in March.
The Organic Composite factory at the Erlin Site began production in May.
Divested the household paper production plants – the Ching-Shuei and Suzhou Plants to P&G in October.

2000 Capital increased to NT$5.115 billion by capital surplus transferred.
Completion of the Wuxi Longchen first expansion, the first new paper machine commenced production in Wuxi Longchen.
In December, the Erlin Mill was awarded the Energy Conservation Excellence Performance Award by the Ministry of Economic Affairs.
(Only enterprise to have won the highest recognition in 4 consecutive years in the past 10 years.)

2001 Implementation of the ERP system in May.
Wuxi Longda- Longchen Paper Co., Ltd. changed its name to Wuxi Longchen Paper Co., Ltd.
Wuxi Longchen signed a second term investment agreement with the government of Wuxi Huishan in September.

2002 The ERP system successfully went online in Taiwan in January.
The Wuxi Longchen second expansion began in April.
Paper machines 7 and 8 in the Douliu Plant were transformed to produce containerboard paper in August, completing its execution of the “Focus on Containerboard products” strategy — becoming a professional recycled manufacturing plant.
Initiation of the ERP system implementation in Wuxi Longchen.
Yuema Engineering was awarded a patent for 『Cogeneration and Desulfurization Emission and Recycle/Reuse System』 in October.

2003 The ERP system at Wuxi Longchen successfully went online in January.
Initiation of the TQM project in Taiwan in April.
Initiation of establishment at full speed for Kunshan Longchen in May.
The second paper machine began production at Wuxi Longchen in August.
Initiation of the ERP system implementation in Kunshan Longchen in November.
Corrugated product production began in Kunshan Longchen in December.

2004 Acquired the Nankan Plant in June. Officially obtained managerial right for Suzhou Huafung.
The ERP sytem at the Nankan Plant successfully went online in July.
The ERP system at Suzhou Huafung successfully went online in August.

2005 Won the Taiwan Packaging Star in April.
Suzhou Huafung changed its name to Suzhou Longchen in April.
Formed a technology exchange with Nippon Daishowa Paperboard in May.
Longchen Taiwan had non-executive directors on the Board Committee for the first time in May.
Wuxi Longchen was awarded the Model of Philanthropy title in Huishan District in October.
In November, Taiwan Longchen introduced manufacturing reform.
In November, Taiwan Longchen won the National Design Award.
In November, Douliu Plant was awarded the Energy Conservation Excellence Performance Award by the Ministry of Economic Affairs.
The Erlin and Douliu Plants were awarded the Quality Control Circle Gold Prize in the 28th Quality Control Circle in November.
Wuxi Longchen was awarded as an Outstanding Foreign Investment Company on December.
Executed an investment contract by Xiasha Longchen in December.

2006 The 2.5-meter corrugated box machine at the Shengang Plant began production in July.
Marubeni Corporation jointly invested in Yuema (Cayman) through issuance of new shares of US$40 million in October.
The Douliu Plant QCC was awarded the Bronze Tower Award by CSD in December.
Won the Good Design Award awarded by the Ministry of Economic Affairs in December.

2007 In January, the Douliu Plant was awarded ISO-14001 certification.
Established Zhejiang Longchen Paper in April.
Nankan initiated production in June.
Zhejiang Longchen Paper signed a syndicate loan contract for an amount of US$80 million on August.
Xiasha Longchen initiated production in August.
The Ex-Chairman and Chairman of Showa Packaging visited plants in China for exchange in October.

2008 The Douliu Plant was awarded the Thank You Award by the Environmental Protection Administration, Executive Yuan in January.
Suzhou Longchen won the International Technology Certification from TUV and Dupont in March.
Suzhou Longchen and ViewSonic LCD monitor won the Bronze Prize in a competition hosted by Dupont China in March.
Suzhou Longchen and VIZIO TV won the Outstanding Work Prize in a competition hosted by Dupont China in March.
Capitalization increased to NT$5.5 billion through retained earnings in August.
The Erlin Mill was awarded the Excellence Enterprise in Employing Disabled Individuals by the Changhua County Government in October.
The BHS corrugated box machine at Luzhu Plant began production in December.
Longchen P&P arranged a syndicated loan for a total of NT$1.18 billion.
The Yulin Plant began trial production in December.

2009 Suzhou Longchen added printing IN-LINE production line to enhance the automation production capacity of carton boxes in January.
The BHS 1.8-meter corrugated box machine at Kunshan Longchen began production in March.
The high velocity automated box making machine at the Luzhu Plant began production in April.
Paper machine #5 in Zhejiang Longchen initiated production in May.
Xiasha Longchen obtained a permit to export hazardous cargo quality containers in July.
Capitalization increased to NT$6.97 billion through issuance of new share in November.
Wuxi Longchen underwent the third term thermoelectric power generator engineering work and third term construction officially began production in December.
The Luzhu Plant completed waste water recycling and reuse for paste manufacturing in December.
Suzhou Longchen was awarded Best Supplier 2009 by VIZIO in December.

2010 Wuxi Longchen paper machine 3A started production in January.
Zhejiang Longchen paper machine #6 started production in Feburary.
Longchen P&P arranged a syndication loan for an amount of NT$1.34 billion in June.
The Erlin Mill passed OHSAS 18001 and TOSHMS integrated certification in June.
The 1.8 meter corrgugated box machine at Minhang Longchen began production in August.
Suzhou Longchen was awarded Best Supplier 2010 by VIZIO in December.

2011 The 2.5-meter corrugated box machine at the Shengang Plant began maintenance in Febuary.
Xiasha Longchen was awarded the 2011 Corporate Progress Award and 2011 Energy Conservation and Emission Reduction Award in the Hangzhou Economic and Technological Development Area in March.

Zhejiang Longchen successfully improved waste water processes and ceased the use of a primary condensation pool in March.
Wuxi Longchen waste water emission reached below the world standard of COD 60PPM in April.
Longchen P&P was awarded the Top 10 Enterprise of the Paper Making Industry in Jiangsu Province for the 11th Five-year Plan by the Jiangsu Paper Making Association in May.
Six subsidiaries of Longchen P&P in China completed a syndicated loan for an amount of US$152 million in May.
Zhejiang Longchen completed remolding the paste applier for paper machine #6 and the JOCC paste line in August.
Kunshan Longchen became the only designated supplier for TREK (US) in September.
Two subsidiaries of Longchen P&P in China completed a syndicated loan for an amount of US$130 million in September.
2.5-meter corrugated box machine A began refurbishment at the Longtan Plant in October.
Zhejiang Longchen completed remolding the paste applier for paper machine #5 in November.
Zhejiang Longchen and Wuxi Longchen were awarded the 2011 Environmentally-friendly Enterprise in Paper Manufacturing by the China Paper Association in December.
Wuxi Longchen was awarded the Honest Tax Paying Enterprise for fiscal years 2009-2011 by the Government of Luoshe Township in December.
Kunshan Longchen was awarded the 2011 Most Progressive Enterprise by the Government of Kunshan in December.
Production capacity of the corrugated box machine at Xiasha Longchen reached 7.13 million M2, setting a historical record for corrugated box production in the cross-strait region in December.

2012 Production capacity at the Nankan Plant exceeded the 4 million M2 milestone in January.
Addition of an anaerobic system at the Erlin Mill was completed and began operation, the system reduced monthly aerobic sludge output by 800T and produced 7,000m3 of biogas which was recycled into the thermoelectric power generator in February.
Wuxi Longchen passed the examination of clean manufacturing by Wuxi City with an effective period of five years in February.
The Erlin Mill capacity set a new record, reaching 34,680 tons in May.
Longchen P&P completed syndication in an amount of NT$2.8 billion in June.
Wuxi Longchen and Zhejiang Longchen were awarded Demonstration Enterprise status for the 2012 National Integration of Information Technology and Industrialization in Light Industrial industry in September.
Zhejiang Longchen obtained certification in ISO9001 and ISO14001 in September.
Kunshan Longchen was awarded High Tech Enterprise certification in October.
Zhejiang Longchen passed FSCTM CoC certification in November.
Zhejiang Longchen capacity set a new record, reaching 54,756 tons in December.
Minhang Longchen obtained OHSAS18001certification in December.
Suzhou Longchen and Minhang Longchen obtained FSCTM CoC certification in December.

2013 Wuxi Longchen was awarded the Top 10 Scaled Enterprise in the Huishan region in January.
Wuxi Longchen was awarded Model Staff Enterprise in Jiansu Province in April.
The Erlin Mill was awarded the Badge of Occupational Smokefree and Health certification in June.
Wuxi Longchen was awarded the May 1st Labor Award by the All China Federation of Trade Unions in June.

Wuxi Longchen was the 2012 Winning Enterprise in the National Paper Making Industry Energy Conservation and Emission Reduction Competition hosted by the China Paper Association in June.
Wuxi Longchen and Pinhu Longchen were in the 2012 Winner Group in the National Paper Making Industry Energy Conservation and Emission Reduction Competition hosted by the China Paper Association in June.
Wuxi Longchen paper machine #3B began production in June.
Six plants of Longchen P&P including the Erlin Mill won certification in FSCTM CoC in August.
Wuxi Longchen completed a syndicated loan for an amount of RMB$550 million in September.
Wuxi Longchen completed the improvement of paper machine #1 in September.
Capitalization increased to NT$7.87 billion through issuance of new shares in October.
The Erlin Mill won the 1st Award in Excellence in Energy Conservation from the Bureau of Energy, Ministry of Economic Affairs in October.
Zhejiang Longchen won the Enterprise R&D Center from the Pinhu City government in October.
Zhejiang Longchen capacity set a new record, reaching 60,792 tons in October.
Zhejiang Longchen obtained member rights in the Zhejiang Province Environmental Monitoring Association in December.
Zhejiang Longchen passed the Safe Manufacturing Standardization Assessment certification in Pinhu City in December.
Wuxi Longchen was awarded certification in Enterprise Credit Management by the Wuxi Government in December.

2014 Longchen P&P invested NT$3.75 billion in the Erlin Mill and qualified by the Industrial Development Bureau, Ministry of Economic Affairs for the "Action Plan to Further Promote Investment by Overseas Taiwanese Companies" in January.
Zhejiang Longchen was awarded the 2013 Top 10 Contributor in Corporate Tax in January.
The waste water anaerobic expansion technology transformation project at Wuxi Longchen was awarded the Energy Conservation and Emission Reduction in the Huishan region in March.
Wuxi Longchen was awarded the trophy for Outstanding Contribution in Modern Paper Manufacturing Development by the Jiangsu Paper Association in May.
The Erlin Mill was awarded the Excellent Enterprise in Employing Disabled Individuals by the Changhua County Government in September.
Wuxi Longchen was awarded the certificate of High Tech Enterprise in October.
The Erlin Mill praised by the Industry Development Bureau of Ministry of Economic Affairs as a 2014 Outstanding Enterprise in Greenhouse Gases Reduction in November.
Wuxi Longchen was certified for ISO50001 in December.
Longchen P&P completed a syndicated loan for an amount of NT$5.2 billion in December.

2015 The Group recorded a combined production capacity exceeding 2 million tons for corrugated boxes of 2014 in January.
The Group began to initiate the new regulations of an 80 hour bi-week in January.
Wuxi Longchen was awarded the Third Prize in Technology in Energy Conservation and Emission Reduction by the China Paper Association and Textile Trade Union in January.
In August, name changes for subsidiaries in China were as follows:
Kunshan Longchen Paper Co., Ltd. Changed to Jiangsu Longchen Greentech Co., Ltd., "Longchen Greentech" for short.
Hubei Longchen Paper Co., Ltd. changed to Hubei Longchen Greentech Co., Ltd.
Wuxi Longchen Paper Co., Ltd. changed to Wuxi Longchen Greentech Co., Ltd.
Pinhu Longchen was awarded the High-tech Enterprise certification in September

	In October, name changes for subsidiaries in China were as follows: Pinhu Longchen Paper Co., Ltd. changed to Pinhu Greentech Co., Ltd In November, the external packaging container, He Er Wei Yi, designed by the Longtan Plant and Kunshan Longchen for the Tzu Chi Foundation won three major awards listed below: (1)Honors Award in the 1st China Good Design. (2)Gold Award of the 2015 iENA Nuremberg International Trade Fair Ideas in Germany. (3)Gold and 2nd Best Award in the KIPA Korea Invention Promotion Association International Invention Association. Paper machine #7 at the Erlin Mill began production in December. The Longtan and Luzhu Plants were awarded with the Clean Manufacturing Evaluation of Green Factories by the Industrial Development Bureau of Economic Affairs in December. The Pinhu Plant obtained certification of ISO14064 in December Paper machine #8 in Pinhu Longchen began production in December.
2016	Paper machine #7 in Pinhu Longchen began production in January. Longchen P&P completed a syndicated loan for an amount of NT$4.2 billion in January. Pinhu Longchen was awarded the Top 10 Enterprise in Transformation and Upgrade in January. In Febuary, the external packaging container, He Er Wei Yi, designed by the Longtan Plant and Kunshan Longchen for Tzu Chi Foundation won another Packaging Design Best Award at Germany's IF Design Award. The second term of the thermoelectric power generator at the Erlin Mill officially began operation in February. Longchen Greentech completed a joint signing ceremony with the Hubei Province Jingzhou Economic and Technology Development Area and the People's Government of Xiantao in relation to a Eco Packaging project in March. Wuxi Longchen obtained certification in ISO14064 in March. Construction of Xiantao Longchen began in May Wuxi Longchen completed a syndicated loan for an amount of RMB$960 million in June. Wuxi Longchen was awarded the Jiangsu Province Water Conservative Enterprise by the Province Water Resources Bureau and Development and Reform Commission in June. Wuxi Longchen was awarded the 12th Five-year Frontrunning Enterprise in Energy Conservation by Wuxi City's Energy Conservation and Emission Reduction working group in August. In response to the Energy Conservation and Carbon Emission Reduction Initiative by the Ministry of Economic Affairs, Longchen P&P established an energy conservation service group in August. Capitalization increased to NT$10.06 billion through issuance of new shares in October. Hubei Longchen completed a syndicated loan for an amount of RMB$1.99 billion in October. Pinhu Longchen completed a syndicated loan for an amount of RMB$590 million in December. Longchen Greentech completed a syndicated loan for an amount of RMB$290 million in December.
2017	Wuxi Longchen was awarded the 2016 Outstanding Contribution Enterprise and Demonstrating Enterprise for the Jiangsu Province Energy Measurement Program by the Wuxi Government and Jiangsu Quality and Technology Supervision Bureau in March. Xiantao Longchen began production in March. Wuxi Longchen won the May 1st Labor Award Medal in April. Paper machine #2 at Hubei Longchen began production in June.

Wuxi Longchen was awarded the Wuxi City Role Model Enterprise in Water Conservation by the Water Resources Bureau of Jiangsu Province in July.
The Luzhu Plant switched from heavy oil to natural gas for its boiler fuel in August.
Hubei Longchen paper machine #7 began production in August.
Xiasha Longchen production of corrugated plate reached 5.83 million ㎡ and 3.57 million ㎡ for corrugated boxes, and total delivered volume reached 9.4 million ㎡ in August. These figures set a new historical record.
Hubei Longchen paper machine #1 began production in September.
Hubei Longchen began the second term expansion work in November.
Longchen Greentech was awarded the 2016 Top 10 Scaled Contributor Enterprise, 2016 Top 10 Batch Production Enterprise, and 2016 Top 10 Excellent Growth Enterprise and Labor Pioneer by the Government of Lujiazhen in Kunshan City in November.
The Shengang Plant was awarded again with the Clean Manufacturing Evaluation of Green Factories by the Industrial Development Bureau of Economic Affairs in November.

2018 Wuxi Longchen was awarded the 2017 Energy Conservation and Low Carbon Tech Promotion and Implementation Demonstration Enterprise by Wuxi City in January.
Hubei Longchen was awarded ISO9001, ISO14001, and FSC certification in January.
Longchen Greentech was awarded the Top 10 Growth Taiwanese Enterprise for 2016-2017 by the city of Kunshan in February.
Wuxi Longchen was awarded the 2017 Huishan Region Outstanding Contribution Enterprise by Wuxi City in February.
Pinhu Longchen passed the examination in ISO50001 Energy Management System in February.
Hubei Longchen was awarded the 2017 Strong Industrial City Leading Contribution Enterprise by Songzhi City in February.
Xiantao Longchen obtained certification in ISO9001 and ISO14001 in February.
Pinhu Longchen was awarded the 2017 Water Efficent Enterprise in Zhejiang Province by the Water Resources Bureau of Zhejiang in March.
Xiasha Longchen was awarded the 2017 Top 10 Paper Packaging Enterprise by the Zhejiang Province Packaging Association in March.
Longchen Greentech was awarded the Top 10 Growth Taiwanese Enterprise by the city of Kunshan in April.
Jinzhou Longchen began production in June.
Xiantao Longchen obtained certification in OHSAS18001 Occupational and Health Safety Management Systems in June.
Longchen Greentech was awarded the Top 10 Enterprise in China Light Industrial Paper Making Industry by the China Paper Association in June.
Hubei Longchen arranged a syndicated loan for an amount of RMB$930 million in August.
Construction of the Wuhan Longchen Plant began in September.
The Nankan Plant was awarded again with the Clean Manufacturing Evaluation of Green Factories by the Industrial Development Bureau of Economic Affairs in September.
Pinhu Longchen obtained the Clean Manufacturing certification in October.
Longchen Greentech was awarded as an Outstanding Foreign Enterprise by the Government of Lujia Township of Kunshan city in November.
Wuxi Longchen was awarded the 1st Batch Leader in Water Efficiency by the Water Resources Bureau of Wuxi City in December.
Suzhou Longchen obtained the Clean Manufacturing certification in December.
The Longtan and Luzhou Plant were awarded again with the Clean Manufacturing Evaluation of Green Factories by the Industrial Development Bureau of Economic Affairs in December.

2019 Pinhu Longchen was awarded the Outstanding Enterprise in Green Development by the government of Dushan Harbor Township in February.

The Company was named its English name to Longchen Paper & Packaging Co., Ltd., "Longchen P&P" for short, in March.

In March, Longchen P&P's investment project of an amount of NTD$7 billion obtained the qualification audit of plan "Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" of Ministry of Economic Affairs in March, and will be implemented separately in three years.

Longchen P&P signed collaboration MOU with NTOU, for the two parties to work together in the promotion of ocean conservation and sustainability in April.

Hubei Longchen P&P was awarded "Worker Pioneer" by Jingzhou City Federation of Trade Unions in April.

Erlin Mill was awarded Labor and Capital Model Excellent Member by Changhua County Association of Industrial Relations in May.

Hubei Longchen P&P PM7 was formally commissioned in July.

Erlin Mill was awarded "Green Procurement and Consumer Promotion Excellent Enterprise" by Environmental Projection Administration in September.

Erlin Mill was awarded "Low Carbon Manufacturing Process Technology Demonstration Observation Tour" by Industrial Development Bureau, Ministry of Economic Affairs in September.

Kunshan Longchen P&P was awarded "Lucheng Charity Award" as a charity enterprise by Kunshan Municipal Government in September.

Erlin Mill was awarded "Voluntariness Energy Saving and Carbon Reduction Excellent Enterprise" by Industrial Development Bureau, Ministry of Economic Affairs in November.

2020 Suzhou Longchen P&P was awarded "District Level Safety Enterprise of the year 2019" by Xiangcheng District in January.

Suzhou Longchen P&P was awarded "Tax Distribution" by Xiangcheng Districtin in March.

Pinghu Longchen P&P was awarded "Top 10 Enterprises of Tax Distribution" by Dushan Port Town Government in March.

Pinghu Longchen P&P was awarded "Green Development Excellent Enterprise" by Dushan Port Town Government in March.

Erlin Mill was awarded the certificate of appreciation from Erlin bank for charity and benefit to the villages in June.

Erlin Mill Mountain and Field Education Foundation was awarded for donation to education by the Ministry of Education in October.

Erlin Mill was awarded "Green Procurement Outstanding performance" by the Environmental Projection Administration in October.

LongChen P&P was awarded the "Merit Award of Taiwan Corporate Sustainability" for the TCSA for three consecutive years in November.

LongChen P&P was awarded the "Golden Award of Corporate Sustainability Reports" for the TCSA for four consecutive years in November.

Longchen P&P was awarded the certification of circular economy BS8001 by BSI which was approved by the Industrial Development Bureau in November.

Longchen P&P's subsidiary, Wuxi Longchen, in China, had syndicated loans for US 15 million dollars in December.

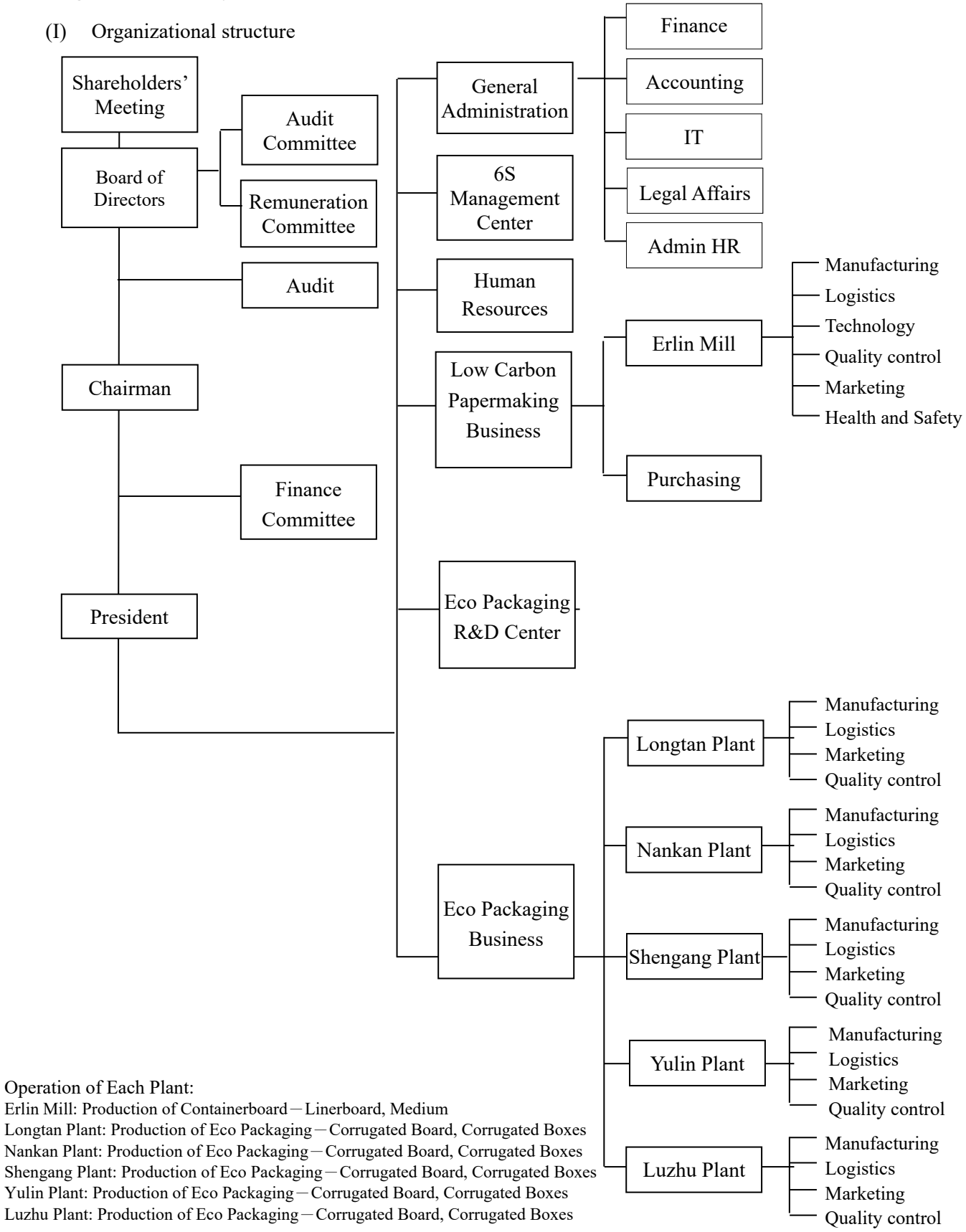
Longchen P&P was awarded the "Corporate excellence Award" for the 2nd Circular Economy Awards in December.

Longchen P&P was awarded for the recycling group promoting material recycling business by the Department of Environmental Protection in December.

Three. Corporate Governance Report

I. Organizational system

(I) Organizational structure



Operation of Each Plant:
Erlin Mill: Production of Containerboard－Linerboard, Medium
Longtan Plant: Production of Eco Packaging－Corrugated Board, Corrugated Boxes
Nankan Plant: Production of Eco Packaging－Corrugated Board, Corrugated Boxes
Shengang Plant: Production of Eco Packaging－Corrugated Board, Corrugated Boxes
Yulin Plant: Production of Eco Packaging－Corrugated Board, Corrugated Boxes
Luzhu Plant: Production of Eco Packaging－Corrugated Board, Corrugated Boxes

(II) Major Departments and Scope of Operations

Department	Scope of operations
Audit	(1) Plan and execution of internal audit on operation and seek improvement. (2) Assessment on internal control system for integrity, reasonability and effectiveness.
General Administration	(1) Finance and accounting. (2) IT planning and system maintainance. (3) Legal affairs. (4) Fixed asset management and procurement management.
6S Management Center	(1) Management and implementation of SOPs. (2) Project execution and process management
Human Resources	(1) Human resource related matters and development and management of human resources (2) Plan and execution of employee training (3) Genernal administrative planning, executive and management
Low Carbon Papermaking Business	(1) Market expansion, external Containerboard price quote, order taking and payment collection (2) Customer management and service
Eco Packaging R&D Center	(1) New product design, development and testing. (2) Onsite management of production process.
Eco Packaging Business	(1) Market expansion, external Corrugated Box price quote, order taking and payment collection (2) Customer management and service

II. Profiles of the Company's Directors, Supervisors, President, Vice President, Assistant Vice President, and Heads of the Departments and Branches:

(I) Information of the Directors and Supervisors (1)

April 22, 2021

Title	Nationality	Name	Gender	Date Elected	Term (Yr.)	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouse and Dependents		Shareholding in the Name of a Third Party		Experience and Education	Current Position with Other Company	Other Executives, Directors, or Supervisors Who are a Spouse or Kindred Within the 2nd Tier Under the Civil Code			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Qian Jiang Investment Co., Ltd. Representative: Cheng, Ying-Pin	Male	109.6.2	3	103.8.25	90,559,731 145,809	7.43 0.01	96,129,508 145,809	7.52 0.01	0 2,407,059	0 0.19	0 0	0 0	Chairman of Longchen P&P M. B. A., National Taiwan University	Chairman of Long Chen Investment Developing Co., Ltd. Independent Director of China General Plastic Corporation Supervisor of Chinese National Federation of Industries	None	None	None	(Note 1)
Director	R.O.C.	Qian Jiang Investment Co., Ltd. Representative: Wang, Cho-Chiun	Male	109.6.2	3	103.8.25	90,559,731 0	7.44 0	96,129,508 0	7.52 0	0 0	0 0	0 0	0 0	LL.M. of the Graduate School of Criminology, National Taipei University Director-general of the National Police Agency, Ministry of the Interior	Vice Chairman of the CTBC Anti-Drug Educational Foundation Chairman of CTBC Security Independent Director of KUNG LONG BATTERIES INDUSTRIAL CO., LTD.	None	None	None	-
Director	R.O.C.	Baolong International Co., Ltd. Representative: Wu, Chih-Wei	Male	109.6.2	3	109.6.2	236,444,3630	19.42 0	245,790,467 0	19.23 0	0 0	0 0	0 0	0 0	President of Hsinchu International Commercial Bank Executive Chairman of Standard Chartered Bank (Taiwan) Limited Chief Executive of Credit Suisse Group (Taiwan) AG M.B.A. from California State University	Chairman of Zhide Investment Co., Ltd Independent Director of Preferred Bank Director of Taiwan Farm Industry Co., Ltd. Director of Systemweb Technology Co., Ltd Independent Director of Cathay Real Estate	None	None	None	
Director	R.O.C.	Long Sheng Investment Co., Ltd. Representative: Li,Chi-Ren	Male	109.6.2	3	88.5.19	108,329,706 0	8.90 0	108,924,706 0	8.52 0	0 0	0 0	0 0	0 0	Associate Dean of college of Management, NTU Ph.D in Business Administration from University of Illinois at Urbana-Champaign	Honorary Professor in NTU Independent Director of Delta Electronics, Inc. Independent Director of Acer Incorporated Independent Director of Vivotek Inc. Chairman of B Current Impact Investment Vice Chairman of Chengzhi education foundation	None	None	None	-

Title	Nationality	Name	Gender	Date Elected	Term (Yr.)	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouse and Dependents		Shareholding in the Name of a Third Party		Experience and Education	Current Position with Other Company	Other Executives, Directors, or Supervisors Who are a Spouse or Kindred Within the 2nd Tier Under the Civil Code			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Long Sheng Investment Co., Ltd. Representative: Kuo, Ming-Jien	Male	109.6.2	3	88.5.19	108,329,706 0	8.90 0	108,924,706 0	8.52 0	0 0	0 0	0 0	0 0	Vice Chairman of BLACKSTONE GROUP (HK) LIMITED General Manager of JPMorgan Chase Bank (Hong Kong and Taiwan region) MBA, Baruch College, City University of NewYork	Chairman of Cathay United Bank Chairman of Cathay (China) United Bank Director of Cathay Financial Holdings Co., Ltd. Director of Cathay Securities Investment Trust Director of Cathay Private Equity Co.,Ltd Director of Avary Hldg (Shenzhen) Co Director of Taiwan Farm Industry Co., Ltd. Director of Far East Horizon Independent Director of Samson Holding Ltd. Director of Cathay General Hospital Director of Cathay Charity Foudation Independent Director of Zhongshan Huali Industrial Group Co., Ltd.	None	None	None	-
Director	R.O.C.	Yuema International Co., Ltd. Representative: Chiang, Chun-Te	Male	109.6.2	3	82.4.02	15,417,427 0	1.27 0	15,417,427 0	1.20 0	0 0	0 0	0 0	0 0	Independent Director of Ekeen Precision Co., Ltd Director of China Petrochemical Development Corporation Independent Director of Hola Co., Ltd Supervisor of Ruby Tech Corporation University of the Witwatersrand	Director of ISTRA Corporation Legal Director of CTBC Bank Director of Taiwan Lottery Co., Ltd. Executive director of TJABC	None	None	None	-
Independent Director	R.O.C.	Chiu, Shean-Bii	Male	109.6.2	3	103.8.25	0	0	0	0	0	0	0	0	Chair of the Department of Finance, Taiwan University M.B.A., Doctor from the University of Washington	Professor of the Department of Finance, Taiwan University Independent Director of Airmate (Cayman) International Co. Limited Audit Committee Convener of Longchen Paper & Packaging Co., Ltd. Director of TPEx	None	None	None	-

Title	Nationality	Name	Gender	Date Elected	Term (Yr.)	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouse and Dependents		Shareholding in the Name of a Third Party		Experience and Education	Current Position with Other Company	Other Executives, Directors, or Supervisors Who are a Spouse or Kindred Within the 2nd Tier Under the Civil Code			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Li,Tsun-Hsiu	Male	109.6.2	3	103.8.25	0	0	0	0	0	0	0	0	Chair of finance department, NTU MBA, Master of Arts in Economics, Ph.D in Finance from University of California	EMBA Adjunct Professor, National Taiwan University	None	None	None	-
Independent Director	R.O.C.	Wu, Chie-Fuh	Male	109.6.2	3	103.8.25	0	0	0	0	0	0	0	0	Chief Representative of China Airlines in East China and President of the Shanghai Office President of Taoyuan International Airport Service Co., Ltd. Adjunct Associate Professor of Chung Yuan Christian University Doctor of Business Administration, Shanghai University of Finance and Economics M.B.A., National Taiwan University	Convener of the Compensation Committee of Longchen Paper & Packaging Co., Ltd. Convener of the Compensation Committee of Baolong International Co., Ltd. Adjunct Associate Professor, Department of International Business, Chung Yuan University	None	None	None	-

Note 1: Where the chairperson and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. if the Company increases the number of independent directors, shall have more than half of the total number of directors without an post of employee or manager, and other methods): The chairman of the Company holds the equivalent post of general manager at once, because of raising operating efficiency and decision execution. The chairman ordinarily and closely communicates with other directors to practice operating governance. Currently the Company has concrete measures as following, and positively internal trains appropriate personnel.

1. Current three independent directors have relevant education in domains of financial, business administration, and effectively perform supervisory duty.
2. Independent directors shall adequately discuss and provide proposals as reference for Board of Directors in every Functional Committee.
3. More than half of the total number of members in Board of Directors have no equivalent post of employee or manager.

Table 1: Dominant Shareholders of Institutional Shareholders

April 22, 2021

Name of Institutional Shareholders	Dominant Shareholders of Institutional Shareholders (Note 1)
Qian Jiang Investment Co., Ltd.	Silver Lake Co., Ltd.(100%)
Long Sheng Investment Co., Ltd.	Long Hwa Developing Investment Co., Ltd. (53.13%) Longchen Paper & Packaging Co., Ltd. (46.86%) Yuema International Co., Ltd. (0.01%)
Baolong International Co., Ltd.	Longchen Paper & Packaging Co., Ltd. (25.95%) Qian Jiang Investment Co., Ltd. (9.93%) Long Chen Investment Developing Co., Ltd. (9.89%) Long Sheng Investment Co., Ltd. (5.45%) Yih Yuan Investment Corporation (3.59%) Wei Lien Investment Corporation (2.35%) Wang, Wei-Ning (2.25%) Yuema Engineering Co., Ltd. (2.14%) Lien Hwa Industrial Corporation (1.57%) Chao, Li-Te (1.50%)
Yuema International Co., Ltd.	Baolong International Co., Ltd. (42.02) Longchen Paper & Packaging Co., Ltd. (22.63%) Long Sheng Investment Co., Ltd. (19.16%) Long Chen Investment Developing Co., Ltd. (16.19%)

Note 1:Name of the Dominant Shareholders of Institutional Shareholders (whose shareholding ratio accounts for the top ten) and the shareholding ratio thereof.

Table 2: Table 1- Dominant Shareholders of the Institutional Shareholders that are Juristic Persons.

April 22, 2021

Name of Juristic Person	Dominant Shareholders of the Juristic Person (Note 1)
Silver Lake Co., Ltd.	Cheng, Ying-Pin(88.63%) Cheng, Yu-Chia (5.685%) Cheng, Yu-Tzu (5.685%)
Long Hwa Developing Investment Co., Ltd.	Yuema Engineering Co., Ltd. (37.24%) Longchen Paper & Packaging Co., Ltd. (22.84%) Yuema International Co., Ltd. (9.25%) Baolong International Co., Ltd. (25.74%) Longchen Circular Economy Environmental Protection Foundation (4.00%) Mountain and Field Education Foundation (0.93%)
Longchen Paper & Packaging Co., Ltd.	Baolong International Co., Ltd. (19.24%) Long Sheng Investment Co., Ltd. (8.53%)

	Qian Jiang Investment Co., Ltd. (7.52%) Yuema Engineering Co., Ltd. (7.06%) Fubon Life Assurance Co.,Ltd (3.98%) Taipei Fubon Bank Fiduciary Custody Marubeni Corporation (Japan) Investment Revenue (3.00%) Long Hwa Developing Investment Co., Ltd. (1.48%) Yuema International Co., Ltd. (1.21%) JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.97%) Investment account of advanced total international stock index of Advanced Starlight Fund Corporation (JPMorgan Chase, Taipei Branch as custodian bank) (0.92%)
Long Chen Investment Developing Co., Ltd.	Longchen Paper & Packaging Co., Ltd. (99.57%) Yuema International Co., Ltd. (0.40%) Cheng, Ying-Pin (0.03%)
Yih Yuan Investment Co., Ltd.	Overcome Holdings Limited (British Virgin Islands) (100.00%)
Wei Lien Investment Corporation	Hsin Lian Hsin Enterprise CO.,Ltd(50%) Fer Mo Enterprise CO.,Ltd(20%) Wang, Wei-Ning (10%) Chao, Li-Te (10%) Chao,Jian-hua (5%) Wang,Nai-Shen (5%)
Yuema Engineering Co., Ltd.	Baveno Value Investment Limited(40.76%) Longchen Paper & Packaging Co., Ltd. (21.41%) Long Chen Investment Developing Co., Ltd. (13.30%) Central Bridge Capital Limited(9.50%) Baolong International Co., Ltd. (15.02%) Qian Jiang Investment Co., Ltd. (0.01%)
Lien Hwa Industrial Holdings Corporation	UPC Technology Corp. (9.68%) Yih Yuan Investment Corp. (9.14%) Yi Feng Investment Co., Ltd. (4.86%) Jason Chow (3.32%) Matthew Feng-Chiang Miau (3.19%) Feng-Sheng Miao (3.18%) Paul Miao (3.02%) Yu Shiu Educational Foundation (3.00%) Lien Hwa Industrial Holdings Corporation Employee Welfare Committee (2.82%) MiTAC International Corp. (2.79%)

Note 1: Name of dominant shareholders of juristic person (whose shareholding ratio accounts for the top ten) and the shareholding ratio thereof.

(I) Profiles of Directors and Supervisors (2)

April 22, 2021

Terms / Name	Five or More Years Experience or Professional Qualification			Independence Criteria (Note 1)												Number of Public Companies that Independent Directors Also Hold Positions In
	Lecturer or above in Business, Law, Finance, Accounting or Corporate Business Related Fields	Qualification of Justice, Procurator, Attorney, CPA, Specialist or technician of National Examination in Corporate Business Related Fields	Experience in Business, Law, Finance, Accounting, or Corporate Business Related Fields	1	2	3	4	5	6	7	8	9	10	11	12	
Qian Jiang Investment Co., Ltd. Representative: Cheng, Ying-Pin	—	—	V	V	V	V	V	—	V	—	—	V	V	V	—	1
Qian Jiang Investment Co., Ltd. Representative: Wang, Cho-Chiun	—	—	V	V	V	V	V	—	V	V	—	V	V	V	—	1
Baolong International Co., Ltd. Representative: Wu, Chih-Wei	V	—	V	V	V	V	V	V	V	V	V	V	V	V	V	2
Long Sheng Investment Co., Ltd. Representative: Li,Chi-Ren	V	—	V	V	V	V	V	V	V	V	V	V	V	V	V	3
Long Sheng Investment Co., Ltd. Representative: Guo, Ming-Jian	—	—	V	V	—	V	V	—	V	V	—	V	V	V	—	—
Yuema International Co., Ltd. Representative: Chiang, Chun-Te	—	—	V	V	V	V	V	V	V	V	V	V	V	V	—	1
Chiu, Shean-Bii	V	—	V	V	V	V	V	V	V	V	V	V	V	V	V	2
Li,Tsun-Hsiu	V	—	V	V	V	V	V	V	V	V	V	V	V	V	V	—
Wu, Chie-Fuh	—	—	V	V	V	V	V	V	V	V	V	V	V	V	V	—

Note 1: If Directors or Supervisors, during the two years before being elected and during the term of office, meet any of the following situations, please tick✓ the appropriate corresponding boxes:

(1) Not an employee of the Company or any of its affiliates.

(2) Not a Director or Supervisor of the Company or any of its affiliates. (except in cases where the person is an independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent) .

(3) A person, spouse, dependents or a third party who is a natural person shareholder holding more than 1% of the outstanding shares of the Company or among the top 10 shareholders of the Company.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of manager listed in (1) or (2), (3) in the preceding three subparagraphs.

(5) Not a Director, Supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as one of its top five shareholders or appoints the representatives as directors or supervisors of the Company in accordance with Paragraph 1, 2, Article 27 of Company Act (except in cases where the person is an independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(6) Not a Director, Supervisor, or employee of other company, the same person as a director of the Company or holds more than half of shares of voting rights (except in cases where the person is an independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(7) Not the chairperson, general manager, or person holding an equivalent position of the company and director, supervisor or employee another company or institution or spouses (except in cases where the person is an independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a Director, Supervisor or Manager of the specific company or institution having a financial or business relationship with the Company, or a shareholder holding 5% or more of the outstanding shares (except if the specific company or institution hold more than 20%, less than 50% of total numbers of shares issued by the Company, and in cases where the person is an independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

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

(10) Not a spouse, relative within the second degree of kinship of other directors.

(11) Not one of the affairs in Article 30 of Company Act.

(12) Not a person elected as the government, legal person or its representative specified in Article 27 of Company Act.

(II) Profiles of the President and Vice Presidents, Assistant Vice Presidents, and Heads of the Departments and Branches

April 22, 2020

Title	Nationality	Name	Gender	Date Effective	Shareholding		Shareholding of Spouse and Dependents		Shareholding in the Name of a Third Party		Experience and Education	Current Position with Other Company	Spouse or Kindred Within the 2nd Tier Under the Civil Code to a Manager			Remark
					Shares	%	fShares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	Cheng, Ying-Pin	Male	2008.12.22	145,809	0.01	2,407,059	0.19	0	0.00	Chairman of Longchen Paper & Packaging Co., Ltd. M.B.A., National Taiwan University	Chairman of Long Chen Investment Developing Co., Ltd. Independent Director of China General Plastic Corporation Director of Chinese National Federation of Industries	None	None	None	(Note 1)
Executive Vice President	A.U.S	Bradley Craig Hinds	Male	.2020.09.01	0	0.00	0	0.00	0	0.00	Deputy General Manager of Longchen P&P Co., Ltd	None				
Vice President	R.O.C.	Lin, Tien-Tsung	Male	2009.11.23	610,683	0.04	0	0.00	0	0.00	Vice President of Longchen Paper & Packaging Co., Ltd. M.B.A. from the College of Management, National Chung Hsing University	Director of Long Chen Investment Developing Co., Ltd.	None	None	None	-
Vice President	R.O.C.	Tu, Chen-Ying	Male	2018.08.23	92,777	0.00	0	0.00	0	0.00	Industrial Paper Machine Techniques of Longchen Paper & Packaging Co., Ltd. Department of Mechanical Engineering of the Nanya Institute of Technology	None	None	None	None	-
Vice President	R.O.C.	Tan, Chih-Ming	Male	2020.01.01	155,763	0.00	0	0.00	0	0.00	Information Technology, Vice General Manager of Longchen Paper & Packaging Co., Ltd. Master of Department of Business Administration, Western Sydney University	None	None	None	None	-
Chief Finance Officer	R.O.C.	Tsou, Yung-Fang	Male	2008.02.22	323,830	0.03	0	0.00	0	0.00	Vice President of Longchen Paper & Packaging Co., Ltd. M.B.A., National Central University Supervisor of the Taiwan Paper Industry Association	Supervisor of Jiangsu Longchen Greentech Co., Ltd. Director of Long Chen Investment Developing Co., Ltd.	None	None	None	-
Chief Accounting Officer	R.O.C.	Wu, Kuo-Shan	Male	2005.07.01	903,950	0.07	0	0.00	0	0.00	Accounting, Senior Asistant Vice President of Longchen Paper & Packaging Co., Ltd. M. B. A., National Sun Yat-Sen University	Supervisor of Jiangsu Longchen Greentech Co., Ltd. Supervisor of Long Chen Investment Developing Co., Ltd. Supervisor of Baolong International Co., Ltd.	None	None	None	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Shareholding of Spouse and Dependents		Shareholding in the Name of a Third Party		Experience and Education	Current Position with Other Company	Spouse or Kindred Within the 2nd Tier Under the Civil Code to a Manager			Remark
					Shares	%	fShares	%	Shares	%			Title	Name	Relation	
Assistant Vice President	R.O.C.	Wang, Yi-Sheng	Male	2006.05.22	54,390	0.00	0	0.00	0	0.00	Purchasing , Asistant Vice President of Longchen Paper & Packaging Co., Ltd. Chinese Culture University	None	None	None	None	-
Assistant Vice President	R.O.C.	Chen, Tsung-Yeh	Male	2009.07.01	520,153	0.04	0	0.00	0	0.00	Procurement Center, Assistant Vice President of Longchen Paper & Packaging Co., Ltd. National YuanLin Senior High School	None	None	None	None	-
Assistant Vice President	R.O.C.	Huang, Shih-Yu	Male	2016.07.01	12,580	0.00	0	0.00	0	0.00	Legal Affairs Officer of Longchen Paper & Packaging Co., Ltd. Department of Law, National Chung Hsing University	None	None	None	None	-
Assistant Vice President	R.O.C.	Lai, Tai-Chuan	Male	2019.04.01	78,073	0.00	0	0.00	0	0.00	Marketing, Assistant Vice President of Longchen Paper & Packaging Co., Ltd. Master of Science and Technology System Management, State University of New York at Stony Brook	None	None	None	None	-
Assistant Vice President	R.O.C.	Wu, Kuo-Chen	Male	2020.02.01	153,680	0.01	0	0.00	0	0.00	RD Center, Assistant Vice President of Longchen Paper & Packaging Co., Ltd. Department of Chemical Engineering, National United College	None	None	None	None	-
Assistant Vice President	R.O.C.	Liao, Chien-Yu	Male	2020.02.01	690	0.00	0	0.00	0	0.00	Procurement Center, Assistant Vice President of Longchen Paper & Packaging Co., Ltd. Department of Occupational Safety &Health, Chia Nan College of Pharmacy & Science	None	None	None	None	-
Assistant Vice President	R.O.C	Tsai, Yi-Lin	Male	2020.7.6	100,970	0.00	0	0.00	0	0.00	Factory Sub-Chief of Longchen P&P Co., Ltd. Associate Degree of Mechanical Manufacturing from Chienkuo Technology University	None	None	None	None	
Assistant Vice President	R.O.C	Chang, Ying-Hui	Male	2020..7.20	28,000	0.00	0	0.00	0	0.00	Erlin RD Assistant vice president of Longchen P&P Co., Ltd. Associate Degree of Electronic Engineering from St. John's and St. Mary's Institute of Technology	None	None	None	None	
Assistant Vice President	R.O.C	Lin, Chin-Chi	Male	2020.10.20	54,030	0.00	0	0.00	0	0.00	IT Assistant vice president of Longchen P&P Co., Ltd. Bachelor of Science from Tatung University	None	None	None	None	

Title	Nationality	Name	Gender	Date Effective	Shareholding		Shareholding of Spouse and Dependents		Shareholding in the Name of a Third Party		Experience and Education	Current Position with Other Company	Spouse or Kindred Within the 2nd Tier Under the Civil Code to a Manager			Remark
					Shares	%	fShares	%	Shares	%			Title	Name	Relation	
Assistant Vice President	R.O.C	Li, Mei-Ling	Female	2020.11.3	0	0.00	0	0.00	0	0.00	IT monopoly system Assistant Vice President of Longchen P&P Co., Ltd Master of Science from Tatung University	None	None	None	None	
Assistant Vice President	R.O.C	Tang, Shu-Hsiung	Male	2020.12.1	56,448	0.00	0	0.00	0	0.00	Carton RD Assistant vice president of Longchen P&P Co., Ltd Associate degree of machinery from Lunghwa University of Science and Technology	None	None	None	None	
Assistant Vice President	R.O.C	Lin, Yen-Mi	Male	2021.2.17	0	0.00	0	0.00	0	0.00	IT assistant vice president of Chidopi co., Ltd. Taiwan Master of Science from Tamkang University	None	None	None	None	
Assistant Vice President	R.O.C	Tsai, Chung-Ping	Male	2021.2.17	0	0.00	0	0.00	0	0.00	Strategic procurement assistant vice president of Unity Opto Technology co., Ltd. EMBA from National Taiwan University of Science and Technology	None	None	None	None	

Note 1: Where the chairperson and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. if the Company increases the number of independent directors, shall have more than half of the total number of directors without an post of employee or manager, and other methods): The chairman of the Company holds the equivalent post of general manager at once, because of raising operating efficiency and decision execution. The chairman ordinarily and closely communicates with other directors to practice operating governance. Currently the Company has concrete measures as following, and positively, internally trains appropriate personnel.

1. Current three independent directors have relevant education in domains of financial, business administration, and effectively perform supervisory duty.
2. Independent directors shall adequately discuss and provide proposals as reference for Board of Directors in every Functional Committee.
3. More than half of the total number of members in Board of Directors have no equivalent post of employee or manager.

III Remuneration to Directors, Supervisors, President, Vice President

(I) Remuneration to General Directors and Independent Directors (In Aggregate Along the Scale of Payment and name disclosure method)

December 31, 2020; Unit: NT$1,000: %

Title	Name	Remuneration to Director								(A+B+C+D) as a % of Net Income		Remuneration for Performance of Work as an Employee								(A+B+C+D+E+F+G) as a % of Net Income		Compensation from Affiliates Other than Subsidiaries
		Remuneration (A)		Severance Payment and Pension (B)		Earnings Distribution (C)		Business Execution Cost (D)				Salaries, Bonuses, and Allowances (E)		Severance Payment and Pension (F)		Employees' Profit Sharing Bonus (G)						
																Longchen P&P		All consolidated companies				
		Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies	Cash Bonuses	Stock Bonuses	Cash Bonuses	Stock Bonuses	Longchen P&P	All consolidated companies	
Chairman	Qian Jiang Investment Co., Ltd. Representative: Cheng,, Ying-Pin	9,053	9,490	-	-	-	-	170	170	0.98%	1.02%	4,676	7,040	-	-	-	-	-	-	1.47%	1.77%	-
Director	Qian Jiang Investment Co., Ltd. Representative: Wang,, Cho-Chiun																					
Director	Baolong International Co., Ltd. Rerpesentative: Chiu, Chao-Chang (note 1)																					
Director	Baolong International Co., Ltd. Rerpesentative: Wu Chih-Wei (note 2)																					
Director	Long Sheng Investment Co., Ltd. Representative: Hsu, Hsiao-Po (note 1)																					
Director	Long Sheng Investment Co., Ltd. Representative: Li Chi-Ren (note 2)																					

Title	Name	Remuneration to Director								(A+B+C+D) as a % of Net Income		Remuneration for Performance of Work as an Employee								(A+B+C+D+E+F+G) as a % of Net Income		Compensation from Affiliates Other than Subsidiaries
		Remuneration (A)		Severance Payment and Pension (B)		Earnings Distribution (C)		Business Execution Cost (D)				Salaries, Bonuses, and Allowances (E)		Severance Payment and Pension (F)		Employees' Profit Sharing Bonus (G)						
																Longchen P&P		All consolidated companies				
		Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies	Cash Bonuses	Stock Bonuses	Cash Bonuses	Stock Bonuses	Longchen P&P	All consolidated companies	
Director	Long Sheng Investment Co., Ltd. Representative: Guo, Ming-Jian																					
Director	Yuema International Co., Ltd. Representative: Chiang, Chun-Te																					
Independent Director	Chiu, Shean-Bii	5,789	5,789	-	-	-	-	75	75	0.62%	0.62%	-	-	-	-	-	-	-	-	0.62%	0.62%	-
Independent Director	Wu, Chih-Wei (note 1)																					
Independent Director	Li,Tsun-Hsiu (note 2)																					
Independent Director	Wu, Chie-Fuh																					

Note 1: End of the term on termination date June 2, 2020
Note 2 Start of the new term on June 2, 2020

1.If any of the following is applicable, disclose the names and remuneration to the Directors or Supervisors individually. The others can be disclosed in aggregate along the scale of payment, or the names and remuneration can be disclosed individually (for individual disclosure, specify the occupational title, name, and amount, and skip the bracket along the payment scale):

(1) The names and remuneration of "Directors and Supervisors" shall be disclosed separately in the Consolidated Financial Statements of the most recent three years where after-tax losses have occurred, except in the most recent Consolidated Financial Statements where after-tax profits have been generated and are sufficient to cover accumulated losses; in adoption of IFRs, the names and remuneration of "Directors and Supervisors" shall be disclosed separately in the financial statements of the most recent two years where after-tax losses have occurred, except in the most recent financial statements where after-tax profits have been generated and are sufficient to cover accumulated losses: Not applicable.

(2) A company that has had an insufficient Director shareholding percentage for three consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual Directors; one that has had an insufficient Supervisor shareholding percentage for three consecutive months or more during the most recent fiscal year shall disclose the remuneration of individual Supervisors.: Not applicable.

(3) A company that has had an average ratio of share pledging by Director or Supervisors in excess of 50 percent in any three months during the most recent fiscal year shall disclose the remuneration paid to each individual Director or Supervisor having a ratio of pledged shares in excess of 50 percent for each such month: Not applicable.

(4) If the total amount of remuneration received by all of the Directors and Supervisors in their capacity as Directors or Supervisors of all of the companies listed in the financial statements exceeds two percent of the after-tax profits, and the remuneration received by any individual Director or Supervisor exceeds NT$15 million, the Company shall disclose the remuneration paid to that individual Director or Supervisor (remark: in attached table, Director remuneration plus Supervisor remuneration for calculating the remuneration of Director or Supervisor, without the relevant remuneration paid for adjunct employee): Not applicable.

(5) Corporate Governance Evaluation of listed company at stock exchange market and over-the-counter market belonged to the last numerical range, or in current fiscal year and up to annual report printed date, encountering altered-trading-method, trading stop, trading termination, or other matters of evaluation refusal approved by Corporate Governance Evaluation Committee: Not applicable.

(6) In current fiscal year, the remuneration average of the year received by any full-time employees served as non-supervisor posts of listed company at stock exchange market and over-the-counter market was less than

NT$0.5 million: Not applicable.

2. Corporate Governance Evaluation of listed company at stock exchange market and over-the-counter market has one of the preceding matter (1) or (5), shall individually disclose the remuneration information of top five supervisors (e.g. President, Vice President, CEO or Financial Head, etc.) obtained highest remuneration: Not applicable.

General Director and Independent Director Payment Scale

Payment Scale of Remuneration to the Directors of the Company	Name of Director			
	Sum Total of A + B + C + D		Sum Total of A + B + C + D + E + F + G	
	Longchen P&P	All consolidated companies (J)	Longchen P&P	All consolidated companies (K)
Less than NT$1,000,000	Chiu, Chao-Chang (Note1)、Li, Chi-Ren(Note2)、Li, Tsun-Hsiu(note 2)	Chiu, Chao-Chang (Note1)、Li,Chi-Ren(Note2)、Li,Tsun-Hsiu(note 2)	Chiu, Chao-Chang (Note1)、Li,Chi-Ren(Note2)、Li,Tsun-Hsiu(note 2)	Chiu, Chao-Chang (Note1)、Li,Chi-Ren(Note2)、Li,Tsun-Hsiu(note 2)
NT$1,000,000 ~ NT$2,000,000	Wang, Cho-Chiun、Hsu, Hsiao-Po(Note1)、Guo, Ming-Jian、Chiang, Chun-Te、Wu Chih-Wei、Chiu, Shean-Bii、Wu, Chie-Fuh	Wang, Cho-Chiun、Hsu, Hsiao-Po(Note1)、Guo, Ming-Jian、Chiang, Chun-Te、Wu Chih-Wei、Chiu, Shean-Bii、Wu, Chie-Fuh	Wang, Cho-Chiun、Hsu, Hsiao-Po(Note1)、Guo, Ming-Jian、Chiang, Chun-Te、Wu Chih-Wei、Chiu, Shean-Bii、Wu, Chie-Fuh	Wang, Cho-Chiun、Hsu, Hsiao-Po(Note1)、Guo, Ming-Jian、Chiang, Chun-Te、Wu Chih-Wei、Chiu, Shean-Bii、Wu, Chie-Fuh
NT$2,000,000 ~ NT$3,500,000	Cheng, Ying-Pin	Cheng, Ying-Pin		
NT$3,500,000 ~ NT$5,000,000				
NT$5,000,000 ~ NT$10,000,000			Cheng, Ying-Pin	Cheng, Ying-Pin
NT$10,000,000 ~ NT$15,000,000				
NT$15,000,000 ~ NT$30,000,000				
NT$30,000,000 ~ NT$50,000,000				
NT$50,000,000 ~ NT$100,000,000				
More than NT$100,000,000				
Total	11	11	11	11

Note 1: End of the term on termination date June 2, 2020

Note 2 Start of the new term on June 2, 2020

(II) Remuneration to Supervisors: Not Applicable

(III) Remuneration Paid to the President and Vice Presidents (In Aggregate Along the Scale of Payment)

Title	Name	Salaries (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Remuneration to Employees (D)				(A+B+C+D) as a % of Net Income		Obtaining the remuneration from reinvest industry excluding the subsidiary or parent company.
								Longchen P&P		All consolidated companies				
		Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies	Cash Bonuses	Stock Bonuses	Cash Bonuses	Stock Bonuses	Longchen P&P	All consolidated companies	
President	Cheng, Ying-Pin	11,681	14,045	-	-	4,090	4,090	-	-	-	-	1.67%	1.92%	-
Executive Vice President	Bradley Craig Hinds (Note1)													
Vice President	Lin, Tien-Tsung													
Vice President	Tan, Chih-Ming													
Vice President	Tsou, Yung-Fang													
Vice President	Tu, Chen-Ying													

Note 1: Start the term on September 1, 2020

Payment Scale

Brackets Along the Scale for Payments to the President and Individual Vice Presidents	Names of the President and Vice Presidents	
	Longchen P&P	All consolidated companies
Less than NT$1,000,000		
NT$1,000,000 ~ NT$2,000,000	Tu, Chen-Ying	Tu, Chen-Ying
NT$2,000,000 ~ NT$3,500,000	Bradley Craig Hinds(Note1)、Lin, Tien-Tsung、Tsou, Yung-Fang、Tan, Chih-Ming	Bradley Craig Hinds(Note1)、Lin, Tien-Tsung、Tsou, Yung-Fang、Tan, Chih-Ming
NT$3,500,000 ~ NT$5,000,000	Cheng, Ying-Pin	
NT$5,000,000 ~ NT$10,000,000		Cheng, Ying-Pin
NT$10,000,000 ~ NT$15,000,000		
NT$15,000,000 ~ NT$30,000,000		
NT$30,000,000 ~ NT$50,000,000		
NT$50,000,000 ~ NT$100,000,000		
More than NT$100,000,000		
Total	6	6

Note 1: Start the term on September 1, 2020

(IV) Manager's name of distributing employee remuneration and the situation of distribution: There was no manager obtaining the distributing employee remuneration.

(X) The analysis of the total remuneration as a percentage of net income, paid by the Company and by all consolidated companies set forth in the financial statement for the most recent two years to each of the Company's Directors, Supervisors, President, and Vice Presidents, and the description of the policies, standards, and packages for payment of remuneration, the procedures for determining remuneration, and its linkage to the business performance and future risk exposure.

1. The analysis of the total remuneration as a percentage of net income, paid by the Company and by all consolidated companies set forth in the financial statement in the most recent two years.

Year	Payment for Total Remuneration (NT$ thousand)		As a Percentage of Net Income	
	Longchen P&P	All consolidated companies	Longchen P&P	All consolidated companies
2020	30,858	33,659	3.26%	3.56%
2019	27,530	33,152	5.16%	6.21%

2.The description of the policies, standards, and packages for payment of remuneration, the procedures for determining remuneration, and its linkage to the business performance and future risk exposure.

(1) The remuneration of the Company's Director was paid by the authorization of Board of Directors in accordance with Articles of Corporation, considering the Director's participation degree of operation and contribution value in respond to Director remuneration policy.

(2) The appointment, dismissal and remuneration of the Company's President, Vice Presidents shall be handled in accordance with Articles of Corporation. The remuneration standards were paid in accordance with managerial officers policy approved by Remuneration Committee and Board of Directors. The remuneration of the Company's Director and managerial officers was resolved by Remuneration Committee, and reported to Board of Directors for approbation.

(3) The Company's managerial officers main remuneration principles shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of individual performance, the company's business performance, and future risk exposure, furthermore, the Company established managerial officers performance evaluation method, operating analysis and

operating supervisor shall calculate annual bonus standard in accordance with achievement, growth and targets of annual actual performance. Bonus shall be paid by Human Resource of headquarters in accordance with annual bonus standard. In addition, if the Company earned profit, shall allocate the payment, not less than 2% of pre-tax income as employee remuneration, and pay with stocks or cash; according to the remuneration policy in preceding paragraph, the Company shall provide market competitive remuneration for attracting, keep and long-term training talents.

IV. The Pursuit of Corporate Governance

(I) Information on the Operation of the Board

The Board has held six meetings in the most recent year (A), and the attendance of the Directors is as follows:

Occupational Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (%) (B/A)	Notes
Chairman	Qian Jiang Investment Co., Ltd. Representative: Cheng, Ying-Pin	2	0	100%	The meetings of the Board have been The 14th board of directors had twice meeting and the termination date is June 1, 2020
Director	Qian Jiang Investment Co., Ltd. Representative: Wang, Cho-Chiun	2	0	100%	
Director	Baolong International Co., Ltd. Representative: Chiu, Chao-Chang	2	0	100%	
Director	Long Sheng Investment Co., Ltd. Representative: Hsu, Hsiao-Po	2	0	100%	
Director	Long Sheng Investment Co., Ltd. Representative: Guo, Ming-Jian	2	0	100%	
Director	Yuema International Co., Ltd. Representative: Chiang, Chun-Te	2	0	100%	
Independent Director	Chiu, Shean-Bii	2	0	100%	
Independent Director	Wu, Chih-Wei	2	0	100%	

Occupational Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (%) (B/A)	Notes
Independent Director	Wu, Chie-Fuh	2	0	100%	
Chairman	Qian Jiang Investment Co., Ltd. Representative: Cheng, Ying-Pin	4	0	100%	The 15th board of directors had 4 meetings until the publish date, and will re-elect the new member on June 2, 2020.
Director	Qian Jiang Investment Co., Ltd. Representative: Wang, Cho-Chiun	4	0	100%	
Director	Baolong International Co., Ltd. Representative: Wu, Chih-Wei	3	1	75%	
Director	Long Sheng Investment Co., Ltd. Representative: Li, Chi-Ren	4	0	100%	
Director	Long Sheng Investment Co., Ltd. Representative: Guo, Ming-Jian	4	0	100%	
Director	Yuema International Co., Ltd. Representative: Chiang, Chun-Te	4	0	100%	
Independent Director	Chiu, Shean-Bii	4	0	100%	
Independent Director		4	0	100%	
Independent Director	Wu, Chie-Fuh	4	0	100%	

Supplementary Information:

I. If any of the following is applicable to the operation of the Board, specify the date, the series of the session, the content of the motions, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:
   (I) The matters set forth in Article 14-3: Please refer to the Supplementary Information1-(I) of this Article (II) “The information of the operation of the Audit Committee or the Supervisor's participation in the operation of the Board.”
   (II) Besides the above mentioned, other resolutions with the Independent Director’s dissenting opinion or qualified opinion: There are no resolutions of the Board of the Company with any Independent Director’s dissenting opinion or qualified opinion.

II. The recusal of the Directors from motions that involved a conflict of interest. Specify the names of the Directors, the content of the motions, and reason for recusal, and the participation in voting:

Regarding the discussion “Proposal of distributing 2019 performance bonus of supervisors higher than managers of the 13th meeting held by the 14th Board, the Chairman, Cheng, Ying-Pin, avoided discussion and voting of such proposal since he had personal interest in such proposal.

Occupational Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (%) (B/A)	Notes

Regarding the discussion "Proposal of releasing the restriction of Director competition prohibition of the 13th meeting held by the 14th Board, the Chairman, Cheng, Ying-Pin, avoided discussion and voting of such proposal since he had personal interest in such proposal.

The 14th meeting held by the 14th Board，discussed the project of "purchase 1.23% share equity from Longchan Investment Development Co., Ltd.", the Chairman, Cheng Ying Pin, avoided the discussion and vote as the benefit of the representative legal person.

There was no such situation in the 1th meeting held by the 15th Board.

Regarding the discussion,「bonus distribution of six months for supervisor and above of the year 2020」of the 2th meeting held by the 15th Board，he Chairman, Cheng, Ying-Pin, avoided discussion and voting of such proposal since he had another position as the President and personal interest in such proposal.

There was no such situation in the 3th meeting held by the 15th Board.

Regarding the discussion "Proposal of distributing 2020 performance bonus of supervisors higher than managers of the 4th meeting held by the 15th Board, the Chairman, Cheng, Ying-Pin, avoided discussion and voting of such proposal since he had personal interest in such proposal.

Regarding the discussion "Proposal of donating NT$ 8 million to "Longchen Circular Economy Environmental Protection Foundation" of the 4th meeting held by the 15th Board, the Chairman, Cheng, Ying-Pin, avoided discussion and voting of such proposal since he had personal interest in such proposal.

III. Evaluation cycle and period, scopes, methods and contents of internal performance evaluation for Board of Directors (on themselves or peers):

Evaluation cycle: Once a year

Evaluation period: January 1 - December 31, 2020

Evaluation scopes: 1. Board of Directors
2. Independent board members
3. Functional Committees

Evaluation methods: 1. Internal performance evaluation for Board of Directors
2. Internal performance evaluation for directors (on themselves or peers)
3. Internal performance evaluation for functional Committees

Evaluation contents: 1. Criteria for evaluating the performance of the board of directors in five aspects
2. Criteria for evaluating the performance of the board members (on themselves or peers) in six aspects
3. Criteria for evaluating the performance of functional Committees in five aspects

Note: The company plans to conduct first evaluation year in 2020, and the evaluation will be completed before the end of January 2021.

IV. The target of strengthening the powers of the Board in the current and recent Year.

1. Please refer to this Article (II) "The information of the operation of the Audit Committee or the Supervisor's participation in the operation of the Board."
2. The Company has set up the chief corporate governance officer and appointed Mr. Tsou, Yung-Fang to serve as the post, he has more than 8 years working experience of governance work as financial executive of public company, takes in charge of relevant matters of corporation governance, and his main duties are as follows:
   a. Handling matters relating to the Board Meetings and Shareholders' Meetings according to the laws.
   b. Producing minutes of the Board and Shareholders' Meetings.
   c. Assisting in onboarding and continuous development of Directors and Supervisors.

Occupational Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (%) (B/A)	Notes

d. Furnishing information required for business execution by Directors and Supervisors.
e. Assisting Directors and Supervisors with legal compliance.
f. Other matters set out in the Articles of Incorporation or contracts.

2020 operating supervisor education situation as following, the education hours was 12 hours.

Date of Education		Organizer	Course Name	Education Hours
From	To			
2020/11/05	2020/11/05	Securities and Futures Institute	Trends and Challenges of Information Security	3
2020/10/20	2020/10/20	Taiwan Corporate Governance Association	Functions and Evaluation of effectiveness of the Board of Directors	3
2020/10/16	2020/10/16	Taiwan Stock Exchange Corporation	2020 Corporate Governance and Corporate Integrity Directors and Supervisors Promotion Conference	3
2020/04/23	2020/04/23	Taiwan Institute of Directors	2020 Directors' Lecture-How to Make Accurate Decisions on Emergency	3

(II) Information of the Operation of the Audit Committee or the Supervisor's Participation in the Operation of the Board

1. Information of the Operation of the Audit Committee:

The term of the 2nd member：June 14, 2017 to June 1, 2020. The term of 3rd member：June 2, 2020 to June 1, 2024；The Audit Committee has held five meetings in the most recent year (A), and the attendance of the Independent Directors is as follows:

Occupational Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of the Attendance in Person (%) (B/A) (Note)	Notes
Independent Director	Chiu, Shean-Bii	2	0	100%	2nd (2017/06/14~2020/06/01)
Independent Director	Wu, Chih-Wei	2	0	100%	
Independent Director	Wu, Chie-Fuh	2	0	100%	
Independent Director	Chiu, Shean-Bii	3	0	100%	3rd (2020/06/02~2023/06/01)
Independent Director	Li, Tsun-Hsiu	3	0	100%	
Independent Director	Wu, Chie-Fuh	3	0	100%	

Supplementary Information:

I. If any of the following is applicable to the operation of the Audit Committee, specify the date, the series of the session, the content of the motions, the resolutions of the Audit Committee and the response of the Company to the opinions of the Audit Committee.
   (I) In response to Article 14-5 of Securities and Exchange Act, any matter has not been approved with audit committee members may be undertaken upon the consent of two-thirds or more of all directors.

Dates and Series of the Session of the Board, Content of Motion, Opinion of the Independent Directors

March 18, 2020

(The 13th meeting held by the 14th Board)

1.Recognized the Company's 2019 Financial Statements proposal.

2.Approved the proposal of distributing the 2019 bonus to the Executives (above the manager).

3.Approval the Removal of restrictions on directors' non-competition

4.Approval the project of comprehensive financing quota from financial institutions

5.Approval the project of Longtan Factory application for return to Taiwan investment financing quota.

6.Approved the proposal of the subsidiary's financing amount endorsement guarantee.

7.Approval the project for providing the capital loans to Hubei Longchen subsidiaries.

8.Approval the project of capital increase USD 22 million for L&C Co.,(BVI) Ltd.

9.Approved the proposal of evaluation and authorization of CPA's adaptability and independence.

All Independent Directors agreed to approve.

May 15, 2020

(The 14th meeting held by the 14th Board)

1. Recognized the proposal of 2020 Q1 Consolidated Financial Statements of the Company.
2.Approved the project of "purchase 1.23% share equity of L&C Co.,(BVI) Ltd. from Longchan Investment Development Co., Ltd.
3.Approved the project of "purchase 1.15% share equity of L&C Co.,(BVI) Ltd. from Rongsheng Investment Development Co., Ltd. ".
4.Approval the Syndicated Loans of Longchen's subsidiary in Pinghu, China for USD 30 million.
5.Approval the project of comprehensive financing quota from financial institutions
6.Approved the proposal of the subsidiary's financing amount endorsement guarantee.

All Independent Directors agreed to approve.

August 14, 2020

(The 2th meeting held by the 15th Board)

1. Recognized the proposal of 2020 Q2 Consolidated Financial Statements of the Company.
2. Approved the proposal of the Company's disposition of net earnings of first half year of 2020.
3. Approved the proposal of handling newly issued cash increase stock.
4. Approved the proposal of the subsidiary's financing amount endorsement guarantee.
5. Approved the proposal of comprehensive financing amount application for financial institutions.
6. Approval the project of "Financial Statement Preparation Process Management Measures"

All Independent Directors agreed to approve.

November 13, 2020

(The 3th meeting held by the 15th Board)

1. Recognized the proposal of 2020 Q3 Consolidated Financial Statements of the Company.
2. Approval the Syndicated Loans of Longchen's subsidiary in Wuxi, China for USD 20 million.
3. Approval the project of providing indirect funding for Hubei Longchen
4. Approved the proposal of the subsidiary's financing amount endorsement guarantee.
5. Approved the proposal of comprehensive financing amount application for financial institutions.
6. Approval the proposal of the rules of the duties for independent directors
7. Approval the proposal of audit committee organization rules
8. Approval the proposal of Regulations related to financial operations between related companies
9. Approved the amendment to "Board of Directors' Self-evaluation or Peer Evaluation Measures" proposal

All Independent Directors agreed to approve.

March 12, 2021

(The 4th meeting held by the 15th Board)

1. Recognized the proposal of 2020 Financial Statements of the Company.
2. Approval the project of providing indirect funding for Hubei Longchen
3. Approval the project of capital increased for the subsidiary in China, Jiangsu Longchen Greentech Co., Ltd. for RMB 300 million.
4. Approved the proposal of the subsidiary's financing amount endorsement guarantee.

5. Approved the proposal of comprehensive financing amount application for financial institutions.
6. Approved the proposal of evaluation and authorization of CPA's adaptability and independence.

All Independent Directors agreed to approve.

(II) Except for the above mentioned, there are no resolutions without the approval of that adopted by two-thirds or more of all the directors in this year.

II. The execution of an independent director with conflict of interest prevention shall indicate the name, the contents, the reason of conflict of interest prevention, and the voting circumstance: None.

III. Communications among the Independent Directors, internal audit supervisor, and accountant shall include the major matters about finance and business and its method and outcomes.

(I) The Independent Directors will invite the accountant to attend the meetings held by the Audit Committee per half year to communicate the audit scopes, internal control inspection execution and findings, matters to pay attention to, and key auditing matters, the evaluation of continuing operation assumption, difference summaries, and the updated law notices. There is no difference in communications among the Audit Committee.

(II) During the Audit Committee's meetings, the Independent Directors listen the important findings reported by the internal audit supervisor and instruct on improvable actions for repeated negligence made by China subsidiaries. Usually, internal control can be supervised effectively by telephone and emails.

(III) The Implementation of Corporate Governance, and the Differences and the Reasons of Such Differences Between the Implementation and Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies

Items for Assessment		Implementations (Note)			Differences and the Reasons of Such Differences Between the Implementation
		Yes	No	Summary	
I.	Has the Company established and disclosed its corporate governance practice principles in compliance with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies?	V		The Company has established its corporate governance practice principles and published them on the Market Observation Post System ("MOPS") and the Company website for researching by shareholders.	Yes
II.	Equity Structure and Shareholders' Equity of the Company				
(I)	Has the Company established the internal operating procedures for handling the shareholder's suggestions, inquiries, disputes, and litigations, and implemented such procedure?	V		In addition to the stock services agent who may respond to general questions, important information provided to shareholders will be indicated in the investor relations and interested parties' zones on the Company's website. Moreover, there are staffs in charge of the investor relations mailbox and suggestions by telephone from shareholders.	Yes.
(II)	Has the Company kept a list of major shareholders and a list of ultimate owners of these major shareholders?	V		Pursuant to Article 25 of the Securities and Exchange Act, the Company reported the holding share changes of the insiders (Directors, Managers, and the shareholders holding shares above 10%) on MOPS designated by the Financial Supervisory Commission monthly and disclosed the list of top 10 major shareholders on the Company's website.	Yes.

Items for Assessment		Implementations (Note)			Differences and the Reasons of Such Differences Between the Implementation
		Yes	No	Summary	
(III)	Has the Company established and operated a risk management mechanism and "firewall" between the Company and its affiliates?	V		Based on group operations, the Company raised funds with limited resources to extend the business and reviewing staff regularly, and held all kinds of management meetings monthly to control the finance, accounting, and business of each affiliate. The transactions among the affiliates complied with the laws and regulations. The affiliates have established the Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises and implement them.	Yes.
(IV)	Has the Company established internal rules to prohibit Company insiders from trading securities using information not disclosed to the market?	V		The Company has established the "Procedures for Handling Material Inside Information", the "Code of Staff Conduct", and insiders have signed confidential agreements to prohibit insider trading.	Yes.
III.	Composition and Function of the Board				
(I)	Have members of the Board of Directors formulated diverse policies and implemented them accordingly?	V		1.The Board of Directors have approved the Amendment of "Procedures for Election of Directors", added the composition of members of Board of Directors shall be considered diversification policy, and reported to Shareholders meeting for approval. 2. Specific operation goal of diversification policy and achievement were as follows: (1)Directors who hold concurrently the Company's managers shall not be more than on third of Director seats: Achieved. (2)There are not more than two people who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director: Achieved. 3. According to the Director member list of this Board, who has industry knowledge like Cheng, Ying-Pin, instruct the production and marketing strategy of the Company and who are good at management operation like Cheng, Ying-Pin, Wang, Cho-Chiun, Chiu, Chao-Chang, Guo, Ming-Jian, Chiang, Chun-Te, Wu, Chih-Wei, Wu, Chie-Fuh, Li Chi Jen、Li Tsun Hsiu providing improvement suggestions to the management system and business strategy; who are good at finance and accounting like Guo, Ming-Jian, Chiu, Chien-Pi, Wu, Chih-Wei, Wu,Chie-Fuh, Li Tsun Hsiu	Yes

Items for Assessment		Implementations (Note)			Differences and the Reasons of Such Differences Between the Implementation
		Yes	No	Summary	
				providing financial and accounting planning and the latest information regarding laws and regulations; who is good at information technology like Chiu, Chao-Chang providing information related to information security of the Company.	
(II)	In addition to establishing a Remuneration Committee and an Audit Committee, has the Company voluntarily established other types of functional committees?		V	The Company has established a Remuneration Committee and an Audit Committee according to the laws, but not establishing other types of functional committees.	The Company will consider and evaluate it carefully depending on the development of the Company's requirements internally in the future.
(III)	Has the Company established a Board performance assessment method, and have performance evaluations been conducted annually, and have the results of evaluations been reported to Board of Directors, and has the Company adopted it as a reference for independent director's remuneration and nomination continuing ?		V	Performance assessment method has been approved by Board of Directors on November 11, 2019. The Company expected that performance evaluations of Board of Director, Board members and Functional Committees of a fiscal year 2020 will be completed at January 2021, and the Company will report the results to Board of Directors as a reference of director's related business.	The Company will exercise it according to the amendments of laws.
(IV)	Has the Company evaluated the independence of CPAs on a regular basis?	V		The Company's Board evaluates the independence of the certificated accountant regularly (at least one time annually) and the detailed assessment procedures are as below in the independence assessment table I.	Yes
IV.	Has the listed company at stock exchange market and over-the-counter market allocated qualified and proper numbers of corporation governance people, and appointed cooperation governance officers to take charge of relevant matters of corporation governance (including, but not restricting to provide information needed when directors and supervisors executed business, help directors, supervisors comply with the regulations, relevant matters of handling Board meeting and Shareholders meeting in accordance with regulations, prepare meeting agenda of Board of Directors and Shareholders	V		The Company has set up the chief corporate governance officer and appointed Mr. Tsou, Yung-Fang to serve as the post, he has more than 9 years working experience of governance work as financial executive of public company, takes in charge of relevant matters of corporation governance, and his main duties and the execution situation are as follows: 1. Handling related matters of the meetings of Board of Director and Board of Shareholders in accordance with regulations. (1) The Company held 5 times meetings of Board of Directors in 2020, and informed directors of agendas before 7 days, convened the meeting and provided meeting information, and	Yes.

Items for Assessment		Implementations (Note)			Differences and the Reasons of Such Differences Between the Implementation
		Yes	No	Summary	
	meeting, etc.)?			reminded in advance that the resolution was needed the interest avoidance. (2) The Company held 1 time meeting of Board of Shareholders in 2020, the Company shall register before the date of the meeting, prepare meeting notice, agenda handbook and annual financial report within the statutory period. 2.Producing meeting minutes of Board of Directors and Board of Shareholders. The meeting minutes shall be completed after 20 days of the meeting in accordance with regulations. 3.Assisting in assuming the office and pursuing further education for directors, and providing related informationsfor them. 4. Furnishing information required for business execution by directors, aimed at the scope of operation, the amendments of the latest laws and regulations for the Company operating governance, and informing members of Board of Directors. 5. Assisting directors with legal compliances. 6. Other matters set out in the article of incorporation or contracts.	
V.	Has the Company established a interested parties (including, but not limited to, shareholders, employees, clients and suppliers, etc.) communication channel, a Company website dedicating to interested parties zone, and appropriately responded to the main social responsibility issues which are critical to interested parties?	V		1.Main interested party of the Company includes: employee, supplier/contractor, government institutions, customers, neighborhood, investor/shareholder, bank and media. The Company has established a “Interested Party Zone” on the website for the public, and disclosed the subjects concerned by interested party, the interested party can give back the opinions, and the responsible person handled and responded. 2.In the recent years, the communication situations of various interested parties and the content of the report (please refer to the following table II. Subjects concerned by interested party and the situation of communication channel), and annually reported to Board of Directors for approval	Yes.
VI.	Has the Company commissioned a professional share registration and investor service institution for providing services to shareholders?	V		The Company has retained a professional stock services agent in handling the matters related to the shareholders meetings (the disclosure on the website/ contact us/stock services agent) .	Yes.

Items for Assessment	Implementations (Note)			Differences and the Reasons of Such Differences Between the Implementation
	Yes	No	Summary	
VII. Disclosure of Information				
(I) Has the Company established its official website for disclosure of information on financial performance and corporate governance?	V		The Company's website: http://www.longchenpaper.com Disclosing the information of finance, business, and coporate governance.	Yes.
(II) Is there any other means for disclosures (like the installation of an English website, appointment of designated personnel to collect and disclose related information on the Company, proper performance of the spokesman system, and upload the procedure of investors conference to the website) ?	V		The Company has set up a website in Chinese and English collecting the Company's information by the Finance and Accounting Center, also has established a spokesperson system. There is Investor conferences inquiry zone in the Investor Relations Zone/Finance Information of the Website.	Yes
(III) Has the Company announced in public within 2 months after the end of a fiscal year, declared annual financial statements, and announced in public beforehand before the prescribed period and declared financial statements of Q1, 2, 3 and operating conditions monthly?		V	The Company announced in public within prescribed period in accordance with statutes, and declared annual and quarter financial statements. The company didn't announce or declare early.	As the Company's internal development needs and operating periods, the Company discreetly evaluated , investigated and planed forward.
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors' and Supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors) ?	V		1.The rights of employees: Holding the labor settlements irregularly and set up an access mailbox for employees. 2.Employee Wellness: The Company established the Employee welfare committee, hadling all kinds of employee welfare, group insurance matters, self-handling institutional food service for eating safety. 3.Investor Relations: The Company provides the transparent information to the investors through Investor Relations Zone in the Company's website; the Company also indicates the material matters in MOPS. 4.Vendor Relations: The Company has established "Vendor Relationship Transparency Policy" and "Code of Conduct for Staffs concerning the foreign affairs, maintaining the fair trade relationships with vendors. 5.Rights of Interested Parties: The Company has performed its rights and obligations of trading with the Interested Parties under contracts nad related procedures for protecting the rights of both parties legally. 6.Training of Directors: (Please refer to the	Yes.

Items for Assessment	Implementations (Note)			Differences and the Reasons of Such Differences Between the Implementation
	Yes	No	Summary	
			following table III of the Training of Directors.) 7.The establishment of the management structure Information Security: The Company has established “Personal Information Protection and Management Policy” for implementing the personal information protection and management, and the legal affairs office is in charge of handling the personal information matters. The personal information management responsibility of legal affairs office is as followings: (1) Researching and drafting personal information protection policy. (2) Evaluating personal information privacy risk and compliance. (3) Promoting personal information management, establishing and evaluating infrastructure. (4) Dealing, handling, notifying and drilling the personal information safety matters. (5) Plannig other protection and management matters of personal information. The Company has established the procedures relevant to the computerized information systems, such as “System development and program modification management policy”, “Personal Computer and Network Usage Management policy “, “Host System Data Backup and Restore policy”, “Computer Room Management policy “, “ERP Host Disaster Backup and System Emergency Contact Management policy“, “System Downtime Emergency Response policy” and relevant policies for evaluating regularly the potential security risks on operation impacts, and arranging annual audits of safety inspections. 8. The implementation of risk management policies and risk evaluation measure criteria: The Companyevalutes regularly conducts internal control assessment operations for each department to detect preventive control. The audit department assists the Audit Committee to supervise the execution of the company’s business and internal control system. If discovering any possible drawback, it shall initate some certain appropriate measures for reduceing	

Items for Assessment	Implementations (Note)			Differences and the Reasons of Such Differences Between the Implementation
	Yes	No	Summary	
			operational risks. 9. The implementation of customer polices: One of the Company's missions is "customer resonance", which shall first identify the real needs of the customers and make efforts on achieving the goals. It shall to be achieved to make the customers to be conformtable, touched and resonated. It shall be the same goal of all staffs and the staffs shall grow up with the customers together. 10. D&O Insurance and Report to the Board: The Company has insured D&O Insurance for the Directors and reported such insurance to the latest Board's meeting. 11. The Board held on March 18th,2019 approved the"Standard Operational Protocol for Responding to requests from Directors" for making such flow and procedures more transparent and completed	

IX. Response to the corporate governance evaluation result released by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and further effort shall be made on matters for improvement but still unaccomplished.

(I) Improvements:

1.The company will set up the integrity management full-time unit, and be responsible for making the policies and regulations of the operating integrity and supervise execution, and also explain the operation and execution methods on the company's website and annual financial reports, and report to the board of directors once a year at least.

2.The company will set up in accordance with materiality principle, and conducts risk assessment of environmental, social or corporate governance issues related to company operations, and formulate the policier and strategies related to risk assessment, and also disclose the identity of the identified stakeholder, issues of concern, communication channels, and response methods on the company's website and annual financial reports, and report to the board of directors once a year at least.

3.The company held the institutional investors' conference on its own and invitation in March and August, 2020, respectively.

4.The company will upload the annual financial reports in english 7 days before the shareholder's meeting

(II) Priorities and measures proposed by those who have not improved yet:

1.The company will release the important information in english when public information observatory releases important information simultaneously.

2.The company will upload the annual financial reports disclosed in English 16 days before the shareholder's meeting.

Table I Assessment on the Independence of CPAs

Verification procedure			Yes /No / Not Applicable (N/A)
I.	Impact of personal interests on the independence (i.e. a CPA obtains any financial interest by performing the auditing duty for a customer, or has any conflict of interest with such customer due to a stake.)		
	(I)	Are the CPAs and the Company in a direct or indirect relationship of material financial interest?	Yes
	(II)	Are the CPAs and the Company in a material and close business relationship?	Yes
	(III)	Are the CPAs and the Company in a potential employment relationship?	Yes
II.	Impact of self-assessment on the independence (i.e. any report or judgment issued by the CPAs in performing non-auditing services is the important basis of the verification conclusion in verifying or reviewing financial information and data; or an audit team member used to act as director or supervisor of a customer for whom such member performs the auditing duty, or holds a position that has direct or material impact on such auditing case.)		
	(I)	Does the original document which the CPA firm is commissioned to prepare contain any item that is used to ensure the significance or importance of the service case?	Yes
	(II)	Has any audit team member of the commissioned CPA firm been the director, supervisor, manager, or any other position that has material impact on the auditing case, of the customer for whom such member performs the auditing duty, currently or in the last two years?	Yes
	(III)	Will any non-auditing service performed by a CPA or the CPA firm directly affect a critical item of this auditing case?	Yes
III.	Impact of defense on the independence (i.e. the objectivity of an audit team member is challenged because such member defends for the stance or opinion of a customer for whom such member performs the auditing duty.)		
	(I)	Does a CPA promote or act as broker of the stocks or other securities issued by the Company?	Yes
	(II)	Does a CPA defend on behalf of the Company in a lawsuit or any other dispute with a third party, except for the duty permitted by applicable laws and regulations?	Yes
IV.	Impact of familiarity on the independence (i.e. the close relationship between a CPA and any director, supervisor and/or manager of a customer for whom the CPA performs the auditing duty makes the CPA or any audit team member pay too much attention to or be deeply concerned about the customer’s interest.)		
	(I)	Is any audit team member of the CPA firm the family member or relative of a director, supervisor, manager, or any other position holder who has material impact on the auditing case, of the Company?	Yes
	(II)	Does a CPA of the commissioned CPA firm, who has been relieved of his/her office for no more than one year, act as director, supervisor, manager, or any other position that has material impact on this auditing case, of the Company?	Yes
	(III)	Has a CPA received any expensive gift or special offer from a director, supervisor, manager, or dominant shareholder of the Company?	Yes
V.	Impact of coercing behavior on the independence (i.e. an audit team member is or feels intimidated by a customer for whom such member performs the auditing duty, thus preventing such member from being objective and clarifying any professional doubt.)		
	(I)	Has any commissioned CPA or CPA firm been coerced into filing a lawsuit?	Yes
	(II)	Has any CPA been coerced into terminating such commissioning or accepting reappointment for this auditing case?	Yes
	(III)	Has any CPA been put pressure on to improperly reduce any required auditing item for reducing the CPA fee?	Yes

Table II Stakeholder's concerning issues and communication channel

Stakeholder	Communication channel	Frequency	Important issues of prior concerning	2020 Communication effectiveness
Employee	Employee network, care mail address for employee	Anytime	Operating performance, environmental safety & health, welfare workplace, sustainability strategy, environmental pollution control	1.There were 11 appeal cases of care mail handled by Taiwan's plants. 2.Erlin Mill passed the ISO 45001 certification 3.Erlin Mill was awarded the excellent factory for over-promotion employees with disabilities by Changhua County Government 4.the company was awarded the excellent company for voluntary carbon reduction by Industrial Development Bureau 5.the company was awarded the outstanding member for labor-management model
	Health morning meeting	Everyday		
	Reform and innovation meeting, Staff Welfare Committee	Every month		
	Specific bulletin board	Aperiodicity		
Supplier/ Contractor	Care mail address for supplier	Anytime	Information protection & trade safety, freedom of association & collective bargaining, operating performance, sustainability strategy, customer service	1.89.5% of major suppliers signed to ban the Hazardous Substance 2.The signing rate of complying with conduct codes is 89.5%. 3.The evaluation of contract main suppliers is 100%.
	Supplier evaluation	Every year		
	Announcement of occupational safety management office	Aperiodicity		
Government institution	Audit declaration & present at factory/audit	Every year	Environmental safety & health, welfare workplace, environmental pollution control, raise of energy and resource efficiency, Low carbon papermaking	1. The company was awarded the best level of BS8001 overall maturity of circular economy 2.The company was awarded the excellent manufacturer for using renewable resource bt EPA 3.The company was awarded the excellent green procurement manufacturer of private enterprise and civil groups.
	Regulation public hearing & Industrial Development and Investment Promotion Committee, official documents & telephone communication, forum, association activities held by governmental authority.	Aperiodicity		
Customer	Customer service mail box and hotline	Anytime	Customer service, operating performance, information protection & trade safety, risk management, sustainability strategy	Results of customer satisfaction survey were overall better than the Company's standard
	Customer satisfaction survey	Every year		
	Personal visiting which responsible by Marketing Department/Quality Control Department joined in visiting, executive visiting, website declassed various certification index	Aperiodicity		
Neiborhood	Participation of community meeting/activities, take in charge of staffs	Aperiodicity	Environmental safety & health,, Low carbon	1.Cooperate with academic institutions

Stakeholder	Communication channel	Frequency	Important issues of prior concerning	2020 Communication effectiveness
	concerning foreign affairs and community resident communication, participate in wedding and funeral in neighborhood, hold activities of respect for the elderly and emergency relief, study demonstration & experience learning		papermaking, freedom of association & collective bargaining, information protection & trade safety	to exchange and visit the company's environmental protection facilities 4 times.(twice for ITRI, once for NCHU, once for the National Taxation Bureau for Beidou. 2.Date of exchange and visit: 1/20 ITRI、11/30 NCHU 、12/02 National Taxation Bureau for Beidou. 、12/15 ITRI.
Investor/Shareholder	Responsibility of contact person for investor	Anytime	Sustainability strategy, operating performance, operating governance of the Company, risk management, environmental pollution control	1.There were 82 announcements of important information. 2.Invited to join in topical performance conference " livelihood consumption" held by Taiwan Stock Exchange, declaring operation overview of the Company.
	Shareholder meeting, publication of annual report of shareholder meeting and operating report, publication of CSR	Every year		
	Participation of investor seminar held by broker or exchange	Aperiodicity		
	Public information on website:			
	announcement of self-closing consolidated revenue	Every month		
	announcement of financial statements	Every season		
	important information/announcement search on Market Observation Post System, investor conference	Aperiodicity		
Bank	Responsibility of contact person for fund procurement	Anytime	Risk management, operating governance of the Company, operating performance, customer service, sustainability strategy	Expansion of credit line
	CSR	Every year		
	Visit reservation of domestic and overseas banks, telephone conference, participation of investor conference held by broker or exchange	Aperiodicity		
	Credit review	Project		
	Public information on website:			
	announcement of self-closing consolidated revenue	Every month		
	announcement of financial statements	Every season		
	important information/announcement search on Market Observation Post System, investor conference	Aperiodicity		
Media	Responsibility of contact person for public relation	Anytime	Operating performance, operating governance of the Company, Low Carbon papermaking, raise of energy efficiency	1. Announcement of press release 2. Professional media interview
	Shareholder meeting, publication of annual report of shareholder meeting and operating report, publication of CSR	Every year		
	Participation of investor conference held by broker or exchange, visit reservation of domestic and overseas press, telephone conference	Aperiodicity		
	Public information on website:			
	announcement of self-closing consolidated revenue	Every month		
	announcement of financial statements	Every season		
	important information/announcement search on Market Observation Post System, investor conference	Aperiodicity		

Table III Continuing Education of the Directors

December 31, 2020

Occupational Title	Name	Date of (elected to) office	Duration of continuing education		Sponsor	Courses	Hours
			From	To			
Representative of the Corporate Chairman	Cheng, Ying-Pin	2020. 06.02	2020/09/18	2020/09/18	Taiwan Institute of Directors	Annual meeting of the institute of Directors in 2020：Looking for new growth drivers in stragetic turning year	3
			2020/08/07	2020/08/07	Taiwan Institute of Directors	Annual meeting of the institute of Directors in 2020：A turnig point for Taiwan corporate stragetic under the epidemic	3
			2020/04/23	2020/04/23	Taiwan Institute of Directors	2020 Directors Lecture Hall-How to make accurate decisions during emergency	3
Representative of the Corporate Director	Wang, Cho-Chiun	2020. 06.02	2019/09/02	2020/09/02	Taiwan Academy of Banking and Finance	Reflections and Prospects on risk control of Anti-Money Laundering	3
			2020/08/06	2020/08/06	Taiwan Corporate Governance Association	Observation of Legal Risks in Corporate Governance	3
Representative of the Corporate Director	Wu, Chih-Wei	2020. 06.02	2020/12/24	2020/12/24	Taiwan Corporate Governance Association	Prevention of insider trading	3
			2020/12/15	2020/12/15	Taiwan Corporate Governance Association	How to use impact investment to improve corporate value	3
Representative of the Corporate Director	Chiang, Chun-Te	2020. 06.02	2020/09/02	2020/09/02	Taiwan Academy of Banking and Finance	Development of corporate governance practices, and corporate intellectual property management strategies	3
			2020/09/02	2020/09/02	Taiwan Academy of Banking and Finance	Reflections and Prospects on risk control of Anti-Money Laundering	3
Representative of the Corporate Director	Li, Chi-Ren	2020. 06.02	2020/11/04	2020/11/04	Taiwan Corporate Governance Association	Corporate Sustainable Development and ESG Development Trend	1.5
			2020/08/05	2020/08/05	Taiwan Corporate Governance Association	The new ord in America-The Impact and Response of the U.S. Investment and Export Control Act	1.5
			2020/07/29	2020/07/29	Taiwan Corporate Governance Association	Opportunities and Challenges of Action 5.0 from the Development of Telecommunications	3
			2020/05/06	2020/05/06	Taiwan Corporate Governance Association	Hostile mergers and corporate governance	1.5
			2020/03/18	2020/03/18	Taiwan Corporate Governance Association	Corporate Sustainable Development	1.5
Independent Director	Chiu, Shean-Bii	2020. 06.02	2020/11/26	2020/11/26	Securities and Futures Institute	5G key technologies and application opportunities	3
			2020/10/26	2020/10/26	Securities and Futures Institute	The impact of the amendment of the latest insurance law on the rights and obligations of directors and supervisors	3

Occupational Title	Name	Date of (elected to) office	Duration of continuing education		Sponsor	Courses	Hours
			From	To			
Independent Director	Li Tsun Hsiu	2020. 06.02	2020/12/11	2020/12/11	Taipei Foundation Of Finance	Corporate Governance-Discussion and Prevention of Criminal Liability from Financial Report Fraud Cases and Related Companies	3
			2020/11/04	2020/11/04	Taipei Foundation Of Finance	Corporate Governance-Family Business Inheritance and Planning	3

(IV) Composition, duties, and state of operation of Remuneration Committee:

1. Profiles of the Members of the Remuneration Committee

April 22, 2021

Identity (Note 1)	Item / Name	More than 5 years of work experience and the following professional qualification			Independence Criteria (Note 2)										Number of Other Public Companies Where the Member is Also a Member of Their Remuneration Committee	Remarks
		Lecturer or above in Business, Law, Finance, Accounting or Corporate Business Related Fields	Qualification of Justice, Procurator, Attorney, CPA, Specialist or technician of National Examination in Corporate Business Related Fields	Experience in Business, Law, Finance, Accounting, or Corporate Business Related Fields	1	2	3	4	5	6	7	8	9	10		
Independent Director	Wu, Chie-Fuh	✔	—	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	1	—
Independent Director	Li, Tsun Hsiu	✔	—	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	0	—
Independent Director	Wu, Chih-Wei	—	—	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	1	—

Note 1: Fill in Director, Independent Director, or others for identity.

Note 2: If any of the following is applicable to the Directors and Supervisors in the period of 2 years prior to the election to office and within the term of office, put a "✓" in the appropriate box below.

(1) Not an employee of the Company or its affiliates;

(2) Not a Director or Supervisor of the affiliates of the Company (except as an Independent Director mutually adjunct of the Company and its parent company, subsidiaries or subsidiaries under the authority of same parent company for which a seat was established in accordance with local law or the law of the host country)

(3) A person, spouse, dependents or a third party who is a natural person shareholder holding more than 1% of total outstanding shares of the Company or among the top 10 shareholders of the Company;

(4) Not the spouse, kindred within the 2nd tier under the Civil Code, or within the 5th tier of the consanguinity of the persons specified from (1) listed managers, (2), (3) ;

(5) Not a Director, Supervisor, or employee of an institutional shareholder in direct holding of more than 5% of total outstanding shares of the Company, or a Director, Supervisor, or employee among the top 5 institutional shareholders of the Company or appointed the representative as of Director, Supervisor the the Company in accordance with Article 27, Paragraph 1, 2 of Company Act (except as an Independent Director mutually adjunct of the Company and its parent company, subsidiaries or subsidiaries under the authority of same parent company for which a seat was established in accordance with local law or the law of the host country);

(6) Not a Director, Supervisor or employee of other companies, same person as the Director of the Company or has more than half of shares of votes (except as an Independent Director mutually adjunct of the Company and its parent company, subsidiaries or subsidiaries under the authority of same parent company for which a seat was established in accordance with local law or the law of the host country);

(7) Not a Director, Supervisor or employee of other companies, same person as the Chairman, General Manager or similar posts of the Company or spouses (except as an Independent Director mutually adjunct of the Company and its parent company, subsidiaries or subsidiaries under the authority of same parent company for which a seat was established in accordance with local law or the law of the host country);

(8) Not a Director, Supervisor, Manager or Shareholder in direct holding of more than 5% (except as an Independent Director mutually adjunct of the Company and its parent company, subsidiaries or subsidiaries under the authority of same parent company for which a seat was established in accordance with local law or the law of the host country);

(9) Not a proprietor, partner, director, supervisor, manager, or the spouse to the aforementioned persons of a professional firm, sole proprietorship, partnership, company, or institution providing business, legal, financial, and accounting service or related services to the Company or affiliates, provided audit or obtained remuneration accumulated less than NT$0.5 million the last two years, except the members of Remuneration Committee, Review Committee or Special Committee for merger /consolidation and acquisition, perform duties in accordance with Securities Exchange Act or Business Mergers and Acquisitions Act.

(10) None of the particulars inscribed in Article 30 of the "Company Act" are applicable.

2. Information on the Operation of the Remuneration Committee

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

(2) The term of 3rd member: August 4, 2017 to Jun 01, 2020.The term of 4rd member：June 2, 2020 to June 1, 2024. The committee convened 3 sessions (A) in the most recent year. The attendance of the members' qualification is shown below:

Title	Name	Attendance in person (B)	Attendance by Proxy	Attendance rate (%) (B/A)	Remarks
Convener	Wu, Chie-Fuh	1	0	100%	3rd(2017/08/04~2020/06/01)
Member	Wu, Ya-Hui	1	0	100%	
Member	Wu, Chih-Wei	1	0	100%	
Convener	Wu, Chie-Fuh	2	0	100%	4rd(2020/06/02~2023/06/01)
Member	Wu, Chih-Wei	2	0	100%	
Member	Li, Tsun-Hsiu	2	0	100%	

Supplementary Information:

I. If the Board rejected or revised the recommendation presented by the Remuneration Committee, specify the date, the series of the session, the content of the motions, the resolutions of the Board, and the response of the Company to the opinions of the Remuneration Committee (like the remuneration package passed by the Board is at a higher level than the recommendation presented by the Remuneration Committee, specify the difference and the reason): There is no such circumstance this year.

II. If particular member holds adverse opinion or qualified opinion on the resolution of the Remuneration Committee on record or in written declaration, specify the date, the series of the session, the content of the motion, the opinions of all members and the responses to the opinions of the members: There is no such circumstance this year.

Date and series of the session convened by the Remuneration、 Committee Content of Motion、Members' opinion

March 12, 2020

The 6th Session of the 3rd General Meeting

I. The proposal for employee bonus distribution of 2019 was approved.

II. Approved of the proposal of days bonus and performance bonus distribution of role bonus to executives above the manager level P&L for 2019.

III. Approved of proposal of Director, Manager Remuneration policies of 2020.

IV. Approved of proposal of the amendment of Remuneration Committee Organic Regulations.

Approved by all members

August 13, 2020

The 1th Session of the 4rd General Meeting

I. Approval of the "bonus distribution of six months for supervisor and above of the year 2020".

Approved by all members

March 12, 2021

The 2th Session of the 4rd General Meeting

I. Approved of the proposal of days bonus and performance bonus distribution of role bonus to executives above the manager level P&L for 2020.

II. The proposal for employee bonus distribution of 2020 was approved.

Approved by all members

(V) The performance regarding social responsibility activities, the diversities and reasons of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.

<table>
<tr><th rowspan="2">Items for Assessment</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation From the "Corporate Social Responsibility Best Practice Principles for TWSE or GTSM Listed Companies", and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>I. Has the Company execute the risk evaluations of environment, society and operating governance subject related to the Company's operation in accordance with materiality principle, and established relevant risk management policy or strategies?</td><td>V</td><td></td><td>The Company has executed relevant risk evaluation for important subjects in accordance with Corporate Social Responsibility Best Practice Principles, and according to the risk after evaluating, established risk management policy as follows:
<table>
<tr><th>Important Subject</th><th>Risk Evaluation Item</th><th>Risk Management Policy</th></tr>
<tr><td>Environment</td><td>Increasing resource benefits/environmental pollution control/adaption of climate change</td><td>1.Upholding the concept of energy saving and carbon decreasing, driving energy management system complied with international standards.
2.Achieving the basic requirement of complying with environmental protection regulations with proper pollution technology and equipment, and committing to observing other requirements.
3.Keeping improving, resource saving, recycling and other pollution precautions, expecting that the environmental impact of the industry will decrease to the lowest.
4.Establishing and practice environmental goals through document standardization, PDCA management circulation; additionally holding employee training, making the personnel participate in the activities of cherishing resources and protecting the environment.
5.Timely disclosing environmental policies for the public, being neighborly and landscaping to raise corporate image, and achieve the goal of sustainable operation.</td></tr>
<tr><td>Society</td><td>Relationship of labor and capital/occupatio</td><td>1.Cultivating the excellent talent recognized company culture, prospect and core value, collectively striving</td></tr>
</table></td><td>Consistent</td></tr>
</table>

Items for Assessment	Implementation Status			Deviation From the "Corporate Social Responsibility Best Practice Principles for TWSE or GTSM Listed Companies", and the Reasons
	Yes	No	Abstract Explanation	
			nal safety and health/sustainable supply chain: to achieve Longchen P&P's missions. 2.Practicing risk evaluation and improvement of safety and health in the factory, establishing Safety Committee, weekly discussing risk matters of safety and health in the factory, and progress of various improvement, announcing important work safety matters in morning meeting at regular intervals. 3.Choosing eco suppliers, executing safety and health management for main suppliers. Corporate operating and governance: Regulation compliance/information protection and trade safety: Establishing operating strategy and industry culture of emphasizing risk management, and considering the results after qualifying and quantifying the risk management as the reference of establishing operating strategy.	
II. Has the Company established a designated full-time (part-time) body or position for the advocacy of corporate social responsibility administered by a senior office at the authorization of the Board of Directors, and reported to the Board on the operation?	V		The Company has established Corporate Social Responsibility Management Committee, appointed full-time (part-time) employee responsible for driving corporate social responsibility, this person belongs to Chairman Room, shall report to the chairman at regular intervals. This person takes charge of collecting various relevant actions of corporate social responsibility and data of statistics, and preparing CSR reports.	Consistent
III. Environment resolutions (I) Has the Company instituted an environmental management system relevant with the nature of the industry?	V		Introduction of the environmental management system: The Group has introduced ISO 50001 Energy Management System for continuous improvement of its energy use. It is helpful to reduce the energy cost and the emissions of greenhouse gases and therefore achieve sustainable corporate operation and environmental-friendliness. Our three factories in Taiwan and mainland China have obtained this certification. The Group complies with the regulations of the Environmental Protection Administration, Executive Yuan, R. O. C. (Taiwan) concerning air, water, wastes, toxic substances and greenhouse gases. Various units also follow these regulations by the speciality and the General Administration is in charge of overall planning and control. Verification has been fulfilled by the external agency. Currently, our 12 factories in Taiwan and	Consistent

Items for Assessment	Implementation Status			Deviation From the "Corporate Social Responsibility Best Practice Principles for TWSE or GTSM Listed Companies", and the Reasons
	Yes	No	Abstract Explanation	
			mainland China have obtained ISO 14001 certification, and three factories have obtained ISO 14064-1 certification. For the promotion of the innovative green system, Longchen P&P works closely with suppliers and customers to adopt the corporate synergy development system (CSDS) for the circular economy, identify and improve lower-application indicators through the Cleaner Production Assessment System (CPAS) of the Industrial Development Bureau ("IDB") and therefore promote other CPAS members for achieving the green growth performance together.	
(II) Has the Company strived to raise utilized efficiency of all resources, and utilized recycled materials which caused low impact for environmental load?	V		The Company has constructed corporate core competitiveness on five environmental protection high-end technologies with high effective resource utilization. The most of main materials is waste, old corrugated boxes (waste paper) for decreasing impact for environmental load.	Consistent
(III) Has the Company evaluated that the climate change caused potential risk and opportunities for corporate's present and future, and adopted responding measures related climate resolutions?	V		The Company has encountered the potential risk of the climate change in climate and society aspects: plant's disaster loss, shortage of water supply, disruption of material supply, return risk increase for damped products, product transported untimely, operation cost raise, etc. In addition, to decrease and adapt for the results of climate change, it will create opportunities for the Company, for example, establishing Eco Packaging development and research center, improving the invention, development and research of products, expanding production capacity to control customer's new needs. The Company has set decrease quantity as our goal, participated in the demonstration project of the climate change adaption, continued to raise five high-end environmental protection technologies of high effective utilizing resources, etc. The Company expected that the emission of green house gas of 2020 will decrease by 2%, compared to 2017.	Consistent
(IV) Has the Company calculated the emission of greenhouse gases, water consumption and total weight of wastes the last two years, and established the policies for energy saving and carbon reduction, decreasing the emission of greenhouse gases, decreasing water consumption or other waste management?			1. The emission of greenhouse gases, and established management policies for energy saving and carbon reduction, decreasing the emission of greenhouse gases: (1) The emission of greenhouse gases in 2020 was 490,683 CO_2e t/a, decreased by 3.95%, compared to 510,883CO_2e t/a of 2019. (2) Goal of decreasing quantity:2021 estimated mission of green house gas will decrease by 2%, compared to 2017. (3) The management policies for decreasing greenhouse gases 3.1 Manufacturing process improvement management: 3.1.1 Adopting best feasible technologies to set up new manufacturing process. 3.1.2 Eliminating old equipments and change new	

Items for Assessment	Implementation Status			Deviation From the "Corporate Social Responsibility Best Practice Principles for TWSE or GTSM Listed Companies", and the Reasons
	Yes	No	Abstract Explanation	
			ones to increase boiler combustion efficiency. 3.2 Energy needs management: 3.2.1 Promoting the concept of saving energy, and decreasing energy consumption. 3.2.2 Raising fan waste heat recovery ratio. 2. Water consumption and decreasing water consumption management policies (1) Total water intake of 2020 was 3,399,760 tons, increased by 2.38%, compare to 3,482,517 tons of 2019. (2) Goal of decreasing quantity: 2021 estimated water consumption of tons of paper will decrease by 6.5%, compared to 2017. (3) Decreasing water consumption management policy: mainly constructing water resource circulation system for high circulation use efficiency. 3.Total weight of waste and decreasing waste management policy: (1) 2020 total weight of waste was 55,926.54 tons, increased by 4.4%, compared to 2019 total weight of wasted 53,584.50 tons. (2) Goal of decreasing quantity: 2021 estimated total weight of waste will decreased by 16%, compared to 2017. (3) Decreasing waste management policies: The Company has strived to resource classification and recycle, decrease wastes from manufacturing process, and authorizing other corporates to handle wastes, and authorizing qualified industries to handle in accordance with regulations. The Company has made efforts in increasing resource utilizing rate, decreasing waste production, and continuously developed, improved technologies of waste recycling and decreasing the sludge, and decreasing the burden of social environment.	
IV. Social Resolution (I) Has the Company established relevant policies and procedures in management in accordance with applicable legal rules and the "International Convention of Human Rights"?	V		We have established and required various units to follow relevant management rules and procedures in accordance with applicable labor laws and regulations.	Consistent

Items for Assessment		Implementation Status			Deviation From the "Corporate Social Responsibility Best Practice Principles for TWSE or GTSM Listed Companies", and the Reasons
		Yes	No	Abstract Explanation	
(II)	Has the Company established and practiced reasonable employee welfare measures (including remuneration, on leave and other benefits, etc.), and properly reflected to employee remuneration with operation performance or results ?	V		In order to ensure the Company's remuneration competitiveness, the Company has established five-year remuneration amendment plan to keep the talents and increase employee's life quality. In addition, the Company has exercised the operating combination of employee value evaluation and promotion reward, etc. to practice positive, affective reward and punishment regulations. Article of association of the Company specifies if the Company has profits of the year, shall distribute no less than 2 percents with stocks or cash as employee remuneration. The Company has established manager remuneration policies for perfecting manager remuneration management. On leave: leave shall be provided in accordance with Labor Standards Act. Employee's welfare: 1. Labor insurance, health insurance, group insurance (life/accident insurance, hospitalization medical/cancer insurance) 2. Assisting with expense of employe's wedding, funeral and employment injury compensation 3. Employee's group meal and uniform 4. Annual health examination 5. Staff travel 6. Festival cash for dragon boat, mid-autumn and Chinese new year 7. Birthday and birth cash 8. Education allowances for employees and their children 9. Social activities allowances	Consistent
(III)	Has the Company provided a safe and healthy work environment for employees and has provided education on health and safety at regular intervals?	V		In order to improve the work environment and practices of employees and achieve the goal of zero disaster, we have developed measures for the implementation of health and safety-related activities and have established the Labor Safety and Health Executive Committee. In this way, employees are provided training programs on safety and health at regular intervals, and the annual health examination system is also available for employees.	Consistent
(IV)	Has the Company established a training program for helping employees for effective career planning?	V		Each factory is required to submit its annual training need. The General Administration is responsible for collecting and planning annual internal and external training programs. In addition to training programs of certificates and licenses and on-the-job training necessary for the staff, we also provide the 6S training inside to improve the management capability of management associates, which is the important basis for their promotion.	Consistent
(V)	Has the Company complied with relevant regulations and international standards for customer's health and safety, customer's	V		Operating in accordance with relevant regulation and international standards, and providing customer and supplier e-mail appeal channel in public.	Consistent

Items for Assessment		Implementation Status			Deviation From the "Corporate Social Responsibility Best Practice Principles for TWSE or GTSM Listed Companies", and the Reasons
		Yes	No	Abstract Explanation	
	privacy, marketing and indication of product and service, and established relevant protect consumer rights policy and appeal procedures?				
(VI)	Has the Company established suppliers management policies to demand that suppliers follow the regulations for the resolutions of environmental protection, occupational safety and hygiene or labor rights, and its practice conditions?	V		The Company has specified the evaluation of contractors production conditions, if the contractors did not improve within the legal period, shall bed listed as unqualified suppliers in the supplier evaluation form.	Consistent
V.	Has the Company referred to international common reports to create principles or guidelines, CSR reports an other reports for disclosing any relevant non financial information of the Company? Have the preceding reports obtained the assurance or guarantee opinion from the verification unit as of third parties?	V		We have created annual CSR reports, and authorized BSI Taiwan as of their party to verify our CSR reports in accordance with A1000AS v3 and GRI Standards sustainability reporting guidelines; the verification results comply with AA1000 TYPE 1 Moderate assurance level and GRI Standards core disclosure requirements.	Consistent
VI.	If the Company has established its own corporate social responsibility best practice principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE or GTSM Listed Companies", elaborate the state of implementation and any variation thereof: The Company has established its own "Corporate Social Responsibility Best Practice Principles". With the joint efforts of all staff, the corporate social responsibility is fully performed from the perspectives of corporate governance, energy conservation, environmental protection, and protection of the stakeholders' right.				
VII.	Any other essential information that may help us to understand the performance of corporate social responsibility better: 1. To fulfill our CSR better, we have actively participated in the activities organized by international non-profit organizations (NPOs) and environmental protection unions and pursued the goal of simultaneous growth with stakeholders in continuous improvements of international certification marks. Furthermore, we have also established the "Mountain & Field Eduction Foundation" to provide education, protection and care for the aborigines and vulnerable groups in remote mountainous areas. 2. To avoid waste of energy and resources and environment pollution due to discard of wastes, the "Circular				

Items for Assessment	Implementation Status			Deviation From the "Corporate Social Responsibility Best Practice Principles for TWSE or GTSM Listed Companies", and the Reasons
	Yes	No	Abstract Explanation	
Economy" has become an urgent public subject for implementation in recent years. Longchen P&P always uses reclaimed waste paper as main materials and adopts high-tech processes where resources can be utilized in an environmental-friendly and efficient manner to manufacture indispensable paper products in our life. Longchen P&P is the best model enterprise of the "Circular Economy". To actively promote the development of the "Circular Economy", the proposal for establishing "Longchen Circular Economy Environmental Protection Foundation" was approved at 8th meeting of the 14th Board, driving the practice and development of circular recycle technology. 3. Donation of disaster relief fund: In February 2016, NT$5 million was donated through the Tzu Chi Foundation for the post-earthquake reconstruction of Tainan. In February 2018, NT$5 million was donated through the Tzu Chi Foundation for the post-earthquake reconstruction of Hualien. In October 2020, NT$ 5 million was donated through the Tzu Chi Foundation for aid the Philipino affected by the COVID-19 pneumonia to food funding. 4. Public interest group & organization: * The Society of Entrepreneurs and Ecology, Alxa Prefecture of Inner Mongolia (SEE) Alxa Prefecture of Inner Mongolia is a place in mainland China severely affected by sand storms. The area of desert is growing at annual rate of 1,000 km2. The coastal region of southeastern China, Japan and South Korea are also affected by the dust storms. Longchen P&P works with almost 100 Chinese entrepreneurs to improve and restore the ecological environment of the Alxa Prefecture, Inner Mongolia Autonomous Region, China. 5. Human rights: employees are treated fairly regardless of their gender and religious belief, etc. 6. Safety and health: In 2019, the Safety Management Center and the Safety Management Office were set up. Each factory manager shall promote the performance of the following tasks: (1) Collect all information in industrial safety and work-related injury cases to make videos, which should be used as materials for training of new employees, periodic safety education of employees, and pre-work safety training of suppliers. (2) All staff of a factory shall attend training again and place signature on the training record in case of any work-related injury. Prepare and release a report and identify the type and responsible personnel for management in case of an industrial safety incident; immediately organize the supervisors of all levels for on-site rectification for one month to identify any person and/or case involving potential hazards related to industrial safety and eliminate such hazards. (3) Carry out routine inspection to identify any person and/or case/special project involving potential hazards related to industrial safety and eliminate such hazards. c-1. Dangerous acts as potential hazards; c-2. Potential hazards related to environmental equipment (4) Execute occupational safety four-table system to ensure engineering quality and safety Contractors executed in accordance with occupational safety four-table system, the supervisors were in charge of carrying out daily personnel attendance management and occupational safety inspection to find the possibility of safety risks and avoid the accidents.				
VIII. If the CSR Report of the Company was accredited by an external accreditation institution, specify the detail: Longchen P&P's 2020 CSR Report was prepared in accordance with the "Sustainability Reporting Guidelines" ("Standards Guidelines") of the Global Reporting Initiative (GRI) , as well as the requirements of Type 1 of AA1000 Assurance Standard and key disclosure requirements in GRI.				

(VI) The practice of ethical corporate management and the diversities and reasons of Best Practice Principles for TWSE/GTSM listed Listed Companies:

Items for Assessment	Implementation Status			Deviation From the "Ethical Corporate Management Best Practice Principles for TWSE or GTSM Listed Company" and the Reasons
	Yes	No	Abstract Explanation	
I. Establishment of the Policies and Action Plans on Business Ethics (I) Has the Company established ethnical operation policy approved by Board of Directors, and specified ethical operation policy, methods and the commitment of the Board of Directors and the management officers actively practicing operation policy in the articles of incorporation and documents in public?	V		The Company has established ethical operation principles, Procedures for Ethical Management and Guidelines for Conduct, required the personnel to uphold the corporate culture of being morale and working practically as the code of conduct.	Consistent
(II) Has the Company established the evaluation system of unethical conducts, analyzed and evaluated operation activities with high unethical conduct risk in the operation scope at regular intervals, and established the project to prevent unethical conducts, at least contained the precautions of matters at paragraph 2, Article 7 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		The Company annually handles internal control system self-evaluation and risk evaluation by Audit Unit, establishes audit plan, after approving by Board of Directors, audits and analyzes monthly. A reporting channel has been set up to allow internal and external people appeal various violated events, the Chief Auditor shall investigate and report for helping discussing operation activities and system. The Company established "Procedures for Ethical Management and Guidelines for Conduct" to specify precautions.	Consistent
(III) Has the Company specified procedures for operation, guidelines, punishment for violation and appeal system in preventing unethical conduct project, implemented practically, and discussed and amended the preceding project at regular intervals?	V		The Company has established ethical operation principles, Procedures for Ethical Management and Guidelines for Conduct, and detailedly specified applicable person, unethical conduct, benefit status and handling of involving in unethical conduct in these regulations. The Company has implemented practically in accordance with the regulations and discuss the contents at regular intervals.	Consistent
II. Practice Ethical Corporate Management (I) Has the Company evaluated the ethical record of counterparts, and specified ethical conducts articles in prescribed contracts with trade counterparts?	V		We disclosed the relationship with suppliers at regular intervals, and specified that the seller shall not bribe our personnel in any way in purchase contracts.	Consistent
(II) Has the Company established Board of Directors to set up	V		According to "operational procedures and behavior guidelines for all employees'	Consistent

Items for Assessment	Implementation Status			Deviation From the "Ethical Corporate Management Best Practice Principles for TWSE or GTSM Listed Company" and the Reasons
	Yes	No	Abstract Explanation	
full-time (part-time) unit of executing ethical operating management, and the unit reported to Board of Directors (at least one time a year) that ethical management policies, prevention unethical conducts programs and supervision and execution conditions?			integrity management", HR units are the unit to promote corporate integrity management, and will report to the board of directors once a year(this year was on November 13). The Unit have to assist the board of directors and management to formulate and supervise the implementation of integrity management policies to make sure the regulation of integrity management was fulfilled.The report of implement of integrity operation policy in 2020 was as below: 1. Specified the regulations and cases of ethical management policies in morning meeting. 2The company had education training about integrity operation during the morning meeting for 17 times, 5 minutes each time for a total of 1.4 hours, and the target was all the employees in 2020. 3. In response to care mail measures of the Company, the number of appealing cases from outsiders was eleve in 2020, and the audit supervisors has investigated and made the announcement from handling results.	
(III) Has the Company made interest conflict prevention policies, provided appropriate stating channels and executed the policies?	V		The Company has set up the care email boxes 119@longchenpaper.com (119 confident line)for employees, employees shall appeal any unethical acts, and the cases shall be investigated by audit supervisors, and announced the results in next month.	Consistent
(IV) Has the Company practice ethical operating management and established affective accounting system, internal control system, and internal audit unit made auditing plans in accordance with the results of unethical acts risk evaluation, and audited the compliance condition of ethical acts prevention programs, or authorized the accountants to audit?	V		The Company has adopted every management system to continuously improve accounting system and internal control system, and internal audit unit made audit plans in accordance with risk evaluation, and audited at regular intervals to practice ethical corporate management principles. We have set up a care mail for internal personnel and external parties to appeal any violate case investigated and reported by audit supervisors for helping review operating activities and systems.	Consistent
(V) Has the Company organized internal and external training on ethical corporate management at regular intervals?	V		Measures for and cases related to ethical corporate management are always communicated at morning meetings. The company had education training about integrity operation during the morning meeting for 17 times, 5 minutes each time for a total of 1.4 hours, and the target was all the employees in 2020.	Consistent

Items for Assessment	Implementation Status			Deviation From the "Ethical Corporate Management Best Practice Principles for TWSE or GTSM Listed Company" and the Reasons
	Yes	No	Abstract Explanation	
III. Functioning of the Informant System (I) Has the Company established the system for reporting of unethical practices with action plan and reward to the informants, and relevant channels for reporting, and also the appointment of designated personnel for handling the report and the person being reported?	V		Longchen P&P has set up the care email boxes (for suppliers and other external parties: 110@longchenpaper.com; for employees: 119@longchenpaper.com), and established measure for reporting and reward. Each report will be recorded and investigated by the Chief Auditor. The aim is to report and make complaints concerning unethical acts. If a report is true through investigation, the Chief Auditor will report to the superior leadership for granting reward to the informant based on the contribution to corporate governance and the resulting economic benefit.	Consistent
(II) Has the Company established standard operation procedure for the investigation on unethical practices being reported with proper measures for confidentiality?	V		The Company has set up care mail address for accepting anonymous report, after accepting, the audit chief filed a case and investigate, prepared improvement policy, the confidentiality system was good.	Consistent
(III) Has the Company taken appropriate measures for the protection of the informants from undue treatment after reporting?	V		The Company accepted anonymous report through care mail address, and adopted proper protecting reporter measures, reporters won't suffer from improper handling for the report.	Consistent
IV. Intensification of Disclosure Has the Company disclosed the content of its ethical corporate management best practice principles and the result of implementation at its official website and MOPS?	V		Longchen P&P has established the website in Chinese and English, and disclosed the contents of the ethical corporate management best practice principles and related information.	Consistent
V. If the Company has established its ethical corporate management best practice principles in accordance with the "Corporate Social Responsibility Best Practice Principles for Companies Listed on TWSE /GTSM", stating diversities of execution and its principles as following: The Company has established its ethical corporate management best practice principles, Longchen P&P Procedure for Ethical Management and Guidelines for Conduct in accordance with the "Corporate Social Responsibility Best Practice Principles for Companies Listed on TWSE /GTSM and Procedures for Ethical Management and Guidelines for Conduct, there is no diversity between practicing actually and ethical corporate management best practice principles of the Company.				
VI. Other important information for interpreting ethical corporate management best practice principles of the Company as following: 1. General punishment rules for employees: (1) Longchen P&P advocates the pursuit of the transparent relationships with suppliers. Any operator shall make full disclosures to us. If any operator is involved in a conflict of interest as specified herein and thus should have recused from any related matter, such operator will be considered to have attempted to commit tunneling and will be punished as stipulated. (2) Longchen P&P has established the code of staff's conduct. Nobody shall accept any gift or entertainment, or request for commission, from a parter or individual in any way without permission.				

Items for Assessment	Implementation Status			Deviation From the "Ethical Corporate Management Best Practice Principles for TWSE or GTSM Listed Company" and the Reasons
	Yes	No	Abstract Explanation	
2. General punishment rules for suppliers: Longchen P&P always states in the purchase and sales contracts that the Seller shall not offer any commission or gift to the Buyer's operator; otherwise, the Seller shall be liable for Longchen's losses therefrom.				

(VII) If the Company has established the corporate governance best practice principles and related regulations, disclose the means for inquiry:

Longchen P&P has established the corporate governance best practice principles. For the performance of corporate governance, please refer to "IV. The pursuit of corporate governance" in this Annual Report. Other related regulations established by law are disclosed on the MOPS.

(VIII) Essential information that helps to under the ethical corporate government of the Company better shall also be disclosed:

1. The operation procedure for handling essential corporate information

Longchen P&P has established the "Operation Procedure of Longchen Paper & Packaging Co., Ltd. for Handling Essential Corporate Information", which governs the handling and disclosure of its essential information, as well as the conducts of the directors, independent directors and managers. Such procedure, once released or amended subsequently, is and will be made available in the internal document control system for employees' reference at any time. The directors and independent directors will be informed, and the internal staff will also be notified at irregular intervals, to pay attention to any essential information and avoid any improper disclosure thereof by relevant personnel and/or any insider trading.

2. Other essential information that helps to under the ethical corporate government of the Company better

With the increasing expansion of our operating scale and the establishment of overseas subsidiaries in recent years, Longchen P&P always inspects relevant regulations, procedures and internal operation rules of the corporation and subsidiaries and improves its management standards to identify problems. We also solve problems, improve the operation efficiency, and fortify risk control

mechanisms based on the 6S principle (i.e. SEIRI, SEITON, SEISO, SEIKETSU, SHITSUKE, SAFETY) to further pursue the performance of corporate governance. In consideration of actual needs for operation management and the competent authorities' requirements for management in recent years, Longchen P&P has established or amended a series of rules and regulations, including "Rules for Defining the Scope of Responsibilities of Independent Directors", "Standard Operation Procedure for Handling Directors' Requirements", "Management Procedure for Financial and Business Operations among Affiliates", "Ethical Code of Conduct", "Self-disciplining Standard for Disclosure of Information on Company Mergers", "Charter of the Audit Committee", "Ethical Corporate Management Best Practice Principles", Procedures for Ethical Management and Guidelines for Conduct and "Corporate Social Responsibility Best Practice Principles", etc. All these are designed to thoroughly pursue the performance of corporate governance by establishing high operation standards and codes of conduct in our development process.

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

1. Statement of Internal Control

Longchen Paper & Packaging Co., Ltd.
Statement of Declaration of Internal Control

Date: March 12, 2021

We have conducted an internal audit in accordance with the "Internal Control Regulations" in 2020, and hereby declare as follows:

I. The Company acknowledges and understands that, the establishment, enforcement, and preservation of its internal control system is the responsibility of the Board and the managers, and that the Company has already established such system. The purpose is to reasonably ensure the effect and efficiency of operation (including profitability, performance and security of assets), the reliability, timeliness, and transparency of financial reporting and compliance with relevant regulations and legal rules.

II. There is limitation inherent to the internal control system, no matter how perfect the design. As such, effective internal control system may only reasonably ensure the achievement of the aforementioned goals. Further, the operation environment and situation may vary, and hence the effectiveness of the internal control system. The internal control system of the Company features a self-monitoring mechanism. Once identified, any shortcoming will be corrected immediately.

III. The Company judges the effectiveness of the internal control system in design and enforcement in accordance with the "Criteria for the Establishment of Internal Control System of Public Offering Companies" (hereinafter referred to as "the Criteria") . The judgment items of the internal control system adopted in such "Criteria" indicate a management and control process. There are five components of effective internal control as specified in the Criteria with which the procedure for effective internal control are composed by five elements, namely: 1) control environment; 2) risk evaluation; 3) control operation; 4) information and communication; and 5) monitoring. Each of the elements in turn contains certain audit items, and shall be referred to in detail in the Criteria.

IV. The Company has adopted the aforementioned internal control system for internal audit on the effectiveness of the design and enforcement of the internal control system.

V. Based on the aforesaid evaluation, it is considered that the design and implementation of the Company's internal control system on December 31, 2020 (including monitoring and managing subsidiaries), specifically including understanding about the effect and efficiency of operation, the reliability, timeliness and transparency of financial reporting and the compliance with relevant regulations and legal rules, are effective and it can reasonably ensure the achievement of the aforementioned goals.

VI. This statement of declaration shall form an integral part of the Annual Report and prospectus on the Company and will be announced. If there is any fraud, concealment, or unlawful practice discovered in the content of the aforementioned information, the Company shall be liable to legal consequences under Article 20, Article 32, Article 171, and Article 174 of the "Securities and Exchanges Act".

VII. This statement has been approved by the Board of Directors on March 12, 2021. This is to certify that the nine attending directors agree upon its content.

Longchen Paper & Packaging Co., Ltd.
Chairman & President: Cheng, Ying-Pin

2. Disclose the Auditors' Report if CPAs were commissioned for the audit of the internal control system: None.

(X) Penalty of the Company and insiders by law in the most recent year to the day this report was printed, the disciplinary action taken by the Company on insiders who violated the internal control system, major defect and responses to the defects:

For defects and improvements related to environmental protection, please refer to "4. Information on Environmental Protection Expenditures" in "V. Operational Overview".

(XI) Major resolutions of the General Meeting of Shareholders and the Board Meeting in the most recent year to the day this report was printed

1. Important Sessions of the General Meeting of Shareholders and the Status of Implementation:

Date	Series of the session	Important Sessions & Status of Implementation
June 2, 2020	Shareholders Meeting	1. Approval of the Company's business report, separate and consolidated financial statements of 2019: they were all approved by voting. 2. The proposal for the earnings distribution for 2019 as approved by voting, it was proposed to distribute the cash dividends of common stocks (NT$0.3 per share), amounting to NT$365,305,718. Execution: the cash dividends were distributed via remittances or cheque mailing service on July 23, 2020. 3. Amendment of the regulation of stockholders' meeting：as approved by voting, an announcement was released on the MOPS as required on June 2, 2020 4. Re-election for directors (including independent director): as approved by voting, an announcement was released on the MOPS as required on June 2, 2020 5. Release restriction of director competition prohibition: as approved byvoting, an announcement was released on the MOPS as required on June 2, 2020.

2. Important sessions of the board meeting

Date	Series of the session	Important session
March 13, 2020	Board meeting	1. Approval of Longchen P&P's 2019 Business Report and Financial Statements. 2.Approval of the proposal for 2019 disposition of net earnings. 3.Approval of the proposal for employee bonus distribution for 2019. 4.Approval of the proposal for distribution of bonus to executives above the manager level for 2019. 5.Approval of the review of the distribution of directors and managers for 2020. 6.Approval of the amendment of "Regulation of remuneration committee" 7.Approval of the proposal for the 2019 General Meeting of Shareholders. 8.Approval of the election of 15th Directors (including Independent Directors) of the Company. 9.Approval of the acceptance of the nominating period, numbers of candidates and locations of Director (including Independent Director) candidates. 10.Approval of Director (including Independent Director) candidates list of nomination and audition of Board of Directors.

Date	Series of the session	Important session
		11.Approval of release restriction of director competition prohibition. 12.Approval of applications for general limits on financing with financial institutions. 13.Approval of the financing amount of applying the Longtan Mill for returning to Taiwan. 14.Approval of the "Endorsement guarantee of financing amount for the company's subsidiaries" 15.Approval of providing the capital loans to Hubei Longchen subsidiaries 16.Approval the project of capital increase USD 22 million for L&C Co.,(BVI) Ltd. 17.Approval of evaluation and appointment of competency and independence of certified accountants. 18.Approval of the amendment of "Audit Committee Organization Rules". 19.Approval of the amendment of "Rule of the stockholders' meeting" 20.Approval of the amendment of "Rules of the board of directors' meeting" 21.Approval of the amendment of "Regulation of Practice for Corporate Social Responsibility" 22.Approval of the amendment of "Regulation of integrity management." 23.Approval of the formulation of company's operating procedures and conduct guidelines for the integrity management 24.Approval of submit of the "declaration of the internal control system for the year 2019"
May 15, 2020	Board meeting	1.Recognized 2020 Q1 Business Report and Financial Statements of the Company. 2.Approved the project of "purchase 1.23% share equity of L&C Co., (BVI) Ltd. from Longchan Investment 3.Approved the project of "purchase 1.55% share equity of L&C Co., (BVI) Ltd. from Longchan Investment 4.Approval the syndicated loans for NT 32 billion dollars of the company. 5.Approval the Syndicated Loans of Longchen's subsidiary in Pinghu, China for USD 30 million. 6.Approval the project of comprehensive financing quota from financial institutions 7.Financing quote endorsement guarantee case for the company's subsidiaries
Jane 2, 2020	Extraordinary Board of Directors meeting	1.Mr. Cheng Ying Pin elected as Chairman 2.Approved the General Manager appointment of the company, Cheng Yi Pin was appointed as the General Manager. 3.Approval of the board of directors authorized, Wu Chih Wei director to review and approve the audit report. 4.Approval of the "Appointment of members of the remuneration committee"
August 14, 2020	Board meeting	1. Recognized the proposal of 2020 Q2 Business Report and Financial Statements of the Company. 2. Approval of 2020 distribution of earnings at first half of the year. 3. Approval of the "bonus distribution of six months for supervisor and above of the year 2020" 4. Approval of handling newly issued cash capitalization stock. 5. Approval of the subsidiary's financing amount endorsement guarantee. 6. Approval of comprehensive financing amount application for financial institutions. 7.Approval of the amendment of "Management of the Preparation Process of Financial Statements "
November 13, 2020	Board meeting	1. Recognized the proposal of 2020 Q3 Business Report and Financial Statements of the Company. 2.Approval the Syndicated Loans of Longchen's subsidiary in Wuxi, China for USD 20 million. 3.Approval of the capital indirect loans for Hubei Longchan. 4. Approval of the subsidiary's financing amount endorsement guarantee. 5. Approval of comprehensive financing amount application for financial institutions. 6. Approval of the amendment of "Rules and duties of independent directors" 7. Amendment of the "Regulations of audit committee" 8. Amendment of the "Regulations related to financial operations between related

Date	Series of the session	Important session
		companies” 9. Amendment of the “Board of Directors' Self-evaluation or Peer Evaluation Method” 10.Approval of 2021 audit plans
March 12, 2021	Board meeting	1.Approval of Longchen P&P’s 2020 Business Report and Financial Statements. 2. Approval of 2020 distribution of earnings. 3. Approval of 2020 distribution of employee remuneration. 4.Approval of the proposal for distribution of bonus to executives above the manager level for 2020 5. Approval of contributing NT$8 million for Long Chen Recycle Economic Foundation 6. Approval of convenance of 2021 regular shareholders meetings 7.Approval of the project of providing indirect funding for Hupei Longchan 8.Approval of the project of capital increased for the subsidiary in China, Jiangsu Longchen Greentech Co.,ltd. for RMB 300 million. 9. Approval of the subsidiary’s financing amount endorsement guarantee. 10. Approval of comprehensive financing amount application for financial institutions. 11. Approval of the amendment of procedures for shareholders meeting of the Company. 12. Approval of statement of 2019 internal control system. 13. Approved the appraisal of the competency and independence of the certified accountant and the appointment remuneration proposal.

(XII) Adverse opinions from the Directors or Supervisors on the resolution of the Board on record or in written declaration in the most recent year to the day this report was printed, and the summary: None.

(XIII) Collection and organization of Resignation or dismissal of the Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, and Chief of R&D in the most recent year to the day this report was printed in detail

Title	Name	Date of assume office	Date of dismissal	Reasons of resignation or dismissal
Internal Audit Supervisor	Tsai, Tsung-Yu	August 12, 2019	September 30, 2019	Resignation
Internal Audit Supervisor	Huang, Shih-Yu	November 11, 2019	Not applicable	Newly assumed office

V. Information on auditing fees

Unit: NT$1,000: %

Name of CPA Firm	Name of CPAs	Auditing Fee	Non-auditing Fee					Examination Period	Remarks
			System Design	Company Registration	HR	Others	Subtotal		
BDO Taiwan	Wang, Mu-Fan Tao, Hong-Wen	5,020	-	110	-	540	650	2020.1.1-2020.12.31	Country-by-country report: NT$ 360 thousand; an opinion on reasonableness of capital increase price: NT$40 thousand;Visa of direct deduction method: NT$ 70 thousand; remuneration audit: NT$30 thousand;Balance sheets of Investment Commission: NT$ 30 thousand;annual report to shareholders meeting: NT$10 thousand .

In case of any one of the following circumstances, disclose the auditing fees:

(I) If the payment for non-auditing service to the CPA for certification service, the CPA firm and its affiliates accounted for more than 1/4 of the auditing fee, disclose the amount of auditing and non-auditing fees and the details of non-auditing services: although our fees are not up to the disclosure standard, we have actively disclosed the detailed auditing fees for the payment of CPA's non-auditing fees.

(II) If replacement of the CPA firm and the auditing fee in the year of replacement was less than the auditing fee before the year of replacement, disclose the reduced amount and proportion of the auditing fees and the reason for reduction: Not applicable

(III) If the auditing fee is reduced by more than 15% than the previous year, disclose the reduced amount and proportion of the auditing fees and the reason for reduction: Not applicable

VI. Information on Replacement of CPAs: Currently there was no replacement of CPAs for the Company.

VII. Information on the Chairman, President, manager in charge of finance or accounting who has been employed by the CPA firm commissioned by the Company for the audit or its affiliates over the past year: None.

VIII. Changes in transfer and pledge of shares by directors, supervisors, managers and shareholders with more than 10% shareholding in the most recent year up till the publication date of this annual report: If the counterparty of share transfer or pledge is a related party, disclose the related party's name, his/her relationship with the Company, directors, supervisors, or shareholders with more than 10% shareholding, and number of shares acquired or pledged.

(I) Changes in Shareholding by Directors, Supervisors, Managers, and Dominant Shareholders

Title	Name	Year 2020		2021 to April 22	
		Change in Quantity of Shareholding	Change in quantity of shares under pledge	Change in Quantity of Shareholding	Change in quantity of shares under pledge
Chairman	Qian Jiang Investment Co., Ltd.	5,569,777	0	0	0
	Representative: Cheng, Ying-Pin	0	0	0	0
Director	Qian Jiang Investment Co., Ltd.	5,569,777	0	0	0
	Representative: Wang, Cho-Chiun	0	0	0	0
Director	Baolong International Co., Ltd.	9,346,104	0	0	0
	Representative: Chiu, Chao-Chang(Note1)	0	0	0	0
	Representative: Wu, Chih-Wei(Note2)	0	0	0	0
Director	Long Sheng Investment Co., Ltd.	595,000	0	0	0
	Representative: Hsu, Hsiao-Po(Note1)	0	0	0	0
	Representative: Li, Chi-Ren(Note2)	0	0	0	0
Director	Long Sheng Investment Co., Ltd.	595,000	0	0	0
	Representative: Guo, Ming-Jian	0	0	0	0
Director	Yuema International Co., Ltd.	0	0	0	0
	Representative: Chiang, Chun-Te	0	0	0	0
Independent Director	Chiu, Shean-Bii	0	0	0	0
Independent Director	Wu, Chih-Wei(Note1)	0	0	0	0
Independent Director	Li,Tsun-Hsiu(Note2)	0	0	0	0
Independent Director	Wu, Chie-Fuh	0	0	0	0
Dominant shareholder with more than 10% shareholding	Baolong International Co., Ltd.	9,346,104	0	0	0
President	Cheng, Ying-Pin	0	0	0	0

Title	Name	Year 2020		2021 to April 22	
		Change in Quantity of Shareholding	Change in quantity of shares under pledge	Change in Quantity of Shareholding	Change in quantity of shares under pledge
Executive Vice President	Bradley Craig Hinds	0	0	0	0
Vice President	Lin, Tien-Tsung	1,528	0	0	0
Vice President	Tu, Chen-Ying	37,191	0	0	0
Vice President	Tang, Chih-Ming	40,541	0	0	0
Head of Financial Division	Tsou, Yung-Fang	51,608	0	(140,000)	0
Head of Accounting Division	Wu, Kuo-Shan	(8,418)	0	0	0
Special Assistant	Wu, Po-Yi (Note 4)	11,000	0	0	0
Assistant Vice President	Wang, Yi-Sheng	(38,724)	0	0	0
Assistant Vice President	Chen, Tsung-Yeh	28,000	0	0	0
Assistant Vice President	Huang, Shih-Yu	(7,561)	0	(18,000)	0
Assistant Vice President	Tang, Shu-Hsiung (Note 5)	31,003	0	0	0
Assistant Vice President	Lai, Tai-Chuan	27,012	0	0	0
Assistant Vice President	Wu, Kuo-Chen	3,904	0	(36,000)	0
Assistant Vice President	Liao, Chien-Yu	28,026	0	(28,000)	0
Assistant Vice President	Tsai, Yi-Lin (Note 6)	93,326	0	0	0
Assistant Vice President	Chang, Ying-Hui (Note7)	28,000	0	0	0
Assistant Vice President	Lin, Chin-Chi (Note 8)	30,911	0	0	0
Assistant Vice President	Li, Mei-Ling (Note 9)	0	0	0	0
Assistant Vice President	Lin, Yen-Mi (Note 10)	0	0	0	0
Assistant Vice President	Tsai, Chung-Ping (Note 10)	0	0	0	0

Note 1: the term of office ended as of Jane 2, 2020
Note 2: the term of office began as of Jane 2, 2020.
Note 3: the term of office began as Vice General Manager of September 1, 2020.
Note 4: the term of office ended as of February 1, 2020.
Note 5: the term of office ended as of April 16, 2020; began as of December 1, 2020.
Note 6: the term of office began as of July 6, 2020.
Note 7: the term of office began as of July 20, 2020.
Note 8: the term of office began as of October 20, 2020.
Note 9: the term of office began as of November 3, 2020.
Note 10: the term of office began as of February 17, 2021.

(II) Information to be provided if the counterparty of share transfer is a related party:None.

(III) Information to be provided if the counterparty of share pledge is a related party:None.

IV. Information on the relations among the top 10 shareholders of the Company by quantity of shareholding.

April 22, 2021

Unit: in share: %

Name	Shareholding by the person		Shareholding by Spouse or Dependents		Shareholding Under the Title of a Third Party		If the top 10 shareholders are related parties, or spouses, kindred within the 2nd tier under the Civil Code, the titles or names and relations		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Baolong International Co., Ltd. Representative: Li, Fu-Yuan	245,790,467	19.23	0	0.00	0	0.00	Long Sheng Investment Co., Ltd. Long Hwa Developing Investment Co., Ltd. Yuema Engineering Co., Ltd.	The company of being the supervisor The supervisor of the company. The directors of the company and invested company for accounted for using equity method	-
Long Sheng Investment Co., Ltd. Representative: Lai, Ting-Hsun	108,924,706	8.52	0	0.00	0	0.00	Baolong International Co., Ltd. Yuema Engineering Co., Ltd. Long Hwa Developing Investment Co., Ltd. Yuema Engineering Co., Ltd.	Supervisor of Baolong International Co., Ltd. The same person as Chairman The company of being the director and the company accounted for using equity method The director of the company.	-
Qian Jiang Investment Co., Ltd. Representative: Cheng, Ying-Pin	96,129,508	7.52	0	0	0	0.00	-	-	-
Yuema Engineering Co., Ltd. Representative: Lai, Ting-Hsun	90,202,900	7.05	0	0.00	0	0.00	Long Sheng Investment Co., Ltd. Long Hwa Developing Investment Co., Ltd.	The same person as Chairman The directors of the company and invested company for accounted for using equity method	-
Fubon Life Assurance Co., Ltd.	50,849,940	3.98	0	0.00	0	0.00	-	-	-
Investment account of Marubeni Corporation (Taipei Fubon Commercial Bank as custodian bank)	38,394,000	3.00	0	0.00	0	0.00	-	-	-

Name	Shareholding by the person		Shareholding by Spouse or Dependents		Shareholding Under the Title of a Third Party		If the top 10 shareholders are related parties, or spouses, kindred within the 2nd tier under the Civil Code, the titles or names and relations		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Long Hwa Developing Investment Co., Ltd. Representative: Chiu, Pi-Hsia	18,958,361	1.48	0	0.00	0	0.00	Rongsheng Investment Co.,Ltd. Baolong International Co., Ltd. Yuema Engineering Co., Ltd.	The director of the company. The supervisor of the company and the company accounted for using equity method The director of the company and the company accounted for using equity method	-
Yuema International Co., Ltd. Representative: Chen, Yu-Sheng	15,417,427	1.21	0	0.00	0	0.00	Baolong International Co., Ltd. Rongsheng Investment Co.,Ltd.	The director of the company and the company accounted for using equity method The director of the company.	-
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	12,359,606	0.97	0	0.00	0	0.00	-	-	-
Investment account of Combination International Stock Index Fund of HannStar Display Corporation (JMMorgan Chase Bank Taipei Branch as custodian bank)	11,728,331	0.92	0	0.00	0	0.00	-	-	-

X. Number of Shares of the Same Investee Held by a Business Under Direct or Indirect Control of the Company, and to be Included in the Overall Proportion in Shareholding:

December 31, 2020

Unit: in share; %

Investee (Note)	Investment of the Company		Investment of the Directors, Supervisors, managers and business under direct or indirect control.		Comprehensive investment	
	Shares	%	Shares	%	Shares	%
L&C (BVI) CO., LTD.	300,145,100	100.00%	0	0.00%	300,145,100	100.00%
Long Sheng Investment Co., Ltd.	99,003,532	46.86%	6,259	0.01%	99,009,791	46.87%
Long Chen Investment Developing Co., Ltd.	77,240,446	99.57%	309,412	0.4%	77,549,858	99,97%
Long Hwa Developing Investment Co., Ltd.	43,590,054	22.84%	66,771,183	34.99%	110,361,237	57.83%
Yuema Engineering Co., Ltd.	4,835,009	21.41%	6,396,517	28.33%	11,231,526	49.74%
Yuema International Co., Ltd.	8,088,351	22.63%	27,650,209	77.37%	35,738,560	100.00%
Yuma Investment Co., Ltd.	2,724,000	20.95%	0	0.00%	2,724,000	20.95%
Baolong International Co., Ltd.	39,180,636	25.95%	14,929,087	9.89%	54,109,723	35.84%

Note: The Company's investment accounted for using equity method

Four. Funding Status

I. Capital and Shares

(I) Source of Capital

Year/ Month	Issue Price	Authorized capital		Paid-up capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT$1 thousand)	Number of shares (1,000 shares)	Amount (NT$1 thousand)	Source of Capital	Paid in Properties Other Than Cash	Others
March 1978	10	13,500	135,000	6,750	67,500	Cash investment	N/A	N/A
April 1978	10	13,500	135,000	13,500	135,000	Cash investment	N/A	N/A
March 1982	10	19,800	198,000	19,800	198,000	Capitalization of retained earnings	N/A	N/A
September 1982	10	23,000	230,000	23,000	230,000	Cash increase	N/A	N/A
September 1984	10	29,310	293,100	29,310	293,100	Capitalization of retained earnings	N/A	N/A
September 1985	10	36,451	364,513	36,451	364,513	Capitalization of retained earnings	N/A	N/A
September 1986	10	47,000	470,000	47,000	470,000	Cash increase	N/A	N/A
May 1987	10	59,600	596,000	59,600	596,000	Capitalization of retained earnings	N/A	N/A
May 1988	10	84,100	841,000	84,100	841,000	Capitalization of retained earnings	N/A	N/A
June 1989	10	120,000	1,200,000	120,000	1,200,000	Cash increase	N/A	N/A
August 1990	10	160,000	1,600,000	126,000	1,260,000	Capitalization of capital reserves	N/A	N/A
August 1990	10	160,000	1,600,000	135,900	1,359,000	Cash increase	N/A	N/A
July 1991	10	220,000	2,200,000	195,900	1,959,000	Cash increase	N/A	N/A
June 1995	10	286,000	2,860,000	216,410	2,164,100	Capitalization of retained earnings	N/A	N/A
June 1995	10	286,000	2,860,000	236,000	2,360,000	Capitalization of capital reserves	N/A	N/A
June 1995	10	286,000	2,860,000	243,122	2,431,221	Conversion of corporate bonds	N/A	N/A
May 1996	10	450,000	4,500,000	267,434	2,674,343	Capitalization of capital reserves	N/A	N/A
May 1997	10	450,000	4,500,000	306,000	3,060,000	Cash increase	N/A	N/A
May 1997	10	465,000	4,650,000	337,000	3,370,000	Capitalization of earnings and capital reserves	N/A	N/A
June 1998	10	650,000	6,500,000	364,500	3,645,000	Capitalization of earnings and capital reserves	N/A	N/A
June 1998	10	650,000	6,500,000	464,500	4,645,000	Cash increase	N/A	N/A
August 2000	10	650,000	6,500,000	511,558	5,115,585	Capitalization of earnings and capital reserves	N/A	N/A
May 2004	11.5	650,000	6,500,000	511,848	5,118,480	ECB conversion	N/A	July 29, 2004 Jing-Shou-Shang No.09301129160
January 2005	10	650,000	6,500,000	517,291	5,172,910	ECB conversion	N/A	April 15, 2005 Jing-Shou-Shang No.09401062890
October 2005	—	650,000	6,500,000	502,291	5,022,914	Redemption and cancellation of treasury stock	—	December 14, 2005 Jing-Shou-Shang No.09401248800
August 2007	10	650,000	6,500,000	527,406	5,274,060	Capitalization of retained earnings	N/A	August 22, 2007 Jing-Shou-Shang No.09601204920
August 2008	10	650,000	6,500,000	553,776	5,537,763	Capitalization of retained earnings	N/A	September 11, 2008 Jing-Shou-Shang No.09701233570
December 2008	—	650,000	6,500,000	548,776	5,487,763	Redemption and cancellation of treasury stock	—	January 8, 2009 Jing-Shou-Shang No.09801001110

Year/ Month	Issue Price	Authorized capital		Paid-up capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT$1 thousand)	Number of shares (1,000 shares)	Amount (NT$1 thousand)	Source of Capital	Paid in Properties Other Than Cash	Others
May 2009	—	650,000	6,500,000	547,178	5,471,783	Redemption and cancellation of treasury stock	—	May 19, 2009 Jing-Shou-Shang No.09801099430
June 2009	—	650,000	6,500,000	542,113	5,421,133	Redemption and cancellation of treasury stock	—	June 26, 2009 Jing-Shou-Shang No.09801131720
December 2009	10	1,000,000	10,000,000	697,113	6,971,133	Cash increase	N/A	October 12, 2009 Jin-Guan-Zheng-Fa No.0980052078
May 2011	—	1,000,000	10,000,000	692,113	6,921,133	Redemption and cancellation of treasury stock	—	May 24, 2011 Jing-Shou-Shang No.10001102680
July 2011	—	1,000,000	10,000,000	687,113	6,871,133	Redemption and cancellation of treasury stock	—	July 25, 2011 Jing-Shou-Shang-10 001170010
October 2013	10	1,000,000	10,000,000	787,113	7,871,133	Cash increase	N/A	August 26, 2013 Jin-Guan-Zheng-Fa No.1020032035
August 2014	13	1,000,000	10,000,000	837,113	8,371,133	Cash increase	N/A	May 22, 2014 Jin-Guan-Zheng-Fa No.1030016956
July 2016	—	1,000,000	10,000,000	834,303	8,343,033	Redemption and cancellation of treasury stock	—	July 7, 2016 Jing-Shou-Shang No.10501154660
November 2016	14.85	1,300,000	13,000,000	1,006,303	10,063,033	Cash increase	N/A	August 16, 2016 Jin-Guan-Zheng-Fa No.1050030391
December 2016	15.5	1,300,000	13,000,000	1,006,368	10,063,678	Conversion of corporate bonds	N/A	December 16, 2016 Jing-Shou-Shang No.10501290660
May 2017	15.4	1,300,000	13,000,000	1,105,991	11,059,909	Conversion of corporate bonds	N/A	May 19, 2017 Jing-Shou-Shang No.0601066510
August 2017	33.5	1,300,000	13,000,000	1,129,991	11,299,909	Cash increase	N/A	June 8, 2017 Jin-Guan-Zheng-Fa No.1060020763
October 2017	15.4	1,300,000	13,000,000	1,133,686	11,336,857	Conversion of corporate bonds	N/A	October 2, 2017 Jing-Shou-Shang No.10601133450
November 2018	16.2	1,300,000	13,000,000	1,167,686	11,676,857	Cash increase	N/A	November 2018 Jin-Guan-Fa No.1070337224
November 2019	13.1	15,000,000	15,000,000	1,217,686	12,176,857	Cash increase	N/A	November 2019 Jin-Guan-Fa No.1080330793
December 2020	14.8	1,500,000	15,000,000	1,277,686	12,776,857	Cash increase	N/A	September24, 2020 Jin-Guan-Fa No,1090358324

Share category	Authorized capital			Remarks
	Outstanding Shares (unit: 1,000 shares)	Unissued Shares (unit: 1,000 shares)	Total (unit: 1,000 shares)	
Listed common shares	1,277,686	222,314	1,500,000	-

Information relevant to the aggregate reporting policy: Not applicable

(II) Shareholder Structure

April 22, 2021

Shareholder Structure / Count	Government Agencies	Financial Institutions	Other Corporations	Natural Persons	Foreign Institutions and Foreigners	Total
Count	3	10	241	84,227	198	84,679
Shares held	997,928	59,195,291	625,833,014	440,432,020	151,227,474	1,277,685,727
Shareholding Percentage (%)	0.08	4.63	48.98	34.47	11.84	100

(III) Diversity of Ownership

April 22, 2021

Shareholding range	Number of shareholders	Shares held	Shareholding percentage (%)
1 to 999	30,233	4,639,982	0.36
1,000 to 5,000	41,809	86,193,001	6.75
5,001 to 10,000	6,382	50,787,571	3.97
10,001 to 15,000	1,926	24,059,359	1.88
15,001 to 20,000	1,266	23,495,227	1.84
20,001 to 30,000	1,073	27,074,785	2.12
30,001 to 50,000	848	33,883,895	2.65
50,001 to 100,000	618	45,168,354	3.54
100,001 to 200,000	241	33,805,050	2.65
200,001 to 400,000	131	37,086,599	2.9
400,001 to 600,000	47	23,604,747	1.85
600,001 to 800,000	17	11,417,760	0.89
800,001 to 1,000,000	15	14,103,647	1.1
Above 1,000,001	73	862,365,750	67.5
Total	84,679	1,277,685,727	100

Preferred shares: N/A

(IV) List of Dominant Shareholders

Top 10 Shareholders of the Company by Quantity of Shareholding

April 22, 2020

Shareholding / List of Dominant Shareholders	Shares held	Shareholding Percentage (%)
Baolong International Co., Ltd.	245,790,467	19.24%
Long Sheng Investment Co., Ltd.	108,924,706	8.53%
Qian Jiang Investment Co., Ltd.	96,129,508	7.52%
Yuma Engineering Co., Ltd.	90,202,900	7.06%
Fubon Life Assurance Co., Ltd.	50,849,940	3.98%
Investment account of Marubeni Corporation (Taipei Fubon Commercial Bank as custodian bank)	38,394,000	3.00%
Long Hwa Developing Investment Co., Ltd.	18,958,361	1.48%
Yuma International Co., Ltd.	15,417,427	1.21%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	12,359,606	0.97%
Investment account of Advance Total International Stock Index of Advanced Starlight Fund Corporation (JPMorgan Chase Bank Taipei Branch as custodian bank)	11,728,331	0.92%

(V) Information Relating to Market Price, Net Worth, Earnings, and Dividends per Share for the Last Two Years:

Item / Year			Year 2020	Year 2019	The current year to April 22, 2021 (Note 8)
Market price per share (Note 1)	Max.		25.05	21.60	30.70
	Min.		10.35	12.95	19.05
	Average		14.64	16.17	25.03
Net worth per share (Note 2)	Before Dividends		19.84	17.83	21.59
	After dividend		Note 2	17.91	Note 2
Earnings per Share	Weighted average outstanding shares		1,225,718,514	1,174,535,042	1,277,685,727
	After adjustment (Note 3)		0.77	0.45	0.12
Dividends per Share	Cash dividends		Note 2	0.3	—
	Stock dividends	From earnings	Note 2	—	—
		From capital reserves	Note 2	—	—
	Cumulative undistributed dividends (Note 4)		—	—	—
Analysis of Investment Returns	P/E ratio (Note 5)		20.05	33.40	—
	Price to dividends ratio (Note 6)		Note 2	50.10	—
	Cash dividend yield (Note 7)		Note 2	2.00%	—

* Where stock dividends were paid from earnings or capital reserves, market price and cash dividends per share are adjusted retrospectively for the number of new shares issued.

Note 1: The Table shows the highest and lowest market price of common shares in each year; average market price is calculated by weighing transacted prices against transacted volumes in the respective years.

Note 2: The proposal for the distribution of earnings in 2019 has not been approved at the Shareholders Meeting.

Note 3: No stock dividend was issued, so no retrospective adjustment was required.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up till the current year is disclosed separately.

Note 5: P/E Ratio = average closing price per share for the year/earnings per share.

Note 6: Price to Dividends Ratio = average closing price per share for the year/cash dividends per share.
Note 7: Cash Dividend Yield = cash dividends per share/average closing price per share for the current year.
Note 8: The net worth per share and EPS shall be filled in the statements for the latest quarter as of the date the Annual Report was printed; other fields shall be filled with the date of the current year as of the date the Annual Report was printed.

(VI) Dividend Policy and Execution

1. Dividend policy of the Company:

   In accordance of Article 23 of the "Articles of Incorporation", after the final settlement at the end of each year, annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses by law, followed by a 10% provision or reversal of special reserve as required by law. Subsequently, if there are some surpluses, they shall be combined with cumulative undistributed earnings and subject to the proposal for the distribution of earnings issued by the board of directors; a request for distribution shall be put forward at the shareholder meeting for distribution. According to the Company's dividend policy and in consideration of its current and future development plans, investment environment, capital requirements, domestic and overseas competition, and shareholders' interest, at least 20% of its annual distributable earnings shall be distributed as shareholders' dividends and bonuses in the form of cash or stock, among which cash dividends shall amount to at least 50%, and the rest shall be stock dividends. In case of any need for investment, construction, reconstruction, expansion or fund, all annual distributable dividends shall be distributed in the form of stock dividend.

   The clauses above were approved at the 2018 General Meeting of Shareholders and remain valid.

2. The proposal for dividend distribution at this General Meeting of Shareholders: in addition to the provision for legal reserve amounting to NT$93,778,091, it was proposed to distribute NT$766,611,436 as cash dividends of common shares, with NT$0.6 per share.

(VII) Impacts of Proposed Stock Dividends on the Company's Business Performance and Earnings per share (EPS):

No stock dividend was proposed this year, so this is not applicable.

(VIII) Employee Bonus and Remuneration to Directors and Supervisors

1. Remuneration to Employees, Directors, and Supervisors

   Based on the range of remuneration to directors as defined in Article 20 of the "Articles of Incorporation, the remunerations of all directors shall be based on individual participation and contribution to the Company's operations. The monthly remuneration of each director shall range between NT$50 thousand and NT$150 thousand. Besides, each director will be separately paid the

aforesaid monthly remunerations for 2-6 months as their annual bonuses at the end of each year, regardless of the Company's profits or losses. Specific monthly remuneration ranges of all directors shall be recommended by the Remuneration Committee and submitted to the board of directors for discussion and ratification by law.

Based on the range of employee bonus as defined in Article 22.1 of the "Articles of Incorporation, the Company is required to allocate at least 2% of its annual pre-tax net profits (if any) in the form of cash or stock for employees' bonuses as ratified by over half of attending directors and as reported at the shareholders meeting, where more than two thirds of all directors shall be present. However, in case of previous losses, the reimbursement amount shall be retained, discussed and approved by the board of directors, and then reported at the shareholders meeting. Only the employees of the Company and any domestic and overseas companies controlled or affiliated to the Company are entitled to the bonuses in the form of stock or cash; specific conditions and qualified employees shall be decided by the board of directors according to the "Company Act".

The clauses above were approved at the 2019 General Meeting of Shareholders and remain valid.

2. The basis for estimating the amount of employee bonus and remuneration to directors and supervisors, the basis for calculating the number of shares to be distributed as stock bonuses, and the accounting treatment of discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   The estimation of the employee bonus and remunerations to directors of the Company for 2020 was based on the pre-tax net profits ended the current period as well as the percentage defined in the "Articles of Incorporation". If the actual distribution amount is different from the estimated amount, the gains and losses in 2021 will be adjusted accordingly. The board of directors resolved to distribute NT$21,861 thousand as employee bonus in 2020. This figure is the same as the amount recognized as expense in 2020.

   The estimated amount of regular remuneration to directors for 2020 was NT$14,865 thousand (i.e. monthly remuneration between NT$50 thousand and NT$150 thousand based on individual contribution) . The estimated amount of varying remuneration to directors was NT$0, regardless of profits or losses and such remuneration was recognized in operating expenses for 2019.

3. Information on any Employee Bonus Proposal Approved by the Board of Directors:

   (1) Employee bonus distributed in 2020 as specified in the "Articles of Incorporation": NT$ 21,861,261.

(2) Employee bonus distributed in the form of stock and the percentage in the net income after tax reported in the separate or individual financial statements of this current period and in the total employee bonus: no stock dividends in 2020

4. Distribution of employee bonus and remuneration to directors in the previous year:

(1) Employee bonus: NT$ 7,999,855

(2) Remuneration to directors: N/A

(IX) Share Repurchases: N/A

II. Corporate Bonds:

Category of corporate bonds		Domestic first secured ordinary corporate bonds in 2018
Issue (process) date		August 23, 2018
Par value		NT$1 million
Issue and trade location		Taipei Exchange
Issue Price		At par value
Total amount		NT$2.5 billion
Interest Rate		0.85%
Term		Expiry date (term: 5 years): August 23, 2023
Guarantee institution		First Commercial Bank, Ximen Branch Office
Trustee		LAND BANK OF TAIWAN, Trust Business Section
Underwriter		First Securities
Certified Attorney		Chen, Shu-Chen, lawyer of Hsieh, Chi & Hsieh Law Offices
Certified Accountant		Chang, Yi-Chun, accountant of BDO Taiwan
The method for redemption		Longchen P&P's principals and interests payable by installments are included in our budget. On the business day before the day when the principals and interests of the securities are reported, the principals and interests due will be repaid to First Commercial Bank, Ximen Branch Office, the agency for principal repayment and interest payment.
Outstanding principal		NT$2.5 billion
Terms of redemption or early payment		None
Restrictive Clause		None
Name of the credit assessment institution, assessment date and assessment result of the bond		None
Other rights	As of the date of publication of the annual report, the amount of the converted (exchanged or subscribed) common stock, overseas depositary receipt or other securities	None
	Issuance and conversion (exchange or subscribe) methods	None
The possible situation of diluting shares and impacts on the current shareholders' equity caused by the issuance, conversion, exchange or subscribe methods and issuance terms and conditions		None
Name of the Assigned Custodian of Exchange Subject		Not Applicable

III. Preferred Shares: None

IV. Global Depository Receipts: None

V. Employee stock options (ESO): None

VI. Restricted ESO: None

VII. New shares issued for merger or acquisition: None

VIII. Progress on planned use of capital: No issuance of securities that were not completed, or were completed but have yet to achieve the intended benefits by the last three years before the publication date of annual report.

Five. Operational Overview

I. Business activities

(I) Scope of Business

1. The Company's Major Lines of Business
   (1) C601020 Paper manufacturing
   (2) C601030 Paper Containers Manufacturing
   (3) C701010 Printing
   (4) C801110 Fertilizer manufacturing
   (5) CB01030 Pollution Controlling Equipment Manufacturing
   (6) D101050 Steam and Electricity Paragenesis
   (7) E604010 Machinery Installation Construction
   (8) J101030 Waste disposal
   (9) G801010 Warehousing and Storage
   (10) I103060 Management Consulting Services
   (11) JE01010: Rental and Leasing Business
   (12) All business items that are not prohibited or restricted by law, except those that are subject to special approval.
2. Business ratio of main products
   (1) Low Carbon Papermaking Business (79.6%): Containerboard : Linerboard(carton cardboard) , Medium(corrugated paper)
   (2) Eco Packaging Business (19.0%): Corrugated Board, Corrugated Boxes.
   (3) Energy and resource recovery and reuse (1.4%): procurement and sale of waste paper, public waste water treatment, CHP, incineration,
3. Plan New Product Development: None.

(II) Industry overview:

1. Industry Situation and Development
   (1) Low carbon papermaking business
   The main product in the Company's Containerboard corrugated carton packaging are Linerboard and Medium, Primarily for sale and internal use in Taiwan and mainland 72% and 28% respectively for Taiwan; 83% and 17% respectively for mainland.
   (2) Eco packaging business
   The Company's Eco packaging business focuses on the manufacture and sale of corrugated boards and boxes, targeted at the transportation packaging needs of a wide range of industries. Examples of such industries are the shipping packaging in ecommerce, technology products and agricultural products. The scope includes providing applicable green

packaging for all the industries in Taiwan. In 2020, Taiwan's corrugated boxes consumption was 2.29 billion square meters, a 9.37% decrease over 2019. The Company has the advantage of an end-to-end corrugated box system with full downstream, mid-stream and up-stream integration and is an industry leader in Taiwan. In addition, we have 6 Eco packaging plants in the eastern and central regions on the mainland that collaborate with the 3 self-owned Low carbon paper manufacturing plants to provide a full suite of services to local corporations on the mainland and in Taiwan.

(3) Current State and Development of the Containerboard Packaging Industry in Taiwan

Taiwan's containerboard industry is a fundamental industry necessary to meet domestic demand and export support. The target customers include products for daily necessities and the Eco packaging needs for related industries and export products. In recent years, cultural creativity, domestic tourism and e commerce have promoted online shopping and Taiwan's Containerboard industry has benefited from the increased number of domestic tourists and Internet shopping craze. According to statistics compiled by the paper manufacturing association, consumption of Containerboards in 2020 was 2.1009 million tons, an increase of 4.55% compared to 2.0094million tons in 2019. Since the growth of domestic market in 2020, the need of linerboard decreased, and exports were 0.7985 million tons, decreased by 4.52%, compare to 2019 with 0.8363 million. As the Covid-19, the consumers changed the consumption patten, and the e-commerce is booming, so the domestic demand increased and export volume decreased.Taiwan industry development was steered by exports, should keep raising product added value, strengthen the competitiveness for driving the product need of Containerboard.

(4) Current State and Development of the Containerboard Packaging Industry in mainland China

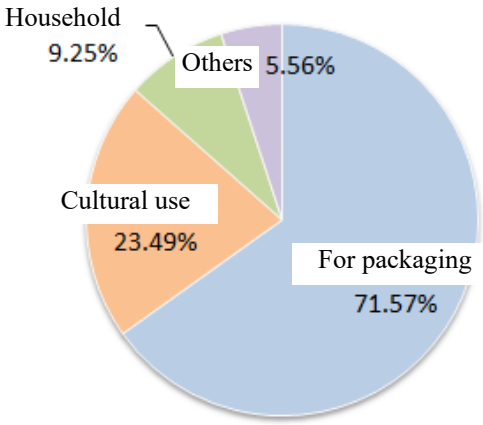
A. Scale of Paper Manufacturing Industry

(A) Production and Consumption

Paper manufacturing has always been a traditional industry in mainland China with the total production and consumption having exceeded that in the US since 2009. In 2018, the global ratio of paper production and consumption in China was 26.20% and 26.11% respectively while average per capita consumption was 80 kilograms. Compared to 215 kilograms in the US, 202 kilograms in Japan and 184 kilograms in Taiwan, China's paper

manufacturing industry has excellent potential for further development. Based on studies done by the Chinese Paper Manufacturing Association, in 2020 there were 2,500 paper and cardboard manufacturing companies in China producing 112.60 million tons of paper and cardboard, a growth of 4.60% as compared to the previous year. Consumption amounted to 118.27 million tons, a growth of 10.49%. Based on statistics of the past 10 years (2011 ~ 2020), the average annual growth rates of the production and consumption of paper and cardboard were 1.41% and 2.17% respectively. This clearly indicates the positive relationship between the outlook for this industry and economic trend. Main types of paper: for packaging (carton cardboard, corrugated paper, white cardboard, packaging), for cultural use (newspaper, printing paper), and for daily necessities etc. Of these, paper used for packaging makes up a large proportion, with 71.57% in 2020.

2020 Consumption by Type of Paper in mainland China



Source: China Paper Industry Annual report 2020

(B) Rapid development of the industry in line with overall economic and strategy

In recent years, the paper market in mainland China has seen exceptional growth. With the import of technology and equipment, and mainland China's innovation, many large-scale investment programs to upgrade technology standards, install state of the art equipment and large single machine production capacity have been completed. A portion of the excellent companies have already listed in the global advanced paper manufacturing line-up. The following describes the recent

developments of mainland China's paper manufacturing industry.

a. Continuous adjustment of production capability and product structure

Paper manufacturing is a classic procyclicality industry with its development closely linked to macroeconomic fluctuations. In 2018, raising speed of mainland China's stable macroeconomics slowed down, sale amount of paper and paperboard decreased firstly in recent years. Due to the intensification of the Sino-US trade war in 2019, the downstream packaging industry exports were affected, and the income and profits of paper-making companies declined to varying degrees.Entering in 2020, due to the COVID-19 and ban on plastics, the consuming habits and structure of package market are changed.we expect the industry will remain integration of production capability for a period in the future. In recent years, basically the consumption of paper and paperboard in mainland China and production keep consistent changing situation. However, the industry is no longer pursuing growth in scale but increased performance guided by the structure of production capability and market-oriented products.

b. Self-innovation capability to be further enhanced

Major equipment for mainland's paper manufacturing mostly imported Presently, Finland, Germany and other traditional paper manufacturers still have the advantage of know-how and equipment. Since mainland's self-innovation capability is still weak. The capability to learn and innovate from the imported know-how needs to be strengthened. The level of product homogeneity is high, missing competitive edge. From the perspective of product quality, the level of differentiation between high-grade paper and cardboard is high and customers have a definitive sense of loyalty. With the homogeneity of ordinary paper products and related companies facing surplus production, the only differentiator is on product price which increases price elasticity.

c. Environmental protection policies getting more stringent

Raising environmental barrier, increasing added value were

renovation focus of China papermaking industry in recent years. Observing in the aspect of policy, successfully introducing “Opinions of China papermaking association about the development of five-year plan”, “Environmental Protection Tax Law of the People's Republic of China”, “Water Pollution Control Act”, “Discharge Permission Management Measures (trial)” , etc., eliminating backward production capacity, implementing norms of industry discharge standard and other standards, China environmental protection management system is keeping improving, and the execution continually increases. Since 2010, China papermaking industry has kept implementing the elimination of backward production capacity, according to the estimation, the backward production capacity of papermaking industry was 40 million tons in nearly 10 years. Annually eliminating, shutting massive papermaking production capacity, meanwhile advanced production capacity with high production efficiency, low pollution kept putting into production, upgrading industry. Furthermore, with the restriction of environmental protection policy, large enterprise enhanced the motive power of plant construction overseas, in addition to individual large enterprise, large scale production capacity construction gradually decreased. Various policy and follow-up progress above indicated that the trend of environmental protection supervise and management in mainland China has not changed, papermaking industry will still encounter increasingly strict requirements of environmental protection, it’s helpful to drive the scale-up operation of papermaking industry, industrial concentration will continue to increase.

d. Restriction on foreign waste paper import

Waste paper usage in mainland China 2018 ~ 2020

Unit: 10,000 tons / %

Year	Waste paper recovery	Net import of waste paper	Waste paper pulp consumption volume	Waste paper self-sufficiency rate (note 1)	Paper and cardboard consumption volume	Waste paper self-sufficiency rate (note 2)
2018	4,964	1,703	5,474	74.5	10,439	47.6
2019	5,244	1,036	5,443	83.5	10,704	49.0
2020	5,493	689	5,632	88.9	11,827	46.4

Source: China Paper Industry Annual report 2020

Note 1: Ratio of self supplied waste paper = waste paper recovery volume / (waste paper recovery volume + Net import of waste paper)

Note 2: Ratio of waste paper recovery = waste paper recovery volume / consumption volume of paper and cardboard

Being the world's largest exporter, mainland China is a guaranteed market for paper for packaging. Recycled waste paper, as the basic material to make packaging paper, is a critical input to the recycling process. According to the 2020 report from the China Paper Association, volume of waste paper recovered was 54.93 million tons; waste paper consumption was 61.82 million tons; the self supply rate was 88.9%, an increase of 5.4% over that in 2019 which was 83.5%. The rate of waste paper recovered was 46.4%, lower than that of an estimated 70% in Europe and the US. In regards to policy, mainland China has in recent years imposed stricter rules on waste paper import, corporate quality and quality inspections. In July 2017, the General Office of the State Council announced the "Implementation Plan on Advancing Reform of the Administration System on Import of Solid Wastes through Prohibiting Import of Foreign Rubbish" banning the import of un-sorted waste paper before the end of 2017. In December 2017, the Ministry of Environmental Protection announced the "Environmental Protection Measures for Imported Waste Paper" and the "Environmental Protection Measures for Imported Restricted Solid Waste Usable as Raw Materials"; the former stipulating that corporations with annual waste paper import that exceed their annual production by more

than 50,000 tons and have not been penalized by the government administration in recent year, can only import waste paper, the latter reduce impurity ratio of less than 0.5%. In May 2018, the China Customs Administration announced the “Implementation of measures to supervise the import of US waste raw materials, identify and communicate warnings of the risks.” stipulating 100% unpacking for inspection. In June 2018, the State Council announced the “Opinions on Strengthening Ecological Environment Protection and Resolutely Fighting Pollution Prevention and Control” , advocating a complete ban on the import of foreign waste and set the goal of zero solid waste import by end 2020. In August 2018, as a fallout of the US-China trade war, the import tariff for US waste paper was raised to 25% while the tariff for waste paper pulp was 20%.As the enforcement of “The Prevention and Control of Environmental Pollution by Solid Wastes” which revised in September, 2020, there were specific legal rules for identification of the unfolding attributes of imported foreign waste, and return and disposal of illegal entry, and significantly increase the intensity of illegal penalties, and provide legal guarantee for the reform of the foreign garbage import management system.2020 imported waste paper volume in China was 6.89 million tons, a decrease of 33,49%, compared to 10.33 million tons in 2019.

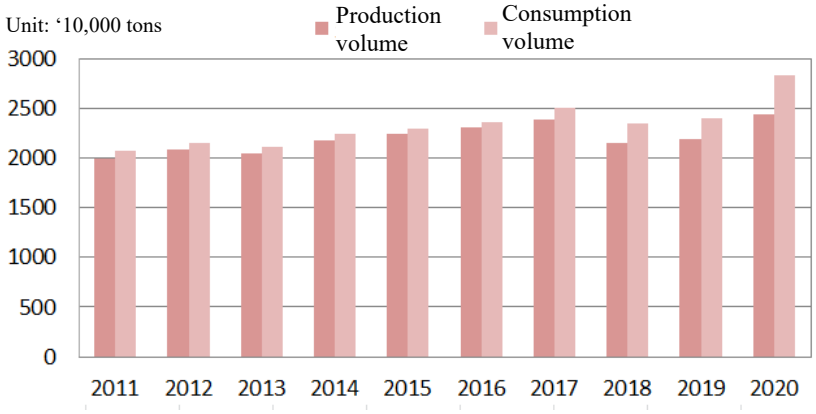
B. Development of the Containerboard Packaging Industry in mainland China

(A) Scale of the Containerboard Packaging Industry in mainland China

a. Carton cardboard

In 2020 mainland China produced 24.40 million tons of cardboard, a growth of 11.42%. Consumption growth by 18.06% to 28.37 million tons. Based on statistics of the past 10 years (2011 ~ 2020), the average annual growth rates of the production and consumption of paper and cardboard were 2.29% and 3.55% respectively.

Production and consumption volume of carton cardboard in mainland China 2011 ~ 2020

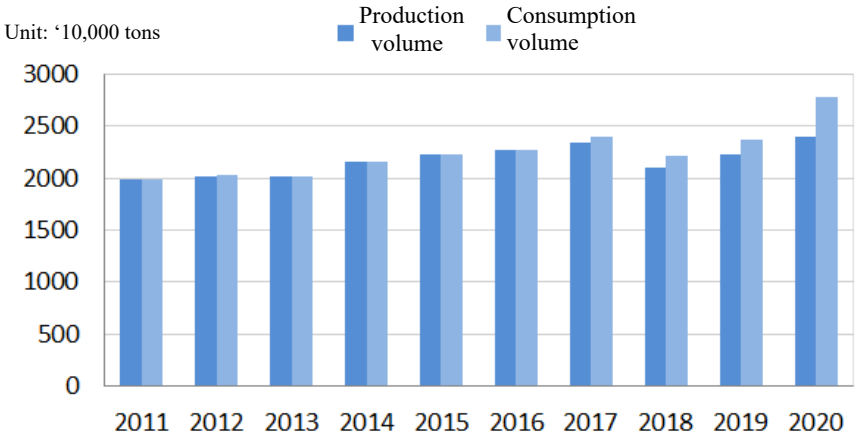


Source: China Paper Industry Annual report

b. Corrugated paper

In 2020 mainland China produced 23.90 million tons of corrugated paper, a growth of 7.66%. Consumption growth by 16.93% to 16.93 million tons. Based on statistics of the past 10 years (2011 ~ 2020), the average annual growth rates of the production and consumption of paper and cardboard were 2.11% and 3.76% respectively.

Production and consumption volume of corrugated paper in mainland China 2011 ~ 2020



Source: China Paper Industry Annual report

(B) Development of the Containerboard Packaging Industry in mainland China

a. Level of industry concentration will continue to rise

Taking the US, a major economy that produces containerboard, as an example, the top 4 industry players have a 80% of the market and their scale allows them to

dictate economic trend to be followed by paper making industry players. In 2020, we have observed that the top 4 industry players have a 50% market share indicating that there is room for growth for medium to large enterprises in the market. Also, mainland China's slowly rising environmental protection threshold and continued elimination of obsolete production capability will drive the speed of industry concentration.

b. Outlook for this industry is better than for other paper categories

The packaging paper industry is impacted by the rapid development of online shopping and courier services. In recent years, the industry has shown healthy growth. According to statistics shared by the China Postal Services, in 2020 the country's courier companies generated a total volume of 83.36 billion items, a growth of 31.2% over 2019. In addition, according to economic annual reports of 2020 by National Bureau of Statistics of China, the total amount of retail sales of consumer goods in 2020 was 39.2 trillion dollars, which was less 3.9% than 2019. Among them, the total amount of online retail sales was nearly 11.76 trillion dollars with an huge growth rate of 10.9%, and the online retail sales of physical goods was nearly 11.76 trillion dollars with an annual growth rate of 14.8%, which was 24.9% of total amount of social consumption, and 4.2% higher than 2019.The combined forces of rapid development of ecommerce and upgrade in consumption have given the packaging business potential growth opportunity. In addition, economic development in mainland China has reversed the sales from export to domestic and this change to direct supply gives the packaging paper business opportunity for long term growth.

c. Seamless industry chain trend

From the perspective of the industry chain, the paper making industry is categorized as mid-steam with raw materials like waste paper etc upstream the packaging industry downstream. A corporation's profit margins, adequacy of supply of raw materials and level of demand from downstream are all intertwined. Mainland China has not been are too self-sufficient in waste paper supply. Also,

since waste paper fibers supplied domestically are relatively short, mainland China's manufacturers still have to rely on imports to ensure quality and production efficiency. The industry therefore has a definite need to rely on imports. Since 2017, the paper making industry has been affected by the lower volumes of foreign waste paper and factors like the US-China trade tensions, leading to growing challenges in raw materials supply and increased price of domestic waste paper recovery while maintaining a high processing standard. Waste paper is a key cost item for the packaging paper industry with allocated proportion of 60% ~ 65% increasing to 65% ~ 75% , reaching as high as 80% in some corporations. To alleviate this situation, paper making corporations are actively reaching out to their partners up and down stream to try and manage materials cost at the origin and expand the packaging business to ease the impact of fluctuating demand. Some of the larger plants have leveraged their capital strength to establish production capability overseas or set up raw materials bases for more development opportunities.

d. Establish an Eco packaging production framework to manufacture products that are lightweight, durable and customized.

Eco packaging encompasses new and advanced technology. From the raw materials to package design, manufacture through to the use and recycling of the product, energy-saving, effectiveness and harmless are the key measures in each phase. Eco environmental protection and sustainable development are the current trends in business operation while consumers are getting more demanding. Simplified corrugated paper packaging, corrugated boxes that are relatively stronger and the excellent marketing of their functionality have contributed to the growing demand. Through the revamp and control of the production technique and guaranteed strength of the corrugated boxes, the paper making corporations can reduce the use of corrugated board to comply with environmental protection demands and at the same enjoy better economic benefits. This has become the new way forward for the packaging

industry. Also, intricate printing can also be a new opportunity for the development of the corrugated boxes industry; from monochrome to multi-color with clear graphics and innovative structure - not only offering customization but also increasing the value of the product.

2. Relations Among Upstream, Midstream, and Downstream Entities in this Industry

(1) Low carbon papermaking business

Our Company supplies Containerboard to the grade 2 corrugated board plants in Taiwan's northern, central and southern regions. The Erlin production base is centrally located with 5 production lines and has the capability to provide the most comprehensive service efficiently.The 2 Low-carbon paper making bases in Wuxi and Pinghu, located in the eastern region in China and 1 bases in Hubei, located in the central region in China, have a total of 12 production lines.The location, in the center of the economically thriving cities of the Yangtze River Delta, is an important production base to make products of high economic value for mainland China. This location has a good transportation network for efficient shipping (land or waterway) of services to the downstream Eco packaging industries.

The central region in China is the central area in China with a unique geographical location. Since ancient times, it has been a battleground for military strategists. It is rich in resources and most of the big factories in the same industry also use it as a production base.

(2) Eco packaging business

The company's corrugated board, corrugated box production systems not only have the advantage of vertical integration but also regional advantage. In Taiwan, commercial activities are mostly concentrated in Taipei, Taichung and Kaohsiung. The demand for corrugated boxes also originates from the regions around these 3 cities. Pesently, the 5 Eco packaging plants are located in Nankan, Longtan, Shengang, Yunlin and Luzhu. Adjacent to the 3 metro areas and stretching from north to south. The customer groups are mostly concentrated within 30 kilometers of these plants. Proximity to the customers translates to customer satisfaction. Mainland China has 6 Eco packaging plants in Suzhou, Kunshan of Jiangsu province, Xiasha of Zhejiang province, Minhang in Shanghai and Xiantao and Jingzhu of Hubei province; all positioned to provide the customers withh high quality pakaging services.

3. Development trend and competitiveness by Product

(1) Taiwan

Since joining the WTO in 1991, domestic paper making companies have mostly followed their customers and set up plants overseas. However, in recent years, with the adjustment and division of labor in the international supply chain, the main development trends are as follows:

A. Paper making plants are installing new paper making machinery or upgrading and transforming; paper box plants are eliminating obsolete production capability and upgrading through smart technology and automation.

B. Product portfolios are optimized based on design and sales, developing high quality and high value-add containerboard and corrugated boxes that are lightweight

C. Enhance the division of labor production model of the production bases located on both sides of the straits; expand into South-east Asia and Chinese markets where appropriate.

D. Globally, Asia is the region to have a relatively fast pace of growth in the paper making industry. The advent of internet shopping, economic development of the emerging nations and export growth and other factors have driven the major plants to invest in Taiwan and cater to the growing demands for paper packaging in the region.

(2) Mainland China

After more than 2 decades of rapid development, mainland China's paper making industry has met the demand for paper during the thriving economic period through the extensive import of foreign advanced technology and equipment, and rapid expansion of production capacity. As economic development enters the new normal of medium-speed growth, the paper making industry has in turn entered a new stage of in-depth adjustment, adopting new development approaches and methods to upgrade. The main development trends are as follows:

A. Shifting from reliance on increased investment and expansion of scale to reliance on imported technology, innovation and production demand to upgrade.

China manufacturing industry encounters the transformation of automatization, intellectualization, digitalization, papermaking industry gradually, extensively adopted advanced technologies of distributed control of whole production process, online inspection device, intellectual control system, quality inspection control system, equipment working process inspection, product automatic packaging,

etc. in current production lines. The industry progressively realized the production plan of making from order, adjustment of production process, achievement of whole process quality control to product follow-up, accomplished intellectual manufacturing of whole process production system.

B. Execute on high-end products and product chain to development of high quality.

To further enhance the quality of corrugated box products and their value-add, the paper making corporations have extended the industry chain to the downstream packaging industries toward to compound transformation of production, service and technology., such as actively designing, researching and developing products, increasing category to satisfy diversification, individualization, multilevel needs. Comprehensively innovating, decreasing excess function, increasing allocation efficiency of technical resources.

C. continue to enhance the measues to conserve energy, reduce emission, reduce waste, starting at the origin to effectively reduce and conserve.

In recent years, the supply reform actions in mainland China has gradually started to bear fruit. With the announcement of the national nvironmental protection policies and inceased public awareness of environmental protection, the low-cost, unstructured management approaches have all but disappeared. Innovative production techniques that support energy conservation, reduce emission and lower consumption, and technology that lowers environmental pollution will provide a solution plan for sustainable development in the industry.

(III) Overview of Technology and R&D Activities

Every, the Company allocates a sieable portion of R&D expense to product upgrade, production efficiency upgrade, energy conservation and emission reduction. Improvements to the production process, reformation of the equipment and facilities and enhancement of product structural strength have generated effective outcomes upon completion of the work done by the R&D team.

2017: Wuxi Longchen awarded the “Energy Saving Excellence” award by Jiangsu Provincial Bureau of Quality and Technical Supervision. Pinghu Longchen given the “Water Saving Enterprise” award and was certified by the “Jiaxing Technology Center”. Taiwan Shengang plant passed the “Green Building Seal - Compliance Determination of Cleaner Production Assessment System”. 2018: Wuxi Longchen

awarded the first batch of the “Front Runner” award by Wuxi Water Authorities. Pinghu Longchen awarded “Green development excellent enterprise”. Taiwan Nanxun plant passed the “Green Building Seal - Compliance Determination of Cleaner Production Assessment System”: Longtan plant and Luzu plant once again awarded “Green Building Seal - Compliance Determination of Cleaner Production Assessment System” In 2019, Pinghu Longchen was awarded “Eco Development Excellent Enterprise” by Dushangangzheng government as an affirmation that the Company’s energy saving and emission reduction R&D outcome are acknowledged.

1. R&D expenses in the last 2 years up till the publication date of this annual report

   2020 total R&D expense was NT$ 1,211,463 thousand; 2.91% of net income.

Unit: NT$1,000: %

Item / Year	Net revenue (A)	R&D expense (B)	(B) / (A) (%)
2020	41,600,592	1,211,463	2.91%
Q1 2021	11,208,701	314,026	2.80%

2. Technology or products successfully developed

Year	R&D Outcome
2019	Low Carbon Papermaking Business
	1. Upgrade the paper transmission system
	2. Upgrade the energy saving function of steaming and cold press system
	3. Upgrade the high pressure cleaning machine
	4. Upgrade the energy saving function of paper pulping system
	5. Upgrade & development of drugs mixing equipment
	6. Develop the energy saving function of paper net system
	7. Develop the energy saving function of paper sizing system
	8. Upgrade the thermoelectric system
	9. Optimize the wastewater development
	Eco Packaging Business
	1. Industrial 4.0 intellectual production/logistics/delivery
	2. Paper pallet application plan
	3. Fishery box technology development application plan
	4. Corrugator intellectual high effective prodcution
	5. Corrugator low temperature, low pressure production
	6. Introduction and utilization of high speed water-based water-based printing machine nailing, pasting integration equipement

Year	R&D Outcome
	7. Construction and utilization of high speed paper box chip removal system
	8. Construction of wide-color-gamut water-based ink color space
	9. Introduction and utilization of high speck printing production automatic quality filter system
	10. Introduction and utilization of corrugated board production thickness non-crushing technology

(II) Long and Short-term Business Plans:

1. Long-term business development plan

(1) To integrate the R&D know-how and technology capability of the low-carbon paper making business and the Eco packaging business, and reinforce the plan to take root in Taiwan, the Company set up the 'Eco packaging R&D Center' in Longtan in 2015. Adopting a core management approach, the R&D cohort is reorganized with upgraded facilities and equipment and talent with upgraded technology expertise, enhancing our competitiveness and realizing our management principle of "environmentally friendly technology, Low-carbon paper making, Eco packaging".

(2) The company will continue to refine the 5 environmentally friendly technologies for high effectiveness: recycled fiber, energy-saving, water-conservation, air pollution, water pollution, waste management and space utilization. We will launch a series of improvement plans to lower manufacturing costs and increase profitability.

(3) To further enhance our own waste paper recovery and recycling system, the Company will continue to add environmental protection booths for waste paper, thereby improving our control capability.

(4) Continue to conserve energy and reduce emission to fulfill our corporate mission of environmental protection.

2. Short-term business development plan

(1) Taiwan region

A. The company completed its "Salmon Run" in 2015, with a plan to add PM7 at the Erlin Mill and upgrading the old machinery. The improved production capability can meet customer requests for new and additional products, thereby improving our share of the Taiwan market.

B. In 2019, in response to the Department of Economics' "Welcome Taiwan businessmen to return to Taiwan Investment action Plan" and

the expected increase in demand for packaging with the return of Taiwanese businesses, we have planned to install and upgrade the machinery at the Erlin Mill during the period 2019 ~ 2022. At the same time, we plan to retire one old machine. Once these activities are completed, we expect production yield to go above 850,000 tons. In regards to the Eco packaging business, we will implement the improvement plan to eliminate obsolete and upgrade the paper machines and smart automation. With an expected completion by 2022, in addition to strengthening our share in the APAC corrugated carton paper market.

(2) Mainland China

The Company will reinforce our competitive niche, replicating the success story of the Taiwan-China eastern region in central china. In regards to the low-carbon papermaking business, the Hubei Longchen production base in central China completed the Phase 1 plan in Q3 2017 with a production yield of 850,000 tons and completed the Phase 2 plan of 300,000 tons in Q3 2019.

In regards to Eco packaging, the Xiantao pant went into production in 2017, followed by the Jingzhou plant in 2018 with the Wuhan and Hunan Changsha plants currently stay in the phrase of preparation. In 2015, we have started our market expansion into the southern region, a critical growth driver for our market expansion program in mainland China. At the same time, we will continue to optimize our roduct portfolio for the eastern region to further cultivate the market in that region.

II. Market and sales overview

(I) Market Analysis:

1. Market share of Major Products

The Company's products are sold mainly in Taiwan and mainland China, details as follows:

(1) Taiwan region

A. Low-carbon papermaking business: 2020 sales volume 667,594 tons (includes internal transfers), approximately 25% of Taiwan's sales volume. According to the sales area, it is divided into 75% domestic sales and 25% foreign sales.

B. Eco packaging business: 2020 sales volume 310 million M^2; 13% market share. Sales locations are 100% domestic.

C. Energy and resources recovery and reuse:

Commodities are energy (thermal and electrical), energy and resources recovery and reuse (waste incineration generates heat and steam) and engineering services for environmentally friendly energy

Energy (thermal) supply to Erlin Mill; Electrical energy supply to Erlin Mill and resell to Taiwan Power Company.

Market share

Domestic waste paper recovery volume: 471,690 tons / year; domestic market share was 16.88%.

Imported waste paper for recovery: 245,621 tons / year; import market share was 18.37%.

(2) Mainland China

After more than 2 decades of hard work, we have developed high-end production technique in teh Low Carbon papermaking domain. Supplemented by our excellent product design capacity in Eco packaging, we can now quickly adjust our offerings to meet market trends, provding customized packaging solutions. Our Company's is the 4th largest producer of corrugated carton packaging in mainland China. Our paper carton products have won multiple accolades including the 1st China Good Design Honor Award, the iENA Gold Medal of the Nuremberg International Invention Exhibition, the gold medal and second prize at the KIPA (Korean Invention Promotion Association) International Invention Conference and the German IF Packaging Design Award.

2. Future Market Supply, Demand, and Growth

(1) Taiwan region:

In recent years, with the government actively promoting domestic tourism and the advent of online shopping, Taiwan's demand for containerboard has been growing steadily. As at December 2015, our Erlin Mill has completed the commercialization of the 7th papermaking machine with the capacity to provide customers with more varied and high quality products, meeting diverse market needs. Furthermore, in the containerboard production capacity base of 0.65 million tons at Erlin Mill, we responded to "Welcome Taiwanese Entrepreneurs Back to Invest in Taiwan Program", and cooperated with Taiwanese entrepreneurs back to in vest in Taiwan and increase of the market demand of product packaging. We executed the construction and upgrade of paper machine at Erliin Mill, and timely eliminated one old paper machine, after the completion of all plans, Erlin Mill can achieve more than 0.85 million

tons; in the aspect of eco packing industry, we implemented elimination of old equipment, change of new ones, upgrade and innovation of automatization and intellectualization at paper box plant to further expanded market share of the Company.

(2) Mainland China

In recent years, mainland China has maintained a leading position in the global containerboard packaging market. Due to the industry's switch from obsolete production capabilities, rising domestic prices of raw materials and the increasing land transportation costs, the price of containerboard has been on the rise since Q4 2016 to the 1st half of 2018. Driven by the buy sentiment of the market, inventory levels have increased. This, coupled with the enhanced production capacity of paper making plants, has alleviated the supply shortage. With adequate industry inventory, relaxed market tension and raw material price adjustment, the prices of paper products has experienced varying levels of decline since Q4 2018.

With the led in traditional peak season, the cardboard box paper market in 2019 had stable supply and demand. In 2020, as the impact of COVID-19, each area in China had locked down the city after lunar new year, which affect the profit performance at Q1 2020, but as the control of the epidemic, each area lifted the lockdown gradually, the company already resumed the production before the Q1 in 2020, and with the sprit of steady, the operating profit gradually increased, and finally surpassed the results of 2019.

Also, according to an industry study by Mizuho Bank, the global demand for corrugated board will reach 275.34 billion tons by 2022, an increase of 17% from 2016. Mainland is the biggest consumer of corrugated boxes with the demand reaching 72 million tons by 2022, an increase of 22% over 2016. With a global demand share of 25%, the sclae of mainland's demand will enable it to maintain its position as a key driver in Containerboard industry.

(3) Energy and resources recovery and reuse:

Primarily the CHP and Resource Recovery Management businesses.

A. Electrical power is a key enabler in economic development. With the nuclear power shutdown, Taiwan will encounter power shortage in the coming years and this will probably impact the industry operating flow. Our very own CHP plant will enable us to reduce costs by filling in the shortage gaps for internal use to minimize power cuts and ensure quality. Any surplus power can also be sold.

B. To enable sustainable recyclable resources for better living, every country is actively advocating policies for sustainable resources and energy-saving carbon reduction. Going forward, we are aligned with these countries in implementing resource recovery and re-use policies advocating resource recycling and zero waste. The Company is committed to the development of resource recycling technology, actively implementing the principles of resource recovery and recycling, reducing the final volume of waste to be treated and zero emission of biological sludge. Following the international trend of eco-production and green consumption, the Company's focus on turning waste to resources as part of the business operating flow and the related effectiveness has been increasing over the years.

3. Advantages and Disadvantages for Competitive Niche Business and Development Prospects, and Countermeasures

(1). Competitive Niche

A. Product quality acknowledged by the customers. Business scale includes the integrated the end to end value chain (down, mid and upstream).

With a 40-year history since inception, the Company has in-depth experience in managing a paper making plant and related business operations. Our product quality has long been acknowledged by our customers and technically certified by international professional bodies like ISO, Rheinland and DuPont.
The Company owns waste paper recovery centers on both mainland and Taiwan with the capability to manufacture corrugated paper. Supported by the excellent down stream Eco packaging design capability, we are able to deploy our product teams to respond to market dynamics and quickly provide customized solutions to our customers, facilitating long-lasting collaborations.

B. Cultivate the cross-straits markets for better production yield

Presently, the Company owns 1 Low-carbon papermaking plant (Erlin Mill) and 5 Eco packaging plants (Longtan plant, Nankan pant, Shengang plant, Yunlin plant and Luzhu plant). In 2015, machinery upgrading work was completed at Erlin Mill and we achieved production yield of 650,000 tons. We entered the mainland market in 1992 and established, through our overseas holding subsidiary L&C CO., (BVI) and Long Chen Paper (China), re-invested and set up 2

containerboard plants and 4 corrugated box plants in Jiangsu, Zhejiang and Shanghai. We continued to expand production capability, striding the markets in the eastern region of which Wuxi Longchen had another production line added in 2008 and increased production in Q1 2010 of 300,000 tons to reach 550,000 tons, increasing to 900,000 tons in 2013. Pinghu Longchen also started setting up the phase 1 and 2 production lines in 2008 and by Q2 2009 began producing 700,000 tons annually with an increase to 900,000 tons in Q2 2016. In total, the containerboard plants in the eastern region had a yield of 1.8 million tons. In the central region, Hubei Longchen completed the Phase 1 production of 850,000 tons in Q3 of 2017, the Phase 2, 1st part completed production of 300,000 tons in Q3 of 2019; in addition, new production capacity expansion plan of Taiwan Erlin Mill with 200,000 tons, was respected that after transformation of business in the end of 2021Q3, containerboard yield of 650,000 tons annually, the total annual cross-straits yield of low-carbon papermaking will reach more than 0.85 million tons as at the present time, total low carbon paper production capacity of Taiwan and China will reach 3.8 million tons.

C. Implement energy-saving and emission reduction, in compliance with the national environmental protection policy

In their effort to drive rapid industrial development, the mainland government has in recent years, active driven the elimination of obsolete, energy-consuming and inefficient production methods. In the background of emphasizing structure adjustment and high quality development, industry constructed and expanded production capacity complied with the barrier increased and environmental protection policy strengthened to bring better development space for large enterprises with advanced technology and equipment. Our company will leverage our advantageous position and prepare to seize business opportunities.

(2) Advantages and Disadvantages for Development Prospects, and Countermeasures

A. Advantages:

(A) Market position

We are the 3rd largest manufacturer of containerboard in Taiwan. Some years ago, we were the first among our industry colleagues to enter the mainland China market and we are now placed in the

top 3 in teh eastern region. We estimate that new production capacity expansion plan of Taiwan Erlin Mill with 0.2 million tons, after the completion of construction, total yield cross-straits will reach 3.8 million tons, 1.6 times more than the 2.45 million tons in 2016. This takes us closer to a leading position across Asia, confirming our lead in the marketplace

(B) Global environmental protection trend

We are actively developing 5 new environmental protection techniques to achieve sustainability for the business. Since environmental protection is a global trend, since the practice of supply-side reformation, the environmental protection policies are stringent, we have accelerated the elimination of obsolete production methods that are not or do not have sufficient environmental protection measures, setting the scene to showcase the outcome of the Company's long-term plans for energy-saving and emission reduction.

(C) An industry benchmark for Low Inventory Days

We have transformed our traditional paper making process, focusing on efficiency, JIT (Just In Time) production capability, using the pull method of production after having received the customer's order, becoming a service-oriented corporation that meets the customer's needs effectively and an Eco packaging partner for world-renowned brands. In recent years, the Company has shown high capacity utilization rates with a finished goods turnover of 7 ~ 10 days, clear indicators of the excellent business management capabilities.

B. Disadvantages:

(A) exchange rate risk

Our main subsidiaries are located in mainland China with revenue denominated in RMB. However, our consolidated financial statement is presented in NTD hence the overseas income is subject to the impact of a fluctuating RMB. This exchange risk is a factor to be considered in business management.

Response measures: Continually monitor the exchange rate fluctuations and make adjustments where applicable to minimize exchange risk.

(B) RMB-denominated capital cost relatively higher

The cost of RMB-denominated capital funds in our subsidiaries in mainland China is relatively higher because our source of funds is bank borrowings.

Response measures: Consider the overall advantages of the Group, draw up a rational financial structure by currency and related financing instruments, procure funding that are relatively cheap and from a stable source.

(C) China's zero import policy of solid waste, the risk of raw material waste paper price fluctuations

In April, 2020, China officially revised and passed the “The Prevention and Control of Environmental Pollution by Solid Wastes' ', and it was enforced in September. In addition, there were rules for banning importing solid waste from January 1, 2020, but the recycling rate of waste paper is still in the process of increasing, and there is a short-term shortage of raw material suppliers. The quantity supplied of good cardboard in the overall package industry over box paper decreases due to the lack of raw material.

Response Measures: we are actively setting up environmental protection waste collection facilities in economically advanced cities in the eastern and central regions to stabilize the waste paper supply in mainland China. Presently in the eastern and central regions there are 29 such facilities. We aim to achieve a above 30%self-sufficient rate, stabilizing our raw material procurement channels and ensuring the quality of the raw materials.

(II) Key Applications and Production Processes of Major Products

1. Key Applications of Products
   (1) Low Carbon Papermaking Business : Linerboard (carton cardboard) and Corrugated Medium (corrugated paper) are the main raw materials used in making various Corrugated Boards and corrugated Boxes.
   (2) Eco Packaging Business: Corrugated Board is used downstream to process into various types of Corrugated Boxes. In the packaging industry, Corrugated Boxes are used for outer packaging for products to be shipped and also prevent damage to contents in the box.
   (3) Energy and resources recovery and reuse: CHP, incinerators, anti-air pollution measures, waste water treatment, process planning for recovery of polluted water, turnkey design and operations outsource.
2. Production Processes of Major Products
   (1) Low Carbon Papermaking Business: Pulping system → De-thrashing system → Pulp grinding system → Chemicals system → Net part→ Pressurized water pump → Dryer → Curl → Rewinder → Warehousing for

containerboard.

(2) Eco packaging business: Containerboards → Processing by corrugator → Corrugated Boards →Printing & Cutting Machine (Printing, Cutting) → Molding machine (Nail or sticker) → Corrugated Boxes.

(3) Energy and resources recovery and reuse:
Thermal and electrical energy: Fuel (coal, bunker fuel, solid (liquid) combustible waste material) → high-pressure high-temperature steam → steam generator → generate electricity, supply electricity, sell electricity, extract steam, supply steam → ash transformed into resources.

Energy and environmental protection engineering: consulting and contract engineering plan → scope design → procurement, call for tender → construction and installation → commissioning (operation) functionality test → hand over to customer or proxy.

Handling of waste or abandoned material: materials for recycling and re-use → incinerate un-used waste and collect thermal power.

(III) Supply of Major Materials

1. Low Carbon Papermaking Business
   Taiwan: local waste paper usage is 63%, imported waste paper usage 33%, starch usage 3%, wood pulp 1%
   Mainland: local waste paper usage is 85%, imported waste paper usage 11%, starch usage 3%, wood pulp 1%
2. Eco Packaging Business
   The main raw material for corrugated boxes is containerboard, presently, 96% of the containerboard used to make corrugated boxes in Taiwan comes from the Erlin Mill. 97% of mainland China's containerboard is sourced from 3 paper making bases located in Jiangsu Wuxi, Zhejiang Pinghu and Hubei Songzi.
3. Energy and resources recovery and reuse:
   (1) Coal usage: 857,257 tons / year
   (2) Oil usage: 4,717 kL/ year

(IV) List of main import/sales customers in the past 2 years

1. Supplier with more than 10% share of total imports: Nil.
2. Customer with more than 10% share of sales: Nil.

(V) Production Volume and Value in the Previous Two Years:

Unit: NT$1,000: %

Year / Production volume and value / Major Products (or Department)	2020			2019		
	Capacity	Yield	Production Value	Capacity	Yield	Production Value
Containerboard (‘000 tons)	3,530	2,990	38,743,441	3,530	3,174	42,658,556
Corrugated **Box** (‘0,000 square meters2)	75,995	58,037	7,310,072	84,250	63,553	7,781,141
CHP (‘000 degrees)	259,445	235,659	350,647	259,445	245,041	411,525
Total	—	—	46,404,160	—	—	50,851,222

Note 1: Production capability is the volume produced under normal operating conditions using existing production facilities, having taken into consideration non-production days like mandatory production halt, public holidays, etc.

Note 2: Where the production of any product is substitutable, consolidate the production capability and include detailed explanation.

(VI) Sales Volume and Value in the Previous Two Years

Unit: NT$1,000: %

Year / Sales volume and value / Major Products (or Department)	2020				2019			
	Domestic Sales		Export		Domestic Sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Containerboard (‘000 tons)	2,198	32,928,325	—	—	2,634	38,216,913	—	—
Corrugated box (‘0,000 square meters2)	62,186	8,133,896	764	217,160	68,080	8,952,754	1,064	292,042
CHP (‘000 degrees)	38,424	103,276	—	—	42,000	102,076	—	—
Others	—	217,935	—	—	—	151,336	—	—
Total	—	41,383,432	—	217,160	—	47,423,079	—	292,042

Note: Sales Volume / Sales Value do not include internal sales revenue.

III. Employees:

Employee information in the last 2 years up till the publication date of this annual report

2021.04.22

Year		2020	2019	The current year to April 22, 2021
Employee Count	Administrative	920	1,073	890
	Mechanical Maintenance	2,691	3,216	2,722
	Total	3,611	4,289	3,612
Average Age		38.13	36.27	38.37
Average Years of Service		7.67	6.12	7.72
Proportion by Educational Levels	Doctoral Degree	0.03%	0%	0%
	Master Degree	1.11%	1.19%	1.16%
	Bachelor Degree	39.35%	38.40%	39.12%
	Senior high school	46.41%	45.86%	46.18%
	Below senior high school	13.10%	14.55%	13.54%

IV. Information on contribution to the environment:

(I) Losses (including compensation) due to environmental pollution and total amount of penalties in current fiscal years and as at publication of the annual report:

Item	2020	The current year to April 22, 2021
Pollution status (type, degree)	Article 31, Paragraph 1, Subparagraph 1, of the Waste Disposal Act, in accordance with the provisions of Article 52 of the same law	None
Compensation object or punishment unit	Environmental Sanitation Division, Environmental Protection Bureau of Yunlin County	None
Compensation amount or disciplinary circumstances	NTD 6,000	None

(II) Description of future countermeasures (including improvements) and contingent charges (including the estimated amount of loss contingencies, possible penalties, and compensation arising out of failure to take countermeasures; if reasonable approximation is impossible, state as such)

1. Adopt / Plan improvement measures

This arbitration is based on our company's declaration of general waste and pulp and paper sludge output from 2017 to 2018, which exceeded 10% of the maximum monthly output approved in the industrial waste removal plan, which resulted in a penalty by the Yunlin County Environmental Protection.Afterwards, we has revised the waste removal plan to avoid the recurrence of this case.

2. Future payouts for environmental protection:
Key investment areas in environmental protection over the next 2 years: upgrade and replace the incinerator bag filter bag, the project of replace denitration catalyst in thermoelectricity phase 1, Wastewater system expansion project and other projects to ensure that the measures of air pollution and waste water discharge comply with the mandatory standards and recycling waste water at an estimated investment of NT$70 million.

3. Impact of improvement: Nil

V. Labor relations

(I) Provide information on the Company's employee welfare measures, continuous education, training, and retirement systems and the implementation thereof, as well as employment contracts and protections of the rights and interests of employees:

1. Employee welfare measures below:
   (1) The Company's Welfare Measures:
      A. Incentives for senior and high-performing employees
      B. Wedding, funeral, occupational damage allowance
      C. Well-being activities
      D. Physical examination allowance
      E. Team uniforms
      F. Bonus, shares
      G. Festive bonus
      H. Retirement fund
      I. Meal allowance
      J. Labor and health insurance

(2) Employee welfare measures:

A. Employee tours and team activities
B. Birthday and wedding cash gift
C. Birth congratulatory cash
D. Education support for employees' children
E. Funeral, natural disaster support
F. Gifts or activities on Labor Day
G. Organizational insurance for accidents, life, cancer and hospitalization
H. Free lunch
I. Support and activities for social groups
J. Other welfare-related matters for employees

(3) Employee training and skills upgrade:

Combined internal and external training cost for Taiwan-based and mainland China-based employees in 2020 was NT$ 1,084 thousand and NT$ 731 thousand respectively.

Location	Hours of participation in internal and external training	Total number of participants	Training expenses
Taiwan	6,542	2,129	1,084 thousand
Mainland China	22,705	10,914	731 thousand

One of the company's auditors has obtained an international internal auditor license.

(4) Pension system:

To care for the livelihood of retired employees, Taiwan Longchen will, in accordance with the respective law "Employee Retirement Process" , allocate 15% of the employee's monthly salary to the "pension fund" at Taiwan Bank for employees hired during the old salary structure; for employees hired under the new salary structure, 6% of their monthly salary will be allocated to their personal account in the custody of the Labor Insurance department.

The Company's investment entities in mainland China is in accordance with the pension insurance system stipulated by the Chinese government. Every month, a pre-defined percentage of the employee's salary will be allocated to the pension fund. Please refer to Note 6 in the annual report , item 18 (pension fund) under material accounting items.

5. Other important labor matters to discuss: None.

(II) Losses arising from employment disputes in the date, the series most recent year up to the publication date of the Annual Report, disclose the amount of loss

contingencies at present and in the future and countermeasures: None.

(III) Employee conduct and moral guidelines:

To enable the employees to understand the Company's moral culture, rights, obligations, code of conduct and to protect and maintain the employee's rights, the Company has published a management guide on the employee website for easy access anytime, anywhere. In summary:

1. Employee payroll management: a set of guidelines pertaining to the hiring, dismissal, promotion and approval.
2. Travel expense reporting for employees on business trips domestic or international: supporting evidence for reimbursement to employees.
3. Computation of payment for overtime, in lieu, time out, leave: provides a guide to the employee on what to expect.
4. Compensation and leave benefits for employees sent overseas: guidelines to be adhered to.
5. Employee retirement: reference for the employee planning retirement.
6. Repatriation process: reference for the employee approved for repatriation.
7. Compensation and pension for employees affected by occupational damage: guide or computing the compensation or pension for employees who have been injured or passed away while on assignment or at the workplace.
8. Implementation of labor meetings: facilitate labor relationships, promote collaboration, provide a communication channel for all parties concerned.

VI. Major contracts

Contract Nature	Principals	Contract start/end date	Main contents	Restriction
1. The Company				
Sales contract	Baolong International Co., Ltd.	2021.01.01～2021.12.31 Termination or extension by consensus	Each year, Baolong Intl. sells approximately 100,000 tons of Containerboard produced by the Company's Erlin Mill	Not Applicable (N/A)
Long-term loan contracts	Far Eastern International Bank	2019.06.27 ~ 2022.06.19	Medium and Long Term Loan Amount	Percentage Restriction
Long-term loan contracts	JihSun Bank	2020.05.08 ~ 2022.05.08	Medium and Long Term Loan Amount	Not Applicable (N/A)
Long-term loan contracts	Mizuho Bank, Ltd	2020.07.07 ~ 2022.07.07	Medium and Long Term Loan Amount	Not Applicable (N/A)
Long-term loan contracts	Yuanta Commercial Bank	2020.05.07 ~ 2022.05,07	Medium and Long Term Loan Amount	Not Applicable (N/A)
Long-term loan contracts	Yuanta Commercial Bank	2019.10.18 ~ 2026.10.15	Medium and Long Term Loan Amount	Percentage Restriction
Long-term loan contracts	Hua Nan Bank	2019.12.10 ~ 2029.12.10	Medium and Long Term Loan Amount	Not Applicable (N/A)
Long-term loan contracts	First Commercial Bank etc 5 banks	2019.11.15 ~ 2026.11.15	Medium and long term syndicated loan contract	Percentage Restriction
Long-term loan contracts	First Commercial Bank etc 10 banks	2020.06.05 ~ 2025.06.05	Medium and long term syndicated loan contract	Percentage Restriction
2. Subsidiaries				
Long-term loan contracts	First Commercial Bank etc 7 banks	2016.05.06 ~ 2021.05.06	Medium and long term syndicated loan contract	Percentage Restriction
Long-term loan contracts	First Commercial Bank etc 10 banks	2016.10.25 ~ 2023.10.25	Medium and long term syndicated loan contract	Percentage Restriction
Long-term loan contracts	First Commercial Bank etc 6 banks	2018.08.30 ~ 2022.08.30	Medium and long term syndicated loan contract	Percentage Restriction
Long-term loan contracts	First Commercial Bank etc 5 banks	2017.05.12 ~ 2022.05.12	Medium and long term syndicated loan contract	Percentage Restriction
Long-term loan contracts	First Commercial Bank etc 7 banks	2019.05.24 ~ 2022.05.24	Medium and long term syndicated loan contract	Percentage Restriction
Long-term loan contracts	First Commercial Bank etc 5 banks	2019.11.07 ~ 2022.11.07	Medium and long term syndicated loan contract	Percentage Restriction
Long-term loan contracts	First Commercial Bank etc 8 banks	2020.07.20 ~ 2025.07.20	Medium and long term syndicated loan contract	Percentage Restriction

Six Financial Information

I. Condensed Balance Sheets, Comprehensive Income Statements, Name of CPA and Audit Opinion for the Last 5 Years

(I)Five-Year Condensed Balance Sheet

1. Consolidated Condensed Balance Sheet

Unit: NT$1,000: %

Item \ Year		Financial Information for The Last Five Years					The current year to Mar. 31, 2021 Financial information (Note 2)
		2020	2019	2018	2017	2016	
Current assets		18,648,900	18,892,095	22,398,039	24,784,130	16,823,172	20,276,188
Property, Plant and Equipment		43,221,897	42,679,361	42,091,709	39,005,062	31,556,131	42,861,876
Intangible assets		53,410	63,178	83,504	70,989	64,918	49,118
Other assets		11,752,644	7,907,851	7,038,572	11,797,013	7,896,280	12,191,799
Total assets		73,676,851	69,542,485	71,611,824	75,657,194	56,340,501	75,378,981
Current liabilities	Before distribution	25,640,057	28,054,763	30,848,419	25,270,976	16,661,742	27,405,975
	After distribution	Note1	28,420,069	31,432,262	27,254,926	18,314,582	Note 1
Non-current liabilities		22,613,748	19,427,201	18,715,585	22,313,795	20,770,031	21,687,188
Total liabilities	Before distribution	48,253,805	47,481,964	49,564,004	47,584,771	37,431,773	49,093,163
	After distribution	Note 1	47,847,270	50,147,847	49,568,721	39,084,613	Note 1
Equity Attributable to Shareholders of the Parent		25,354,522	21,712,335	21,494,862	27,480,346	18,480,991	26,217,284
Capital stock		12,776,857	12,176,857	11,676,857	11,336,857	10,063,678	12,776,857
Capital surplus		4,019,363	3,684,266	3,512,955	3,300,065	2,159,709	4,019,363
Retained Earnings	Before distribution	7,585,904	7,013,429	7,014,926	8,066,952	5,841,422	8,095,514
	After distribution	Note 1	6,648,123	6,431,083	6,083,002	4,188,582	Note 1
Others equity interest		972,398	(1,162,217)	(709,876)	4,776,472	416,182	1,325,550
Treasury stock		—	—	—	—	—	—
Non-controlling interest		68,524	348,186	552,958	592,077	427,737	68,534
Total equity	Before distribution	25,423,046	22,060,521	22,047,820	28,072,423	18,908,728	26,285,818
	After distribution	Note 1	21,695,215	21,463,977	26,088,473	17,255,888	Note 1

Note 1: 2020 distribution of earnings has yet to be approved by annual general shareholders' meeting.

Note 2: Up to the printing date, it has yet to be approved by Board of Directors and reviewed by CPA.

2. Parent Company Only Condensed Balance Sheet

Unit: NT$1,000: %

Item \ Year		Financial Information for The Last Five Years				
		2020	2019	2018	2017	2016
Current assets		3,080,230	3,461,415	4,223,836	3,079,987	5,982,548
Property, Plant and Equipment		9,600,831	8,210,701	7,973,939	7,863,057	7,672,791
Intangible assets		—	—	—	—	—
Other assets		26,601,000	22,724,967	23,275,988	28,840,673	21,518,015
Total assets		39,282,061	34,397,083	35,473,763	39,783,717	35,173,354
Current liabilities	Before distribution	2,589,131	4,490,659	5,789,967	5,777,601	6,261,241
	After distribution	Note 1	4,855,965	6,373,810	7,761,551	7,914,081
Non-current liabilities		11,338,408	8,194,089	8,188,934	6,525,770	10,431,122
Total liabilities	Before distribution	13,927,539	12,684,748	13,978,901	12,303,371	16,692,363
	After distribution	Note 1	13,050,054	14,562,744	14,287,321	18,345,203
Equity Attributable to Shareholders of the Parent		25,354,522	21,712,335	21,494,862	27,480,346	18,480,991
Capital stock		12,776,857	12,176,857	11,676,857	11,336,857	10,063,678
Capital surplus		4,019,363	3,684,266	3,512,955	3,300,065	2,159,709
Retained Earnings	Before distribution	7,585,904	7,013,429	7,014,926	8,066,952	5,841,422
	After distribution	Note 1	6,648,123	6,431,083	6,083,002	4,188,582
Others equity interest		972,398	(1,162,217)	(709,876)	4,776,472	416,182
Treasury stock		—	—	—	—	—
Non-controlling interest		—	—	—	—	—
Total equity	Before distribution	25,354,522	21,712,335	21,494,862	27,480,346	18,480,991
	After distribution	Note1	21,347,029	20,911,019	25,496,396	16,828,151

Note 1: 2020 distribution of earnings has yet to be approved by annual general shareholders' meeting.

(II) Five-Year Condensed Statement of Income

1. Consolidated Condensed Statement of Comprehensive Income

Unit: NT$1,000: %

Item \ Year	Financial Information for The Last Five Years					The current year to Mar. 31, 2021 Financial information (Note 1)
	2020	2019	2018	2017	2016	
Operating revenue	41,600,592	47,715,121	52,313,603	46,716,807	32,512,100	11,208,701
Gross profit	6,521,620	6,551,538	7,247,122	9,609,900	6,380,294	2,101,998
Income from operations	2,300,166	1,782,522	2,657,992	5,309,747	2,941,561	1,036,749
Non-operating income and expenses	(1,192,810)	(1,410,005)	(1,139,490)	38,517	310,925	(380,522)
Income before tax	1,107,356	372,517	1,518,502	5,348,264	3,252,486	656,227
Net profit from continuing operations	927,510	502,392	911,535	3,951,843	2,512,912	509,704
Net loss from discontinued operations	—	—	—	—	—	—
Net profit (loss) for the year	927,510	502,392	911,535	3,951,843	2,512,912	509,704
Other comprehensive income (income after tax)	2,132,180	(422,603)	(5,960,690)	4,356,885	(108,906)	353,068
Total comprehensive income for the year	3,059,690	79,789	(5,049,155)	8,308,728	2,404,006	862,772
Net income attributable to Shareholders of the parent	945,893	533,773	934,694	3,882,815	2,407,425	$509,610
Net income attributable to non-controlling interests	(18,383)	(31,381)	(23,159)	69,028	105,487	94
Total comprehensive income attributable to Shareholders of the parent	3,072,396	130,005	(5,009,704)	8,238,660	2,386,671	862,762
Total comprehensive income attributable to non-controlling interest	(12,706)	(50,216)	(39,451)	70,068	17,335	10
Earnings per share (dollar)	0.77	0.45	0.82	3.50	2.79	0.40

Note 1: Up to the printing date, it has yet to be approved by Board of Directors and reviewed by CPA.

2. Parent Company Only Condensed Statement of Comprehensive Income

Unit: NT$1,000: %

Item \ Year	Financial Information for The Last Five Years				
	2020	2019	2018	2017	2016
Operating revenue	9,618,903	9,732,951	10,286,390	9,734,730	8,204,682
Gross profit	2,802,841	2,692,737	2,469,327	2,067,738	1,815,992
Income from operations	1,790,122	1,595,598	1,552,861	1,115,367	928,796
Non-operating income and expenses	(718,920)	(1,203,605)	(276,406)	3,504,021	1,865,288
Income before tax	1,071,202	391,993	1,276,455	4,619,388	2,794,084
Net profit from continuing operations	945,893	533,773	934,694	3,882,815	2,407,425
Net loss from discontinued operations	—	—	—	—	—
Net profit (loss) for the year	945,893	533,773	934,694	3,882,815	2,407,425
Other comprehensive income (income after tax)	2,126,503	(403,768)	(5,944,398)	4,355,845	(20,754)
Total comprehensive income for the year	3,072,396	130,005	(5,009,704)	8,238,660	2,386,671
Earnings per share (dollar)	0.77	0.45	0.82	3.50	2.79

(III) Name of CPA and Audit Opinion

Name of the CPA and the Auditor's Opinion Given for the Last 5 Years

Year	2020	2019	2018	2017	2016
Name of CPA	Wang, Mu-Fan	Wang, Mu-Fan	Wang, Mu-Fan	Chang, Yi-Chun	Chang, Yi-Chun
	Tao, Hong-Wen	Tao, Hong-Wen	Tao, Hong-Wen	Tao, Hong-Wen	Tao, Hong-Wen
Audit Opinion	Unmodified Opinion Plus Other Matter paragraph	Unmodified Opinion Plus Other Matter paragraph	Unmodified Opinion Plus Other Matter paragraph	Unmodified Opinion Plus Other Matter paragraph	Unmodified Opinion Plus Other Matter paragraph

II. Five-Year Financial Analysis

(I) Consolidated Financial Statement –IFRS

Item \ Year		Financial Analysis for the Last Five Years					
		2020	2019	2018	2017	2016	The current year to Mar. 31, 2021
Financial structure (%)	Debt Ratio	65.49	68.28	69.21	62.90	66.44	65.13
	Ratio of long-term capital to property, plant and equipment	111.14	97.21	96.84	129.18	124.38	111.92
Solvency (%)	Current ratio	72.73	67.34	72.61	98.07	100.97	73.98
	Quick ratio	47.64	46.69	49.38	73.93	79.77	44.60
	Interest earned ratio	1.82	1.29	2.01	5.65	4.42	2.89
Operating performance	Accounts receivable turnover (times)	3.91	4.07	3.56	3.47	3.51	4.36
	Average collection days	94	90	103	105	104	84
	Inventory Turnover (Times)	10.38	11.44	11.51	12.10	10.87	8.07
	Accounts payable turnover (times)	8.59	10.82	10.05	8.42	8.10	7.32
	Average days in sales	35	32	32	30	34	45
	Property, plant and equipment turnover (times)	0.96	1.12	1.24	1.20	1.03	1.05
	Total assets turnover (times)	0.56	0.69	0.73	0.62	0.58	0.59
Profitability	Return on total assets (%)	3.05	2.67	3.04	7.61	6.08	4.53
	Return on stockholders' equity (%)	3.91	2.28	3.64	16.82	14.15	1.97
	Pre-tax income to paid-in capital (%)	8.67	3.06	13.00	47.18	32.32	20.54
	Profit ratio (%)	2.23	1.05	1.74	8.46	7.40	4.55
	Earnings per share (Loss) (NT$)	0.77	0.45	0.82	3.50	2.79	0.40
Cash flow	Cash flow ratio (%)	15.18	20.56	13.72	-4.76	9.48	4.73
	Cash flow adequacy ratio (%)	41.92	43.20	34.76	31.26	57.21	41.92
	Cash reinvestment ratio (%)	5.29	9.98	6.88	-	1.48	0.86
Leverage	Operating leverage	2.07	2.35	1.84	1.33	1.51	1.62
	Financial leverage	3.15	32.18	2.65	1.32	1.43	1.67

Analysis of financial ratio differences for the last two years:
1.Due to the increase in net profit in the current period, profitability related rate increased.
2.Because the net cash inflow of the operating activities in the current period was less than the last period, cash flow related rate decreased.
3.Due to the increase in operating benefits, operating and financial leverage decreased.

(II) Parent Company Only Financial Statement –IFRS

Item	Year	Financial Analysis for the Last Five Years				
		2020	2019	2018	2017	2016
Financial structure (%)	Debt Ratio	35.46	36.88	39.41	30.93	47.46
	Ratio of long-term capital to property, plant and equipment	382.18	364.24	372.26	432.48	376.81
Solvency (%)	Current ratio	118.97	77.08	72.95	53.31	95.55
	Quick ratio	84.04	59.45	58.01	37.09	85.56
	Interest earned ratio	12.37	3.73	10.56	24.45	11.31
Operating performance	Accounts receivable turnover (times)	6.62	6.85	5.73	4.89	5.33
	Average collection days	55	53	64	75	69
	Inventory Turnover (Times)	11.75	11.35	12.05	13.75	15.35
	Accounts payable turnover (times)	9.87	10.13	10.50	10.13	9.28
	Average days in sales	32	32	30	27	24
	Property, plant and equipment turnover (times)	1.00	1.19	1.29	1.24	1.07
	Total assets turnover (times)	0.24	0.28	0.29	0.24	0.23
Profitability	Return on total assets (%)	2.78	1.87	2.78	10.78	8.09
	Return on stockholders' equity (%)	4.02	2.47	3.82	16.86	16.62
	Pre-tax income to paid-in capital (%)	8.38	3.22	10.93	40.75	27.76
	Profit ratio (%)	9.83	5.48	9.09	39.89	29.34
	Earnings per share (Loss) (NT$)	0.77	0.45	0.82	3.50	2.79
Cash flow	Cash flow ratio (%)	107.37	67.65	41.34	9.25	-
	Cash flow adequacy ratio (%)	92.22	55.39	32.12	24.01	31.55
	Cash reinvestment ratio (%)	5.73	7.75	5.27	-	-
Leverage	Operating leverage	1.29	1.27	1.32	1.38	1.35
	Financial leverage	1.06	1.10	1.09	1.21	1.37
Analysis of financial ratio differences for the last two years: 1.Due to the decrease in current liabilities in the current period, the current ratio and quick ratio increased. 2.Due to the increase in net benefit before tax in the current period, the interest coverage ratio increased. 3.Due to the decrease in current liabilities in the current period, the cash flow ratio increased.. 4.Due to the increase in net benefit in the current period, the profitability related ratios increased.						

The computation formula of financial analysis is as follow:

1. Financial structure:
   (1) Debt Ratio= Total liability / Total assets
   (2) Ratio of long-term capital to property, plant and equipment= (Total equity + Non-current liability) / Net property, plant and equipment
2. Solvency:
   (1) Current ratio= Current asset / Current liability
   (2) Quick ratio= (Current asset – Inventory – Prepaid expenses) / Current liability
   (3) Interest earned ratio= Income before tax and interest expenses / interest expenses
3. Operating performance:
   (1) Accounts receivable (including accounts receivable and note receivable arising from operating) turnover= Net sales / Average accounts receivable (including accounts receivable and note receivable arising from operating)
   (2) Average collection days= 365/ Accounts receivable turnover
   (3) Inventory turnover= Cost of sales / Average inventory
   (4) Accounts payable (including accounts payable and note payable arising from operating) turnover= Cost of sales / Average accounts payable (including accounts payable and note payable arising from operating)
   (5) Average days in sales= 365/ Inventory turnover
   (6) Property, plant and equipment turnover= Net Sales / Average net property, plant and equipment

(7) Total assets turnover= Net Sales / Average total assets

4. Profitability:
   (1) Return on total asset= (Net income (loss) + Interest expenses x (1 -Tax rate)) / Average total assets
   (2) Return on stockholders' equity= Net income (loss) / Average total equity
   (3) Profit ratio= Net income (loss) / Net sales
   (4) Earnings per share= (Net income (loss) attributable to shareholders of the parent – Preferred Shares) / Weighted average number of shares outstanding（Note 4）
5. Cash flow:
   (1) Cash flow ratio= Net cash from operating activities / Current liability
   (2) Cash flow adequacy ratio = Five-year sum of net cash from operating activities / Five-year sum of capital expenditures + Increase in inventory + Cash dividend)
   (3) Cash reinvestment ratio= (Net cash from operating activities – Cash dividends) / (Gross property, plant and equipment + Long-term investments + Working capital) (Note 5)
6. Leverage:
   (1) Operating leverage= (Net sales - Variable cost) / Operating income (Note 6)
   (2) Financial leverage= Operating income / (Operating Income – Interest expenses)

Note 1: When measuring the formula computation of earnings per share, it shall pay attention to the following:
1. The number of ordinary shares is based on weighted average shares rather than based on year-end outstanding shares.
2. Where capital increased by cash or treasury stock transaction happened, outstanding period shall be taken into account the computation of weighted average shares.
3. Where capitalization of earnings or capital surplus converted to capital happened, when calculating the earnings per share of the previous year and the previous half-year, the earnings per share shall be retroactively adjusted based on the percentage of capital, without considering the issuance period of capital increase.
4. If preferred stocks are non-redeemable cumulative preferred stocks, the current dividends (No matter are issued or not) shall be deducted from net profit or increase net loss. If preferred stocks are non-cumulative, where net profit happened, preferred stocks shall be deducted from net profit while it shall not be adjusted if is net loss.

Note 2: When measuring the cash flow analysis, it shall pay attention to the following:
1. Net cash from operating activities refers to the amount of cash inflow from operating activities.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The inventory increase is only recognized when the closing balance is more than opening balance. If the ending inventory of the year decreases, zero is recognized.
4. Cash dividends include ordinary shares and preferred shares.
5. Net property, plant and equipment refers to gross property, plant and equipment before deducting accumulated depreciation.

Note 3: The Company shall separate costs and expenses into fix and variable based on its natural. Where estimates or subjective judgments are involved, rationality and consistency shall be considered.

Note 4: Where the shares of the Company are no par value or the value per share is not ten dollars, the calculation of the ratio of paid-in capital shall be changed to the ratio of equity attributable to shareholders of the parent shown in balance sheet.

III. Audit Committee's Review Report

Longchen Paper & Packaging Co., Ltd.

2020 Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements and the net earnings disposition proposal of 2020, BDO Taiwan is authorized to review the financial statements, and issued the review report. The audit committee has reviewed all the foregoing business report, financial statements and the net earnings disposition proposal and identified nothing inappropriate. This report is hereby issued for examination pursuant to Article 14.4 of the "Securities and Exchanges Act" and Article 219 of the "Company Act".

Longchen Paper & Packaging Co., Ltd.

Chairman of the Audit Committee : Chiu, Shean-Bii

March 11, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Longchen Paper & Packaging Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Longchen Paper & Packaging Co., Ltd and its subsidiaries (the "Group"). which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the "Other matter-Making Reference to the Audits of Component Auditors section of our report) the accompanying consolidated financial statements present fairly,in all material respects,the consolidatef financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers,and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our 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 Group 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 matters for the the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Major transactions with related parties

The Group strive for creating a vertically-integrated management system throughout the whole industry chain. Subsidiaries of different nature within the group are responsible for all the operational processes, from overseas procurement of waste paper or local waste paper recycling, to production and marketing of industrial paper and cartons. As the amounts of transactions with related are considerable, the corporate incomes of such subsidiaries in different countries have to be recognized in different times. Moreover, transactions with upstream-downstream related parties and the evaluation on unrealized gross margin exclusion have effect on the recognition of sales revenue, cost of goods sold and gross profit on sales. Therefore, major transactions with related parties should be considered as key review issues. The information on such transactions with related parties is provided in Footnotes accompanying the consolidated financial statements.

Generally, we have reviewed and audited the aforesaid matters by following the procedures below:

1. Understand and verify the design and execution effectiveness of the internal control system for the administration of transactions with related parties;
2. Understand and evaluate the rationality of assumptions and methods adopted by the management to eliminate estimated unrealized gross profit of companies of different nature;
3. Perform random inspection and verification on the quantity and amount of such transactions with related parties not put into production;
4. Repeat the combination and consolidated elimination of transactions with related parties, and assess whether any calculation formula used are correct; and
5. Perform analytical review procedures. In consideration of the previous actual operating results and the influence of the production capacity expansion this year, assess whether the financial information by departments is consistent with the expectation.

Government subsidy income

In 2020, the non-operating incomes of the Group from government subsidies were about NT$257,326 thousand, constituting 27.74% of the consolidated net income in 2020. Accordingly, such government subsidy income was considered as a key audit issue. The information on government subsidies is provided in Footnotes 4(19) and 6(26) of the consolidated financial statements.

Generally, we have audited the aforesaid matters by following the procedure below:

1. Understand and evaluate the rationality of methods used by the management to recognize such government subsidy income;
2. Perform random inspection and verification on agreements for government subsidies, and confirm that: 1) whether or not to comply with additional conditions for government subsidies; and 2) such subsidy can be obtained; and

3. Perform random inspection and verification on whether the government subsidy income this year is recognized as deferred income or other income based on the subsidy nature pursuant to the general accounting principle. Analyze and challenge the management's assessment conditions to verify the rationality of income recognition.

Other matter - Making Reference to the Audits of Component Auditors

Among the subsidiaries listed in the consolidated financial statements above, the financial statements of Long Chen Paper (China) Holdings Co., Ltd. and its subsidiaries were audited by other auditors rather than us. Thus, the amounts listed in the financial statements of such subsidiaries included in our audit opinions towards the consolidated financial statements above were based on the audit reports issued by other auditors. For Long Chen Paper (China) Holdings Co., Ltd. and its subsidiaries: 1) the total assets as at December 31, 2020 and 2019 were respectively NT$51,045,426 thousand and NT$51,660,894 thousand, constituting 69.28% and 74.29% of the consolidated total assets; and 2) the net revenue for 2020 and 2019 was respectively NT$33,217,325 thousand and NT$39,089,877 thousand, constituting 79.85% and 81.92% of the consolidated net revenue.

Other matter –Parent company only financial reports

We have also audited the parent company only financial statements of Longchen Paper & Packaging Co., Ltd. as of and for the years ended December 31, 2020 and 2019 which we have issued an unqualified opinion.

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

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

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

Those charged with governance(including members of the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Mu Fan Wang and Hong Wen Tao.

BDO Taiwan
Republic of China
March 12, 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 auditor's report and the accompanying consolidated financial statements have been translated into Englilsh 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Longchen Paper & Packaging Co., Ltd. and subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

Code	Assets	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets					
1100	Cash and cash equivalents	4. 6(1)	$1,381,535	1.88	$2,354,915	3.39
1110	Financial assets at fair value through profit or loss	4. 6(2)	7,043	0.01	46,872	0.07
1150	Notes Receivable , net	4. 6(3)	4,119,797	5.59	4,370,279	6.28
1170	Accounts receivable, net	4. 6(3)	6,277,607	8.52	5,837,107	8.39
1180	Accounts receivable from related parties, net	4. 6(3). 7(3)	94,537	0.13	110,540	0.16
1200	Other receivables	4. 6(3)	237,680	0.32	266,021	0.39
1220	Current income tax assets		73,282	0.10	51,427	0.07
130x	Inventories	4. 6(4)	3,709,242	5.03	3,048,660	4.38
1410	Prepayments	6(5)	2,725,199	3.70	2,745,582	3.95
1470	Other current assets	6(6)	22,978	0.03	60,692	0.09
11xx	Total current assets		18,648,900	25.31	18,892,095	27.17
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	4. 6(2)	83,086	0.11	144,620	0.21
1550	Investments accounted for using equity method	4. 6(7)	5,716,623	7.76	3,737,580	5.37
1600	Property, plant and equipment	4. 6(8)	43,221,897	58.68	42,679,361	61.38
1755	Right-of-use assets	4. 6(9)	1,602,196	2.17	1,609,869	2.31
1760	Investment property, net	4. 6(10)	7,398	0.01	7,508	0.01
1780	Intangible assets		53,410	0.07	63,178	0.09
1840	Deferred Income tax assets	4. 6(23)	566,773	0.77	631,669	0.91
1900	Other non-current assets	4. 6(11)	3,776,568	5.12	1,776,605	2.55
15xx	Total non-current assets		55,027,951	74.69	50,650,390	72.83
	Total assets		$73,676,851	100.00	$69,542,485	100.00

Code	Liabilities and Equity	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities					
2100	Short-term loans	4. 6(12)	$8,859,010	12.04	$10,259,335	14.75
2110	Short-term notes and bills payable	4. 6(13)	-	-	1,148,552	1.65
2120	Financial liabilities at fair value through profit or loss	4. 6(2)	243,046	0.33	-	-
2130	Contract liabilities - current	4. 6(25)	20,958	0.03	137,536	0.20
2150	Notes payable		35,017	0.05	90	-
2170	Accounts payable		4,408,646	5.98	3,605,900	5.19
2180	Accounts payable from related parties	7(3)	120,476	0.16	-	-
2200	Other payables		2,784,043	3.78	3,452,135	4.96
2230	Current income tax liabilities	4.6(23)	413,238	0.56	151,930	0.22
2280	Lease liabilities—current	4. 6(9)	61,145	0.08	57,880	0.08
2300	Other current liabilities		142,391	0.19	12,275	0.02
2322	Current protion of long-term loans	4. 6(15)	8,538,151	11.58	9,214,312	13.25
2365	Refund liability - current	4. 6(16)	13,936	0.02	14,818	0.02
21xx	Total current liabilities		25,640,057	34.80	28,054,763	40.34
	Non-current liabilities					
2530	Corporate bonds payable	4. 6(14)	2,500,000	3.39	2,500,000	3.59
2540	Long-term loans	4. 6(15)	19,402,800	26.33	16,040,760	23.07
2560	Income tax liabilities-noncurrent	4.6(23)	59,569	0.08	-	-
2570	Deferred income tax liabilities	4	124,245	0.17	382,003	0.55
2580	Lease liabilities - non-current	4. 6(9)	92,705	0.13	94,957	0.14
2600	Other non-current liabilities		353,854	0.48	322,999	0.46
2640	Net defined benefit liabilities - non-current	4. 6(17)	48,120	0.07	54,277	0.08
2645	Guarantee deposits		32,455	0.04	32,205	0.05
25xx	Total non-current liabilities		22,613,748	30.69	19,427,201	27.94
2xxx	Total liabilities		48,253,805	65.49	47,481,964	68.28
	Equity attr ibutable to owners of the parent					
3100	Capital stock					
3110	Common stock	6(18)	12,776,857	17.34	12,176,857	17.51
3200	Capitalsurplus	6(19)	4,019,363	5.46	3,684,266	5.30
3300	Retained earnings	6(20)				
3310	Legal reserve		1,688,201	2.29	1,629,967	2.34
3320	Special reserve		626,639	0.85	626,639	0.90
3350	Unappropriated earnings		5,271,064	7.16	4,756,823	6.84
3400	Other equity interest	6(22)				
3410	Exchange differences on translation of foreign operations		(1,311,493)	(1.78)	(1,549,054)	(2.23)
3420	Unrealized gain (loss) on FVTOCI		2,283,891	3.10	386,837	0.56
31xx	Total equity attributable to owners of the parent company		25,354,522	34.42	21,712,335	31.22
36xx	Non-controlling interesteests	6(21)	68,524	0.09	348,186	0.50
3xxx	Total equity		25,423,046	34.51	22,060,521	31.72
	Total liabilities and equity		$73,676,851	100.00	$69,542,485	100.00

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Longchen Paper & Packaging Co., Ltd. and subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars, Except for earnings per share)

			2020		2019	
Code	Item	Notes	Amount	%	Amount	%
4000	**Operating revenue**	4. 6(25)	$41,600,592	100.00	$47,715,121	100.00
5000	**Operating costs**	6(4)(17)(27)	(35,078,972)	(84.32)	(41,163,583)	(86.27)
5900	**Operating margin**		6,521,620	15.68	6,551,538	13.73
5950	Net operating margin		6,521,620	15.68	6,551,538	13.73
	Operating expenses	6(10)(17)(27)				
6100	Selling expenses		(1,782,580)	(4.28)	(2,112,512)	(4.43)
6200	General and administrative expenses		(1,236,518)	(2.97)	(1,333,305)	(2.79)
6300	Research and development expenses		(1,211,463)	(2.91)	(1,340,845)	(2.81)
6450	Expected credit recovery gains		9,107	0.02	17,646	0.04
6000	Total operating expenses		(4,221,454)	(10.14)	(4,769,016)	(9.99)
6900	**Operating profit**		2,300,166	5.54	1,782,522	3.74
	Non-operating income and expenses	6(26)				
7100	Interest income		18,271	0.04	41,923	0.08
7010	Other income		312,863	0.75	270,862	0.57
7020	Other gains and losses		(67,855)	(0.16)	(155,250)	(0.33)
7050	Finance costs		(1,525,766)	(3.67)	(1,695,831)	(3.55)
7060	Share of profit of associates accounted for equity method	4. 6(7)	69,677	0.16	128,291	0.27
7000	**Total non-operating income and expenses**		(1,192,810)	(2.88)	(1,410,005)	(2.96)
7900	**Profit before income tax**		1,107,356	2.66	372,517	0.78
7950	**Income tax (expenses) benefits**	4. 6(23)	(179,846)	(0.43)	129,875	0.27
8200	**Profit for the period**		927,510	2.23	502,392	1.05
	Other comprehensive income (loss)					
8310	**Items that will not be reclassified subsequently to profit or loss**	6(21)(22)				
8311	Remeasurement of defined		(10,140)	(0.02)	2,618	0.01
8320	Share of other comprehensive income (loss) of associates accounted for using equity method		1,898,799	4.56	124,302	0.25
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	6(23)	2,028	-	(524)	-
8360	**Items that may be reclassified subsequently to profit or loss**	6(21)(22)				
8361	Exchange differences arising on translation of foreign financial operations		260,382	0.63	(670,994)	(1.41)
8370	Share of other comprehensive income (loss) of associates accounted for using equity method		40,501	0.10	(10,509)	(0.02)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	4. 6(23)	(59,390)	(0.14)	132,504	0.28
8300	**Other comprehensive income (losses), net of tax**		2,132,180	5.13	(422,603)	(0.89)
8500	**Total comprehensive income tax for the period**		$3,059,690	7.36	$79,789	0.16
8600	**Net income (loss) for the periods attributable to:**					
8610	Owners of the parent		$945,893	2.27	$533,773	1.12
8620	Non-controlling interests		(18,383)	(0.04)	(31,381)	(0.07)
			$927,510	2.23	$502,392	1.05
8700	**Comprehensive income (losses) for the periods attributable to:**					
8710	Owners of the parent		$3,072,396	7.39	$130,005	0.27
8720	Non-controlling interests		(12,706)	(0.03)	(50,216)	(0.11)
	Total		$3,059,690	7.36	$79,789	0.16
	Earnings per share (in dollars):	4. 6(24)				
9750	Basic earnings per share		$0.77		$0.45	
9850	Diluted earnings per share		$0.77		$0.45	

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Longchen Paper & Packaging Co., Ltd. and subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent									
			Retained earnings			Other equity items				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gain (losses) from financial assets measured at fair value through other comprechtnsive income	Total Equity attributable to owners of the parent	Non-controlling interests	Total Equity
Balance at January 1, 2019	$11,676,857	$3,512,955	$1,536,498	$626,639	$4,851,789	$(1,019,040)	$309,164	$21,494,862	$552,958	$22,047,820
Appropriation and distribution ofretained earnings:										
Legal reserve	-	-	93,469	-	(93,469)	-	-	-	-	-
Cash dividends	-	-	-	-	(583,843)	-	-	(583,843)	(21,130)	(604,973)
Other capital surplus										
Changes in equity of associates accounted for using the equity method	-	(270)	-	-	-	-	-	(270)	-	(270)
Net income in 2019	-	-	-	-	533,773	-	-	533,773	(31,381)	502,392
Other comprehensive income in 2019	-	-	-	-	2,094	(530,014)	124,152	(403,768)	(18,835)	(422,603)
Total comprehensive incoment in 2019	-	-	-	-	535,867	(530,014)	124,152	130,005	(50,216)	79,789
Cash capital increase (Note 6(18))	500,000	155,000	-	-	-	-	-	655,000	-	655,000
Difference between the acquisition or disposal price and carrying amount of subsidiaries	-	14,583	-	-	-	-	-	14,583	(199)	14,384
Changes in ownership interests in subsidiaries	-	444	-	-	-	-	-	444	(4)	440
Change in non-controlling interests	-	-	-	-	-	-	-	-	(133,223)	(133,223)
Share-based payments transactions	-	1,554	-	-	-	-	-	1,554	-	1,554
Disposal of investments in equity instruments designated as fair value through other comprehensive income	-	-	-	-	46,479	-	(46,479)	-	-	-
Balance at December 31, 2019	$12,176,857	$3,684,266	$1,629,967	$626,639	$4,756,823	$(1,549,054)	$386,837	$21,712,335	$348,186	$22,060,521
Balance at January 1, 2020	$12,176,857	$3,684,266	$1,629,967	$626,639	$4,756,823	$(1,549,054)	$386,837	$21,712,335	$348,186	$22,060,521
Appropriation and distribution ofretained earnings:										
Legal reserve	-	-	58,234	-	(58,234)	-	-	-	-	
Cash dividends	-	-	-	-	(365,306)	-	-	(365,306)	(10,248)	(375,554)
Other capital surplus										
Changes in equity of associates accounted for using the equity method	-	262	-	-	-	-	-	262	-	262
Net income in 2020	-	-	-	-	945,893	-	-	945,893	(18,383)	927,510
Other comprehensive income in 2020	-	-	-	-	(8,112)	237,561	1,897,054	2,126,503	5,677	2,132,180
Total comprehensive income in 2020	-	-	-	-	937,781	237,561	1,897,054	3,072,396	(12,706)	3,059,690
Cash capital increase (Note 6(18))	600,000	288,000	-	-	-	-	-	888,000	-	888,000
Changes in ownership interests in subsidiaries	-	26,411	-	-	-	-	-	26,411	(776)	25,635
Change in non-controlling interests	-	-	-	-	-	-	-	-	(255,932)	(255,932)
Share-based payments transactions	-	20,424	-	-	-	-	-	20,424	-	20,424
Balance at December 31, 2020	$12,776,857	$4,019,363	$1,688,201	$626,639	$5,271,064	$(1,311,493)	$2,283,891	$25,354,522	$68,524	$25,423,046

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

Longchen Paper & Packaging Co., Ltd. and subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

Item	2020	2019
Cash flow from operating activities:		
Profit before income tax for the period	$1,107,356	$372,517
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation expense (including investment property)	2,432,457	2,389,996
Amortization expense	19,846	23,061
Excepted credit recovery gains	(9,107)	(17,646)
Net (gains) losses on financial assets and liabilities at fair value through profit and loss	153,776	(35,080)
Interest expense	1,474,438	1,623,084
Interest income	(18,271)	(41,923)
Dividend income	(2,469)	(4,999)
Compensation cost arising from share-based payments	20,424	1,554
Share of profit of subsidiaries and associates accounted for under the equity method	(69,677)	(128,291)
(Gain) losses on disposal of property, plant and equipment	43,757	110,469
Property, plant and equipment reclassified as expenses	58,593	82,092
(Reversal of impairment loss) impairment loss of property, plant and equipment	-	(32,577)
Lease modification gain	(248)	(70)
Other item - donation expense	-	84,551
Subtotal	4,103,519	4,054,221
Change in operating assets and liabilities:		
Change in operating assets		
Decrease (increase) in notes receivable	250,482	1,576,347
Decrease (increase) in accounts receivable	(446,072)	715,102
Decrease (increase) in accounts receivable from related parties	16,003	37,306
Decrease (increase) in other receivables	27,419	66,997
Decrease (increase) in inventories	(660,582)	1,092,071
Decrease (increase) in prepayments	31,479	283,307
Decrease (increase) in other current assets	37,714	42,366
Total net change in operating assets	(743,557)	3,813,496
Change in operating liabilities		
Increase (decrease) in contract liabilities - current	(116,578)	(37,071)
Increase (decrease) in notes payable	34,927	(4,698)
Increase (decrease) in accounts payable	802,746	(389,757)
Increase (decrease) in accounts payable from related parties	120,476	-
Increase (decrease) in other payables	43,519	242,574
Increase (decrease) in other current liabilities	130,116	(1,525)
Increase (decrease) in refund liability - current	(882)	(1,469)
Increase (decrease) in net defined benefit liability - non-current	(16,297)	(3,246)
Total net change in operating liabilities	998,027	(195,192)
Total net change in operating assets and liabilities	254,470	3,618,304
Total adjustments	4,357,989	7,672,525
Cash generated from operating activities	5,465,345	8,045,042
Interests received	18,278	44,645
Dividends received	29,524	32,054
Interests paid	(1,490,907)	(1,583,281)
Income tax paid	(131,048)	(770,256)
Net cash provided by operating activities	3,891,192	5,768,204
Cash flow from investing activities:		
Disposal (acquisition) of financial assets/liabilities at fair value through profit or loss	110,687	14,112
Acquisition of investment accounted for under the equity method	(21,466)	-
Acquisition of property, plant and equipment	(2,185,360)	(4,034,724)
Disposal of property, plant and equipment	67,812	67,755
Acquisition of right-of-use assets	(5,256)	-
Acquisition of intangible assets	(5,547)	(94)
Increase/decrease in other non-current assets - prepayments for equipment	(3,061,407)	(902,006)
Decrease (increase) in other non-current assets - refundable deposits	41,294	(943)
Decrease (increase) in other non-current assets - others	14,895	30,711
Net cash used in investing activities	(5,044,348)	(4,825,189)
Cash flow from financing activities:		
Increase (decrease) in short-term loans	(1,400,325)	(1,172,830)
Increase (decrease) in short-term notes and bills payable	(1,148,552)	(150,879)
Payments of long-term loans	8,540,321	8,675,928
Repayments of long-term loans	(5,854,442)	(8,639,835)
Payment of lease liabilities	(71,210)	(58,277)
Increase (decrease) in guarantee deposits received	250	(17,332)
Repayment of the principal portion of lease liabilities	30,855	20,932
Cash dividends paid	(365,306)	(583,843)
Increase cash capital	888,000	655,000
Cash received from investment of non-controlling interest	(10,248)	(21,130)
Change in non-controlling interests	(251,031)	(152,261)
Net cash provided by (used in) financing activities	358,312	(1,444,527)
Effect of changes in exchange rate on cash and cash equivalents	(178,536)	686,816
Net increase (decrease) in cash and cash equivalents	(973,380)	185,304
Cash and cash equivalents at the beginning of the year	2,354,915	2,169,611
Cash and cash equivalents at the end of the year	$1,381,535	$2,354,915

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

Longchen Paper & Packaging Co., Ltd.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Period: 2019 and 2020
(Expressed in thousand of New Taiwan dollars, unless otherwise indicated)

1. General

Longchen Paper & Packaging Co., Ltd. (hereinafter referred to as "Longchen P&P") was incorporated on March 18, 1978 in accordance with the Company Act of The Republic of China. The Group's primary business activities are manufacturing, processing and trading of paper raw materials; manufacturing, printing, processing and trading of corrugated containers; and recycling/renewal of energy and resources, including turnkey design, trial-run and operation of cogeneration and incinerator systems.

Shares of the Longchen P&P have been listed for trading on Taiwan Stock Exchange Corporation since November 1985. The administrative office is located at 10F, No. 337, FuXingBei North Road, Taipei City. Longchen P&P and its subsidiaries, which are included for preparation of the consolidated financial statements, are hereinafter referred to as the "Group".

2. The date of authorization for issuance of the consolidated financial statements and procedures for authorization

The consolidated financial statement were approved and authorized during the board of directors meeting dated March 12, 2021.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to the "International Financial Reporting Standards" (IFRSs) as endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective Date announced by the International Accounting Standards Board (IASB)
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020

New Standards, Interpretations and Amendments	Effective Date announced by the International Accounting Standards Board (IASB)
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	January 1, 2020
Annual improvements to IFRSs 2015-2017 cycle	June 1, 2020 (Note)

Note：Earlier application from January 1, 2020 is allowed by FSC.

The above standards and interpretations have no significant impact on the Gorup's financial condition or business performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC, but not yet adopted by the Company and its subsidiaries

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective Date announced by the International Accounting Standards Board (IASB)
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ' Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

After making assessment of the above standards and interpretations by the Group, there is no significant impact on the Group's financial position and business performance.

(3) Effect of IFRSs issued by the IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by the IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date announced by the International Accounting Standards Board (IASB)
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	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

New Standards, Interpretations and Amendments	Effective Date announced by the International Accounting Standards Board (IASB)
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The Group's assessment will continue concerning the effect of the above standards and interpretations on the Group's financial position and business performance. The details of such assessment will be disclosed after it is completed.

4. Summary of significant accounting policies

Below is a summary of significant accounting policies used for the preparation of standalone financial statements. Unless otherwise stated, the following policies were applied consistently in all reporting periods.

(1) Statement of compliance

The consolidated financial report has been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and FSC-approved IFRS, IAS and interpretations thereof (collectively referred to as IFRSs below).

(2) Basis of preparation

A. The consolidated financial report was prepared based on historical cost except for the following key items.
   (a) Financial assets and liabilities at fair value through profit and loss. (including derivatives)
   (b) Defined benefit liabilities, which are recognized by deducting the present value of defined benefit obligations from pension plan assets.

B. Preparation of IFRSs-compliant financial report involves use of critical accounting estimates, and the management is required to exercise some judgment when applying the Group's accounting policies. Please refer to Note 5 for highly complex and significant assumptions and estimates made in relation to the standalone financial report.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

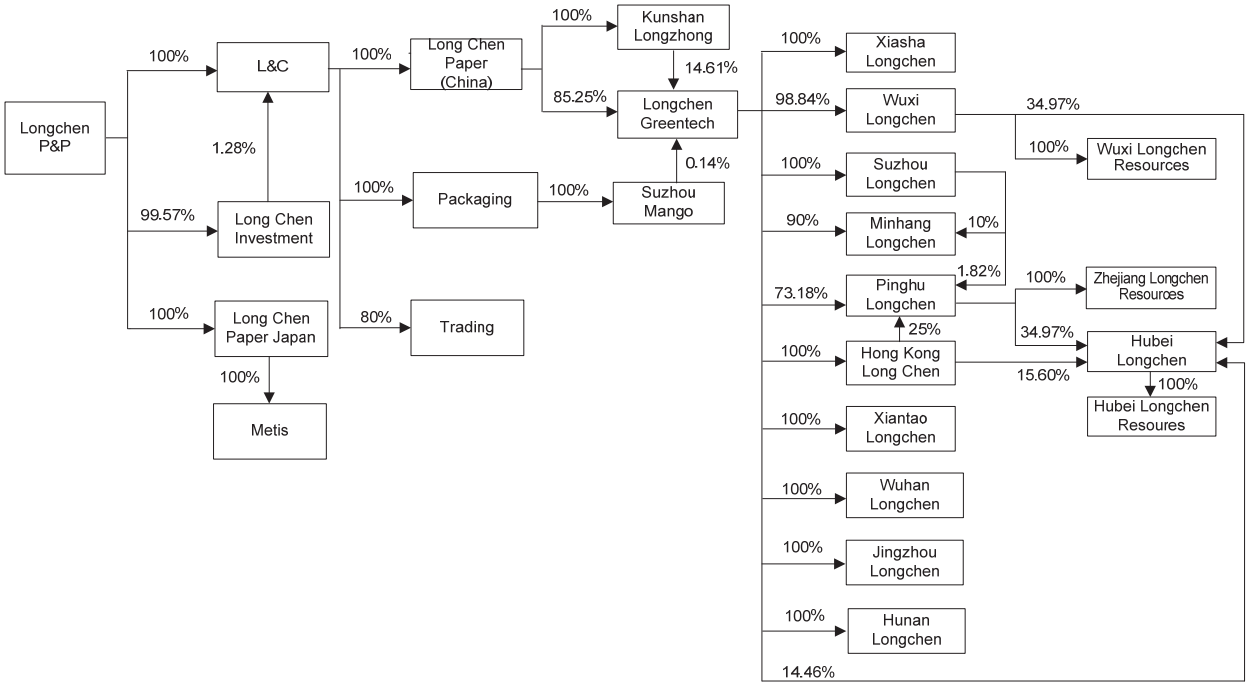
(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2020	December 31, 2019
Longchen P&P	L&C CO., (BVI) LTD. ("L&C")	General investment	100%	97.10%
	Long Chen Investment Developing Co., Ltd. ("Long Chen Investment")	General investment	99.57%	99.57%
	Long Chen Paper Japan Co., Ltd.	Recovery and sale of waste paper resources	100%	100%
L&C	Long Chen Paper (China) Holdings Co., Ltd. ("Long Chen Paper (China)")	General investment	100%	100%
	Long Chen Packaging Company(Cayman) ("Packaging")	General investment	100%	100%
	Long Chen Paper Trading Limited ("Trading")	General investment	80%	80%
Long Chen Paper Japan Co., Ltd.	Metis International INC	Recovery and sale of waste paper resources	100%	100%
Packaging	Suzhou Mango Packaging Co., Ltd. ("Suzhou Mango")	Wholesale, import and export of packaging materials, paper products, electronic products, and hardware	100%	100%
Suzhou Mango	Jiangsu Longchen Greentech Co., Ltd. ("Longchen Greentech")	Manufacturing, processing and sale of top-grade paper, paperboard and paper products	0.14%	0.14%
Long Chen Paper (China)	Jiangsu Longchen Greentech Co., Ltd. ("Longchen Greentech")	Manufacturing, processing and sale of top-grade paper, paperboard and paper products	85.25%	85.25%
	Kunshan Longzhong Investment Co., Ltd. ("Kunshan Longzhong")	General investment	100%	100%
Longchen Greentech	Wuxi Longchen Greentech Co., Ltd. ("Wuxi Longchen")	Manufacturing and sale of paper and paperboard	98.84%	98.84%
	Suzhou Longchen Paper Co., Ltd. ("Suzhou Longchen")	Manufacturing and sale of top-grade paper, paperboard and novel packaging materials	100%	100%
	Zhejiang Xiasha Longchen Packing Co., Ltd. ("Xiasha Longchen")	Manufacturing and processing of top-grade paperboard, cartons and paper boxes	100%	100%

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2020	December 31, 2019
	Shanghai Minhang Longchen Paper Co., Ltd. (“Minhang Longchen”)	Manufacturing and processing of paperboard and paper products	90%	90%
	Pinghu Longchen Greentech Co., Ltd. (“Pinghu Longchen”)	Manufacturing and sale of top-grade paper and paperboard, and warehousing	73.18%	73.18%
	Hong Kong Long Chen Paper Co., Ltd. (“Hong Kong Long Chen”)	General investment	100%	100%
	Xiantao Longchen Greentech Co., Ltd. (“Xiantao Longchen”)	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	100%	100%
	Wuhan Longchen Greentech Co., Ltd. (“Wuhan Longchen”)	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	100%	100%
	Jingzhou Longchen Greentech Co., Ltd. (Jingzhou Longchen)	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	100%	100%
	Hubei Longchen Greentech Co., Ltd. (“Hubei Longchen”)	Manufacturing of top-grade containerboard paper and cogeneration products	14.46%	14.46%
	Hunan Longchen Green Packing Co., Ltd. (“Hunan Longchen”)	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	100%	100%
Wuxi Longchen	Wuxi Longchen Resources Co., Ltd. (“Wuxi Longchen Resources”)	Recovery and sale of waste paper resources	100%	100%
	Hubei Longchen Greentech Co., Ltd. (“Hubei Longchen”)	Manufacturing of top-grade containerboard paper and cogeneration products	34.97%	34.97%
Suzhou Longchen	Shanghai Minhang Longchen Paper Co., Ltd. (“Minhang Longchen”)	Manufacturing and processing of paperboard and paper products	10%	10%
	Pinghu Longchen Greentech Co., Ltd. (“Pinghu Longchen”)	Manufacturing and sale of top-grade paper and paperboard, and warehousing	1.82%	1.82%
Pinghu Longchen	Zhejiang Longchen Resources Co., Ltd. (“Zhejiang Longchen Resources”)	Recovery and sale of waste paper resources	100%	100%
	Hubei Longchen Greentech Co., Ltd. (“Hubei Longchen”)	Manufacturing of top-grade containerboard paper and cogeneration products	34.97%	34.97%

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2020	December 31, 2019
Kunshan Longzhong	Jiangsu Longchen Greentech Co., Ltd. (“Longchen Greentech”)	Manufacturing, processing and sale of top-grade paper, paperboard and paper products	14.61%	14.61%
Hong Kong Long Chen	Hubei Longchen Greentech Co., Ltd. (“Hubei Longchen”)	Manufacturing of top-grade containerboard paper and cogeneration products	15.60%	15.60%
	Pinghu Longchen Greentech Co., Ltd. (“Pinghu Longchen”)	Manufacturing and sale of top-grade paper and paperboard, and warehousing	25%	25%
Hubei Longchen	Hubei Longchen Resources Co., Ltd. (“Hubei Longchen Resources”)	Recovery and sale of waste paper	100%	100%



C. Changes (increase/decrease) in the ownership to subsidiaries included in these consolidated financial statements:

(a) The Longchen P&P made board’s resolution to join the capital increase of L&C CO., (BVI) LTD. in Oct, 2020 and November, 2019.The ownership of L&C CO., (BVI) LTD. was from 97.10% to 97.22% because of the above capital increase. In 2020,the Company purchased 1.23% and 1.55% shares of L&C CO., (BVI) LTD from Long Chen Investment Developing Co., Ltd. and Long Sheng Investment Co., Ltd., respectively. The Company performed the related reorganization of the group structure through the above transactions. Finally, in the end of 2020, the Longchen P&P’s ownership of L&C CO., (BVI) LTD. was up to 100.00%.

(b) Aiming at the market in central China, the Group built the Hubei Longchen Plant, the 3rd Containerboard plant in China, in the Lingang Industrial Park, Songzi, Jinzhou, Hubei Province. It was a cogeneration project with the capacity of 1,500,000 t and the annual power capacity of 100,000 kW. The project was completed in 2019.

(c) Since its establishment, the necessary capital of Hubei Longchen was injected by Longchen P&P, Wuxi Longchen and Pinghu Longchen by installment in the form of proceeds from new issue. In this process, the integrity of the Group's organization structure was also taken into consideration. Longchen P&P's investment path for Hubei Longchen's proceeds from new issue was subject to adjustment based on actual needs. As at December 31, 2020, the investment of Longchen Greentech, Hong Kong Long Chen, Wuxi Longchen and Pinghu Longchen in Hubei Longchen was CNY 255,000 thousand, CNY 275,275 thousand, CNY 617,000 thousand and CNY 617,000 thousand respectively, corresponding to the respective shareholding percentage of 14.46%, 15.60%, 34.97% and 34.97%.

(d) In March, 2019, Hong Kong Long Chen which is owned by Long Chen Paper (China) Holdings Co., Ltd.sold its all stocks of Metis and Long Chen Paper Japan to Longchen P&P. After the above transaction, Longchen P&P owned 100% shares of Metis and Long Chen Paper Japan. In order to pursit the effective overall operation plan and the tax benefit under the tax treaty between USA and Japan, in September, 2019, Longchen P&P sold all above stocks of Metis to Long Chen Paper Japan. The above stocks transactions were recognized as the group reorganization.

(e) In 2019, Datoln and Pinghu Longchen made board's resolution to start the liquidation process. In the end of 2019, the liquidation process had been completed.

(4) Foreign currency transaction

All items listed in the consolidated financial report have been measured using the currency of the main economic environment where the Group operates in (i.e. the functional currency). The consolidated financial report is presented using the Group's functional currency – "NTD".

A. Foreign currency transaction and balance

(a) Foreign currency transactions are converted into the functional currency using spot exchange rate as of the transaction date. Differences arising from conversion of such transactions are recognized in current profit and loss.

(b) Balances of monetary assets and liabilities denominated in foreign currencies are converted using spot exchange rate as of the balance sheet date. Differences arising from exchange rate fluctuation are recognized as current profit or loss.

(c) For non-monetary assets and liabilities denominated in foreign currencies, those that are carried at fair value through profit and loss will have balances converted using spot exchange rate as of the balance sheet date, and any exchange differences arising from the adjustment will be recognized in current profit and loss; those that are carried at fair value through other comprehensive income will have balances converted using spot exchange rate as of the balance sheet date, and any exchange differences arising from the adjustment will be recognized in other comprehensive income; those that are not carried at fair value will have balances converted using the historical exchange rate when the transaction was initiated.

(d) All gains and losses on exchange are presented as "Other gains and losses" in the income statement.

B. Currency conversion for foreign operations

(a) For entities, associated companies and joint ventures that have functional currency different to the presentation currency, performance results and financial positions are converted into the presentation currency using the following methods:
   i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
   ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;
   iii. All resulting exchange differences are recognised in other comprehensive income.

(b) In a partial disposal or sale of foreign operation, associated company or joint venture, exchange differences previously recognized in other comprehensive income are reclassified proportionally into current profit and loss and are treated as part of the gain or loss on sale. However, if the Group still retains partial equity ownership over the former associated company or joint venture but loses significant influence or joint control over them, the foreign operation is accounted as if all equity ownership has been disposed.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

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

A. Assets that satisfy any of the following criteria are classified as current assets; assets that are not classified as current are classified as non-current assets:
   (a) Assets that are expected to be realized, or intended to be sold or consumed, over the normal operating cycle.
   (b) Assets that are held mainly for the purpose of trading.
   (c) Assets that are expected to be realized within 12 months after balance sheet date.
   (d) Cash or cash equivalents, except those that will be swapped or used to repay liabilities at least 12 months from the balance sheet date, and those with restricted uses.

B. Any of the following criteria are classified as current liabilities; liabilities that are not classified as current are classified as non-current liabilities:
   (a) Liabilities that are expected to be settled over the normal operating cycle.
   (b) Liabilities arising mainly from trading activities.
   (c) Liabilities that are due to be settled within 12 months after the balance sheet date.
   (d) Liabilities where the repayment terms can not be extended unconditionally more than 12 months after the balance sheet date. Classification of liability is unaffected even if there are terms that give counterparties the option to be repaid in the form of equity instruments.

(6) Cash and cash equivalents

Cash equivalent refers to reserve cash, bank deposit and short-term and highly liquid investments that are readily convertible into known amounts of cash, and are prone to insignificant risk of changes in value.

(7) Financial instruments

A. Financial assets

Regular transactions of financial asset are recognized on or removed from balance sheet using trade date accounting.

(a) Financial assets at fair value through profit and loss

Financial assets that are not carried at cost after amortization or financial assets that are carried at fair value through other comprehensive income.

They are recognized at fair value at initiation with transaction costs recognized through profit and loss at the time of occurrence. Subsequent assessments are measured at fair value with gains or losses recognized through profit and loss.

Dividend income is recognized in profit and loss when the entitlement to receive dividend has been established, when economic benefits relating to dividends are very likely to be realized, and that the amount of dividend can be measured reliably.

(b) Accounts and notes receivable

Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

However, short-term accounts and notes receivable that bear no interest are subsequently measured at the original invoice amount as the effect of discounting is insignificant.

B. Impairment on financial assets

Debt instruments at fair value through other comprehensive income and financial assets carried at cost after amortization are evaluated on every balance sheet date by taking into account all reasonable and verifiable information (including prospective information). Assets that exhibit no significant increase in credit risk after initial recognition have loss reserves measured based on 12-month expected credit loss; those that exhibit significant increase in credit risk after initial recognition have loss reserves measured based on expected credit loss over the remaining duration. Accounts receivable or contractual assets that do not include significant financial components have loss reserves measured based on expected credit loss over the remaining duration.

C. Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:
(a) The contractual rights to receive the cash flows from the financial asset expire.
(b) The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
(c) The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

D. Financial liabilities and equity instruments

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

i. Financial liabilities are classified in this category of held for trading if acquired principally forthe purpose of repurchasing in the short-term. Derivatives are also categorised as financialliabilities held for trading unless they are designated as hedges.

ii. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(b) Loans

Refers to long-term and short-term funding borrowed from banks and other lenders. Loans are recognized at fair value less transaction costs at initiation. Any subsequent differences between proceeds net of transaction cost and the redemption value are recognized as interest expenses in profit and loss using the effective interest rate method throughout the duration.

Expenses paid for setting up loan limits are treated as transaction cost if the Group is very likely to utilize part or all of the limits, and are recognized on a deferred basis as an adjustment to the effective interest rate at the time of utilization. If the Group is unlikely to utilize part or all of the limits, these expenses are recognized as prepayments and amortized over the duration of the limit instead.

(c) Accounts and notes payable

Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(d) Corporate bonds payable

Corporate bonds issued by the Group are recognized at fair value less transaction costs at initiation. Any differences between proceeds net of transaction cost and the redemption value are recognized as additions or deductions to corporate bond payable. These differences are subsequently amortized using the effective interest method and recognized in profit and loss as “Financial cost” throughout the duration.

E. Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

Where there has been a renegotiation or modification of the terms of an existing financial liability and resulted in an insignificant discrepancy which is less than ten percent of the estimated cash flows, the carrying amount of the liability is recalculated based on the modified cash flows discounted at the original effective interest rate. The gain or loss arising from the carrying amount after modification less the initial recognition of the financial liability is recognised in profit or loss.

F. Offset of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other and reported in the balance sheet in net amount only when the Group is legally entitled to do so and has the intention to settle assets and liabilities in net amount or realize them both at the same time.

(8) Inventory

The basis of accounting for inventories is the cost of an acquisition. The perpetual inventory system is adopted. The costing of inventories is on the weighted average basis. Inventories are stated at the lower of cost or net realizable value. Except inventories of the same class, the comparison between cost and net realizable value is based on individual items. Net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale under normal conditions.

(9) Investments accounted for using equity method

A. Associated company refers to an entity in which the Group exercises significant influence but no control, which generally means 20% direct or indirect voting interest or above. The Group accounts for associated companies using the equity method. Value at initial acquisition is accounted at cost.

B. Share of profits/losses from associated company after acquisition is recognized in current profit and loss; share of other comprehensive income after acquisition is recognized in other comprehensive income. If the Group’s share of losses in an associated company equals to or exceeds its equity interest in the associated company (including any other non-guaranteed receivables), the Group will not recognize the extra losses unless the Group has a legal obligation or constructive obligation to pay, or has paid liabilities, on behalf of the associated company.

C. If an associated company undergoes a change of equity that has no impact on profit and loss, other comprehensive income and shareholding percentage, the Group recognizes the changes in equity that are attributable to the Group and have the shares of associates as “Capital Reserves” in the shareholding ratio.

D. Unrealized gains arising from transactions between the Group and an associated company are eliminated proportionally based on ownership percentage. Unrealized losses are also eliminated unless there is evidence to suggest impairment in the transferred assets. All associated companies have made the necessary adjustments to align their accounting policies with that of the Group.

G. In the event that an associated company issues new shares that the Group decides not to subscribe/acquire proportionally, and therefore result in a change of shareholding percentage while retaining significant influence, the change in net worth is adjusted into “Capital reserve” and “Equity-accounted investor”. If ownership percentage reduces as a result, all gains/losses relating to the reduction of ownership percentage and gains/losses previously recognized through other comprehensive income that need to be reclassified into profit and loss upon disposal of asset or liability shall be reclassified proportionally by the percentage of ownership reduction, in addition to the above adjustments.

F. In the event that the Group loses significant influence in an associated company, remaining investments in the former associated company shall be re-measured at fair value, and the difference between the fair value and book value of investment is recognized in current profit and loss.

G. If the Group disposes an associated company in a manner that causes it to lose significant influence, all amounts previously recognized in other comprehensive income in relation to the associated company are accounted on the same basis as if the Group had directly disposed the relevant assets or liabilities. In other words, if gains or losses previously recognized in other comprehensive income are to be reclassified into profit and loss upon disposal of relevant assets or liabilities, such gains or losses shall be reclassified into profit and loss when the Group loses significant influence in the associated company. If the Group still retains significant influence in the associated company, the above amounts previously recognized in other comprehensive income are reclassified proportionally in the manner mentioned above.

H. When the Group disposes an associated company, the Group reclassifies all capital reserves on the associated company into profit and loss if it loses significant influence, or proportionally into profit and loss if it retains significant influence.

(10) Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost and presented net of accumulated depreciation and cumulative impairment. The abovementioned cost includes the cost of uninstalling, removing and restoring property, plant and equipment at the given location, and any interest costs incurred on construction-in-progress. Significant compositions of property, plant, and equipment are depreciated separately. When making regular replacements for major component of property, plant and equipment, the Group treats the replacement as a separate asset and recognizes depreciation based on the specified useful years and depreciation method. Book values of replaced assets are removed from balance sheet in accordance with IAS 16 – "Property, plant and equipment". Major repair costs that satisfy the recognition criteria are treated as replacement costs and recognized as part of the book value of property, plant and equipment. All other repair and maintenance expenditures are recognized through profit and loss.

Depreciation is provided on a straight-line basis over the useful lives mentioned below:

Buildings	5~50 years
Machinery	4~25 years
Transport equipment	2~6 years
Other equipment	1~15 years
Lease improvements	Depreciation is provided over the lease tenor or useful life, whichever the shorter

The Group removes property, plant and equipment or any of its major components from balance sheet and recognizes differences through profit and loss when it disposes the asset or expects no further inflow of economic benefits from utilization or disposal of the asset.

Residual value, useful life and depreciation method of property, plant and equipment are evaluated on every balance sheet date. If the expected value differs from previous estimates, the difference is treated as a change of accounting estimate.

(11) Leasing arrangements －right-of-use assets/ lease liabilities

As a Lessee

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
(a) Fixed payments, less any lease incentives receivable;
(b) Variable lease payments that depend on an index or a rate;
(c) Amounts expected to be payable by the lessee under residual value guarantees;
(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
(a) The amount of the initial measurement of lease liability;
(b) Any lease payments made at or before the commencement date;
(c) Any initial direct costs incurred by the lessee; and
(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

As a Lessor

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Investment Property

Investment properties are measured at cost at initiation, which includes the transaction costs required for acquiring the asset. The book value of investment property includes any cost of repair and any addition to existing investment property that meets the recognition criteria, but excludes general, routine maintenance expenses. Investment properties are measured

using the cost approach at initiation and accounted according to IAS 16 – "Property, Plant and Equipment". However, this excludes assets that meet the criteria to be classified as pending sale (or group of assets pending sale) under IFRS 5 – "Non-current Assets Held for Sale and Discontinued Operations".

The calculation of depreciation should be based on the estimated service life of the following assets by straight-line method:

Buildings	32 years

Investment properties are removed from balance sheet with gains or losses recognized through profit and loss if they are disposed, never to be used, or are no longer expected to generate future economic benefits through disposal.

Assets are transferred into and out of the investment property category depending on their actual uses.

(13) Borrowing costs

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(14) Intangible assets

Intangible assets that are acquired separately are measured at cost at initiation. After initial recognition, book value of intangible assets is subsequently presented at cost less accumulated amortization and impairment. Intangible assets generated internally that do not meet the recognition criteria are not capitalized, but expensed through profit and loss at the time occurred.

Intangible assets are distinguished into those with finite useful lives and those with indefinite useful lives.

Finite-life intangible assets are amortized over the number of useful lives, and subjected to impairment tests if there are signs to suggest impairment. The term and method of amortization for finite-life intangible assets are re-examined at the end of each financial year. If an asset's expected useful life differs from the previous estimate or if there is a change to how future economic benefits are realized, the Group will adjust the term and method of amortization and account for the adjustment as a change of accounting estimate.

Indefinite-life intangible assets are not amortized, but are subjected to impairment tests on a yearly basis either on a standalone basis or as part of the cash-generating unit. Indefinite-life intangible assets are evaluated each year to determine whether there are events or circumstances that continue to support the assets' indefinite-useful-life classification. If the changes from indefinite useful life to finite useful life happens, the accounting impact are reocognized prospectively.

Gains or losses arising from the removal of intangible assets are recognized through profit and loss.

A. Intangible assets under development - research and development costs

Research costs are expensed when incurred. Individual projects are recognized as intangible assets when they progress into a stage that meets the following criteria:
(a) The intangible asset under development has achieved technical feasibility that enables it to be used or sold in the future.
(b) The Group has the intention to complete the asset and the capability to use or sell the asset.
(c) The asset will generate economic benefit in the future.
(d) The Group has adequate resource to complete the asset.
(e) Expenditures in the development stage can be measured reliably.

Research and development expenditures are capitalized at initiation using the cost approach, meaning that book value is determined as cost less accumulated amortization and cumulative impairment. This category of assets are subjected to annual impairment tests during the development stage, and are amortized over the duration in which they are expected to generate future benefits, starting from the time development is completed and that the project reaches its usable state.

B. Computer software

Cost of computer software is amortized on a straight-line basis over the estimated useful life.

C. Patent

Patents are amortized over the number of years granted by relevant government agencies.

D. Trademark

Trademarks acquired on a standalone basis are recognized at acquisition cost. Trademarks are finite-life assets, and are amortized on a straight-line basis over the estimated useful life.

(15) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use.

Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured as non-discounted amounts expected to be paid in the future, and are recognized as expenses when relevant service is rendered.

B. Pension

(a) Defined contribution plan

For defined contribution plan, the contributions payable to pension fund are recognized as pension costs in the year occurred on an accrual basis. Prepaid contributions that are refundable in cash or can be offset against future payments are recognized as assets.

(b) Defined benefit plan

i. Net obligations under a defined benefit plan are calculated by discounting employees' future benefits earned from current or previous services rendered, and by deducting the fair value of plan assets from the present value of defined benefit obligations as of the balance sheet. Net defined benefit obligations are calculated by actuaries on a yearly basis using the projected unit credit method. The discount rate is determined in reference to the market yield rate of a high-quality corporate bond of equivalent currency and tenor as the defined benefit plan as of the balance sheet date. In countries where transactions of high-quality corporate bonds are scarce, the market yield of government bond (as of the balance sheet date) is used instead.

ii. Remeasurement of defined benefit plan is recognized in other comprehensive income in the period occurred, and presented under retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Employee/director/supervisor remuneration

Employee/director/supervisor remuneration are recognized as expense and liability when the Group becomes legally obligated or is deemed obligated to pay, and that the amount can be reasonable estimated. Any differences between the amount estimated and the amount resolved/paid are treated as a change of accounting estimate. Where employee remuneration is paid in shares, the number of shares to be distributed is calculated based on the closing share price one day before the board of directors resolution date.

(17) Revenue recognition

A. Sales of goods

The Group is specialized in the manufacturing and distribution of Containerboard, paperboard and cartons to downstream manufacturers. The sales revenue should be recognized when the control over products is transferred to downstream manufacturers; specifically, products are delivered to downstream manufacturers, who, therefore, will have the discretionary power to decide the marketing channels and prices of products; and the Group does not fail to perform its obligations, which may prevent downstream manufacturers from accepting such products. Once products are delivered to the designated place, the risks of obsolescence and loss thereof will be transferred to downstream manufacturers, who accept products subject to the sales contracts; or if any objective evidence supports that all acceptance criteria are satisfied, it can be considered that commodity delivery is completed.

The sales revenue of Containerboard, paperboard and cartons should be recognized at the contract price less the estimated price reduction. The calculation of the price reduction for downstream manufacturers is generally based on the international market price of pulp in the month of sale. The Group estimates the price reduction by the expectancy method according to the previous experience. The amount of recognized revenue is subject to the revenue, for which no significant reversal will probably occur in the future, and the estimation should be updated on each balance sheet date. The estimated price reduction payable to customers relating to sale as at the balance sheet date is recognized as refund liability. The collection terms for sales expire within 30-180 days upon shipment, which is consistent with the market practice. Thus, it is determined that no significant financing component is included in contracts.

The accounts receivable should be recognized when the commodities are delivered to customers. Since then, the Group will have the unconditional entitlement to the contract price and can receive the consideration from customers after that.

B. Financing component

For any contracts between the Group and downstream manufacturers, no interval from the transfer of commodities or services to downstream manufacturers as promised to downstream manufacturers' payment exceeds one year. Therefore, the Group does not adjust any transaction value to reflect the time value of money.

C. Costs of acquisition of contracts with customers

The incremental costs incurred to the Group for acquiring contracts with customers are recoverable as expected. However, the term of related contracts remains valid within one year. Thus, such costs are recognized as expenses when they are incurred.

(18) Transaction of Share-based Payments

Share-based payments to employees are measured at fair value as of the vesting date. These payments are recognized as employment cost with a corresponding increase in equity in the period when employees become entitled to receive them unconditionally. The amount of remuneration is continually adjusted as service conditions and non-market value vesting conditions are met, and the final amount recognized is determined by the fulfillment of service conditions and non-market value vesting conditions on the vesting date.

Non-vesting conditions of share-based payment have been reflected in fair value assessment on the vesting date, and no adjustment was required for the differences between expected and actual results.

Should the Group decide to reserve part of its cash issue for subscription by employees, the vesting date is determined as the day when the Group is able to confirm number of shares to be subscribed by employees.

(19) Government subsidies

Government subsidies are recognized at fair value when the Group has reasonable assurance towards fulfilling the government's subsidy criteria and receiving the subsidy. For government subsidies that are aimed to reimburse expenses incurred, the Group will recognize government subsidies through current profit and loss in a systematic manner in the period when the relevant expenses are incurred.

(20) Income tax

A. Income tax expenses include current and deferred income tax. Income taxes are recognized in profit and loss, except for certain items that must be recognized in other comprehensive income or presented directly as equity item.

B. The Group calculates current income tax based on statutory tax rate applicable at countries of operation and where it generates taxable income as of the balance sheet date. The management regularly assesses income tax filing based on applicable income tax laws, and estimates income tax liabilities for the estimated amount of tax payable to the authority. Undistributed earnings are subject to additional income tax according to the Income Tax Act. This additional tax is recognized in the year after earning is made, when the earnings appropriation resolution is passed during the shareholder meeting and the amount of earnings retained can be ascertained.

C. Deferred income tax is accounted using the balance sheet method, and recognized on taxable temporary differences between the taxable basis and book value of assets and liabilities shown in the balance sheet. Deferred income tax liabilities arising from initial goodwill are not recognized. Existing deferred income taxes on transacted assets or liabilities (excluding corporate M&A) are not recognized if they do not affect accounting profit or taxable income (taxable loss) at the time of transaction. Temporary differences arising from investment in subsidiaries are not recognized as income tax asset/liability if the Group is able to control the timing at which temporary difference is reversed and that the temporary difference is unlikely to be reversed in the foreseeable future. Deferred income taxes are calculated using the tax rate (and tax law) applicable on the day deferred income tax assets/liabilities are expected to be realized/settled, based on prevailing laws as of the balance sheet date.

D. Deferred income tax assets are recognized to the extent that temporary differences are likely to offset future taxable income. Unrecognized and recognized deferred income tax assets are re-assessed on each balance sheet date.

E. The Group will offset current income tax asset against current income tax liability and settle on a netted basis or realize both at the same time only if it has the intent and is legally entitled to do so. The Group will offset deferred income tax assets against deferred income tax liabilities and settle on a netted basis or realize both at the same time only if it has the intent and is legally entitled to do so, and that the deferred income tax assets/liabilities are attributable to the same tax authority and the same taxpayer, or different taxpayers with mutual intent to settle on a netted basis.

F. Unused tax credits arising from equipment or technology purchase, research and development expenditure, and equity investment that are deferred until later periods can be recognized as deferred tax assets, to the extent that the Group is very likely to earn taxable income to offset the unused credits in the future.

(21) Earnings per common share

Basic earnings per share are calculated by dividing the amount of profits attributable to common shareholders with the weighted average number of outstanding common shares for the given period. Diluted earnings per share is calculated after adjusting the effect of potentially dilutive common shares to income attributed to common shareholders based on the weighted average number of outstanding common shares. The Group's dilutive potential ordinary shares include the estimated figure of employee bonuses.

(22) Dividend distribution

Dividends to Group's shareholders are recognized in financial statement in the year the shareholder meeting resolution is passed. Cash dividends pending payment are recognized as liability.

(23) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred,liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(24) Segment information

The Group's segment information is prepared in a manner consistent with what the decision makers rely on for internal management. The decision maker is responsible for allocating resources to the various segments and evaluating performance, and the board of directors has been identified as the Group's decision maker.

5. Main source of uncertainty for major accounting judgments, estimates and assumptions

The management had exercised judgment to determine the accounting policies to adopt when the Consolidated financial report was prepared, and made accounting estimates and assumptions based on prevailing circumstances and reasonable expectations toward future events as of the balance sheet date. The significant accounting estimates and assumptions made can differ from the actual result, which the management will continually evaluate and adjust based on historical experience and other factors. These estimates and assumptions may result in significant adjustments to the book value of assets and liabilities in the next financial year. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgments adopted for accounting policies

Investment property

Some of the real estate properties are held by the Group for rental income and capital gain, whereas others are held for self-occupation. Any parts that can be sold individually are separated between investment property and property, plant and equipment.

(2) Significant accounting estimates and assumptions

A. Revenue recognition

For any return/refund liability related to sales revenue, possible product return should be estimated according to the previous experience and other known reasons. Such liability should be recognized as decrease in sales revenue for the current period of product sale. The Group shall regularly inspect the reasonability of such estimation. The Group recognized NT$13,936 thousand as refund liability related to product return as at December 31, 2020.

B. Realizability of deferred income tax assets

Deferred income tax assets are recognized under the condition that the Group is very likely to generate taxable income to realize the assets in the future. When assessing realizability of deferred income tax assets, the management is required to make a number of significant accounting judgments and estimates including: future sales growth, profit margin, available income tax credit, and tax plan. Any changes in the global economic, industrial or regulatory environment may cause significant adjustments to deferred income tax asset in the future. As at December 31, 2020, the Group had deferred income tax assets outstanding at NT$566,773 thousand.

C. Valuation of inventory

Due to the fact that inventory is presented at the lower of cost or net realizable value, the Group is required to exercise judgment and make estimates in order to determine the net realizable value of inventory as of the balance sheet date. Inventory as of the balance sheet may be susceptible to normal wear, obsolescence, or loss of market value due to rapidly changing technologies. The Group estimates the above losses and reduces inventory cost down to the net realizable value. This inventory valuation is made by estimating product demand within a specific period of time in the future, which may give rise to significant changes. Book value of the Group's inventory as of December 31, 2020 totaled NT$3,709,242 thousand.

D. Calculation of net defined benefit liabilities

When calculating present value of defined benefit obligations, the Group is required to exercise judgments and make estimates in order to determine actuarial assumptions as of the balance sheet date. These assumptions include the discount rate and future salary growth. Any change Group s in actuarial assumptions may cause significant impacts on the Group's defined benefit obligations. Book value of the Group's net defined benefit liability as of December 31, 2020 totaled NT$48,120 thousand.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$22,056	$66,886
Petty cash	1,371	1,367
Bank deposits	1,123,339	1,994,981
Cash equivalents	234,769	291,681
Total	$1,381,535	$2,354,915

A. The Group transacts with a variety of financial institutions with high credit quality for the purpose of dispersing credit risk, so it is expected that the probability of counterparty default is low.

B. Cash equivalents refers to bank acceptance note due within three months from the date of acquisition, whose book value is approximately fair value.

C. Information relating to exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Group, please refer to note 12(2).

(2) Financial assets at fair value through profit or loss

Current:	December 31, 2020	December 31, 2019
Financial assets at fair value mandatorily through profit or loss		
Derivative financial assets (not under hedge accounting)		
Exchange rate option contracts (refer6(2) B)	$-	$30,727
Exchange rate swap contracts (refer6(2) C)	-	9,140
Non-derivative financial assets		
Listed stocks	382	376
Beneficiary certificates	6,661	6,629
Total	$7,043	$46,872
Financial liabilities at fair value through profit or loss		
Derivative financial liabilites (not under hedge accounting		
Exchange rate option contracts (refer6(2) B)	$224,004	$-
Exchange rate swap contracts (refer6(2) C)	19,042	-
Total	$243,046	$-

Non-current:	December 31, 2020	December 31, 2019
Financial assets designated as at fair value through profit or loss		
Unlisted stocks	$8,756	$8,756
Private funds	75,032	184,157
Valuation adjustment	(702)	(48,293)
Total	$83,086	$144,620

A. Mounts recognised in profit or loss in relation to financial assets at fair value through profit or loss were listed below:

	2020	2019
Financial assets at fair value mandatorily through profit or loss	$1,601	$56,067
Financial assets designated as at fair value through profit or loss	47,591	(20,987)
Financial liabilities at fair value through profit or loss	(202,968)	-
Total	$(153,776)	$35,080

B. At the end of the reporting period, outstanding exchange rate option contracts not under hedge accounting were as follows:

2020				
Notional Amount (In Thousands)	Type	Buy/Sell	Maturity Date	Exchange Rate
USD 9,940	Call /Put	Buy/Sell	2021.5.26	USD:CNY 7.2039
USD 7,120	Call /Put	Buy/Sell	2021.5.27	USD:CNY 7.2214
USD 5,000	Call /Put	Buy/Sell	2021.5.27	USD:CNY 7.2214
USD 5,000	Call /Put	Buy/Sell	2021.5.27	USD:CNY 7.2214
USD 12,000	Call /Put	Buy/Sell	2021.5.28	USD:CNY 7.2083
USD 5,000	Call /Put	Buy/Sell	2021.9.01	USD:CNY 6.9740
USD 5,000	Call /Put	Buy/Sell	2021.5.25	USD:CNY 7.2199
USD 5,000	Call /Put	Buy/Sell	2021.5.25	USD:CNY 7.2199
USD 4,000	Call /Put	Buy/Sell	2021.3.26	USD:CNY 7.1460
USD 4,000	Call /Put	Buy/Sell	2021.3.26	USD:CNY 7.1460
USD 5,000	Call /Put	Buy/Sell	2021.5.24	USD:CNY 7.1860
USD 5,000	Call /Put	Buy/Sell	2021.5.24	USD:CNY 7.1860
USD 5,000	Call /Put	Buy/Sell	2021.5.24	USD:CNY 7.1840
USD 5,000	Call /Put	Buy/Sell	2021.5.24	USD:CNY 7.1840
USD 5,000	Call /Put	Buy/Sell	2021.6.23	USD:CNY 7.2008
USD 5,000	Call /Put	Buy/Sell	2021.10.15	USD:CNY 6.8875

2019				
Notional Amount (In Thousands)	Type	Buy/Sell	Maturity Date	Exchange Rate
USD 5,000	Call /Put	Buy/Sell	2020.5.22	USD:CNY 6.9550
USD 4,940	Call /Put	Buy/Sell	2020.5.22	USD:CNY 6.9550
USD 4,120	Call /Put	Buy/Sell	2020.5.12	USD:CNY 6.9588
USD 7,120	Call /Put	Buy/Sell	2020.5.28	USD:CNY 6.9590
USD 5,000	Call /Put	Buy/Sell	2020.5.28	USD:CNY 6.9590
USD 5,000	Call /Put	Buy/Sell	2020.5.28	USD:CNY 6.9590
USD 5,000	Call /Put	Buy/Sell	2020.5.26	USD:CNY 6.9575
USD 5,000	Call /Put	Buy/Sell	2020.5.26	USD:CNY 6.9575
USD 12,000	Call /Put	Buy/Sell	2020.5.29	USD:CNY 6.9386
USD 5,000	Call /Put	Buy/Sell	2020.5.22	USD:CNY 6.9590
USD 5,000	Call /Put	Buy/Sell	2020.5.22	USD:CNY 6.9590
USD 5,000	Call /Put	Buy/Sell	2020.3.16	USD:CNY 6.7409
USD 5,000	Call /Put	Buy/Sell	2020.3.16	USD:CNY 6.7409
USD 5,000	Call /Put	Buy/Sell	2020.5.22	USD:CNY 6.9590
USD 5,000	Call /Put	Buy/Sell	2020.5.22	USD:CNY 6.9590

The Group entered into exchange rate option contracts to manage exposures to exchange rate fluctuations of foreign currency denominated liabilities.

C. At the end of the reporting period, outstanding exchange rate swap contracts not using under hedge accounting were as follows:

2020		
Notional Amount (In Thousands)	Maturity Date	Exchange Rate
USD 5,000	2021.10.15	USD:CNY 6.8825
USD 5,000	2021.10.15	USD:CNY 6.8825

2019		
Notional Amount (In Thousands)	Maturity Date	Exchange Rate
USD 4,000	2002.3.24	USD:CNY 6.7320
USD 4,000	2020.3.24	USD:CNY 6.7320

The Group entered into cross-currency swap contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated liabilities.

D. Information relating to credit risk of financial assets at fair value through profit or loss., please refer to note 12(2).

(3) Receivables

A. Receivables and non-performing loans

	December 31, 2020	December 31, 2019
Notes receivable	$8,671,747	$8,246,501
Notes receivable - measured at fair value through profit or loss	(4,546,675)	(3,870,947)
Allowance for doubtful accounts	(5,275)	(5,275)
Total	$4,119,797	$4,370,279

	December 31, 2020	December 31, 2019
Accounts receivable	$6,527,229	$6,072,039
Allowance for doubtful accounts	(249,622)	(234,932)
Subtotal	6,277,607	5,837,107
Accounts receivable - related parties	94,537	110,540
Total	$6,372,144	$5,947,647

	December 31, 2020	December 31, 2019
Overdue receivables (presented as other non-current assets)	$328,845	$344,966
Allowance for doubtful accounts	(328,845)	(344,966)
Total	$-	$-

(a) The ageing analysis of accounts receivable and notes receivable that were past due but not impaired was as follows:

	December 31, 2020	December 31, 2019
Not past due	$10,393,303	$10,344,222
Up to 30 days	239,073	130,131
31 to 90 days	15,692	1,081
91 to 180 days	6,267	200
Over 181 days	421,348	427,465
Total	$11,075,683	$10,903,099

The above aging analysis was based on past due date.

(b) As at December 31, 2020 and 2019, the Group's discounted notes receivable respectively amounted to NT$4,546,675 thousand and NT$3,870,947 thousand, which were assigned to banks by the Group without recourse factoring. Almost all risks and rewards of notes receivable would be transferred during future transfer. Consequently, they would be derecognized from the balance sheet. The objective of the Group's business model for managing such notes receivable is not collection of contractual cash flows or achieved both by collecting contractual cash flows or selling financial assets. Accordingly, such notes receivable are measured at fair value through profit or loss.

(c) As at December 31, 2020 and 2019, approx. NT$171,132 thousand and NT$184,043 thousand were provided as collaterals of short-term loans. Please refer to Footnotes 8 for details.

(d) Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were both its book value. Information on financial assets at fair value through profit or loss, please refer to note 12(2).

B. Other receivables

	December 31, 2020	December 31, 2019
Other receivables	$42,942	$62,245
Other receivables - other	8,226	16,176
Other receivables - dividend	192,200	192,200
Allowance for doubtful accounts	(5,688)	(4,600)
Total	$237,680	$266,021

The movements of the loss allowance of other receivable were as follows:

	2020	2019
Balance on January 1	$4,600	$4,863
(Reversal of) impairment losses	989	(84)
Effects of exchange rate changes	99	(179)
Ending balance	$5,688	$4,600

Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were both its book value.

(4) Inventories

	December 31, 2020	December 31, 2019
Raw materials and supplies	$2,495,730	$2,324,486
Work in progress	21,882	20,307
Finished goods	1,288,510	738,984
Allowance for inventory valuation loss	(96,880)	(35,117)
Total	$3,709,242	$3,048,660

Changes in allowance for inventory valuation loss were as follows: :

	2020	2019
Balance on January 1	$35,117	$79,255
Less: Loss (recovery) of net realizable value in the current period	59,883	(42,849)
Effects of exchange rate changes	1,880	(1,289)
Balance on December 31	$96,880	$35,117

The cost of inventories recognised as expense for the year were as follows: :

	2020	2019
Loss on decline in market value(Gain on reversal of decline in market value)	$59,883	$(42,849)
Unallocated manufacturing overhead due to the actual production being lower than the normal capacity	508,282	161,623
Income from sale of scraps	(29,519)	(48,292)
Cost of power sold	68,599	70,520
Loss on physical counts	(22)	-
Others	155,027	176,095
Total	$762,250	$317,097

(5) Prepayments

	December 31, 2020	December 31, 2019
Prepaid insurance expense	$9,116	$25,544
Prepayment for purchases	312,060	248,067
Input VAT tax	2,198,051	2,365,567
Others	205,972	106,404
Total	$2,725,199	$2,745,582

(6) Other current assets

	December 31, 2020	December 31, 2019
Other financial assets - Current - Restricted deposits (within one year)	$442	$45,001
Other current assets	22,536	15,691
Total	$22,978	$60,692

For restricted deposits (within one year) for which collaterals have been provided as bank loans, please refer to note 8.

(7) Investments accounted for using equity method

	December 31, 2020		December 31, 2019	
Investee's name	Amount	Proportion of shareholding Ratio	Amount	Proportion of shareholding Ratio
Long Sheng Investment Co., Ltd.	$1,719,722	46.86	$1,264,337	46.86
Long Hwa Developing Investment Co., Ltd.	627,389	22.84	472,725	22.84
Yuema Engineering Co., Ltd.	915,081	34.71	564,164	34.71
Yuema International Co., Ltd.	352,719	38.82	234,422	38.82
Yuema Investment Co., Ltd.	5,065	20.95	6,299	20.95
Baolong International Co., Ltd.	2,074,335	35.84	1,195,633	35.84
Nanjing Hongcheng Technology Co., Ltd	22,312	49.00	-	-
Total	$5,716,623		$3,737,580	

A. For the purpose of operation demand, the Group maded the investment of CNY 4,900 thousand in Nanjing Hongcheng Technology Co., Ltd through Hubei Longchen. The ownership is 49%.

B. In 2019, the Group completed the liquidation procedure for companies not listed in TWSE/TPEx regarding the equity instruments of financial assets at fair value through other comprehensive income held by associates. Consequently, other related equity (i.e. carrying amount of unrealized gain or loss on FVTOCIFA) were decreased, and the retained earnings were increased by NT$46,479 thousand, respectively.

C. Longchen P&P granted its stocks of invetsed company, Long Hwa Developing Investment Co., Ltd., to Longchen Circular Economy Environmental at NT$84,551 thousand by 7,340 thousand shares. In the end of 2019, the Group's ownership of Long Hwa Developing Investment Co., Ltd. was descreased from 26.84% to 22.84%.

D. As of December 31, 2020 and 2019, the carrying amount of the Group's individually immaterial associates amounted to NT$5,716,623 thousand and NT$3,737,580 thousand, respectively.

The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results were summarized below:

	2020	2019
Income tax expense	$29,150	$31,122
Profit for the period from continuing operations	$181,735	$343,951
Other comprehensive (loss) income, net of tax	5,304,260	319,015
Total comprehensive income	$5,485,995	$662,966

E. Share of gain from subsidiaries and associated companies accounted using the equity method:

Investee's name	2020	2019
Long Sheng Investment Co., Ltd.	$3,888	$21,725
Long Hwa Developing Investment Co., Ltd.	866	7,941
Yuema Engineering Co., Ltd.	(3,201)	7,863
Yuema International Co., Ltd.	34,850	46,333
Yuema Investment Co., Ltd.	(1,234)	951
Baolong International Co., Ltd.	33,663	43,478
Nanjing Hongcheng Technology Co., Ltd	845	-
Total	$69,677	$128,291

For the years ended December 31, 2020 and 2019, the share of profit of associates and joint ventures under equity method was NT$69,677 thousand and NT$128,291 thousand, respectively. The recognition of associates and joint ventures under equity method is based on the financial statements of the investees audited by auditors.

F. The fair value of the Group's joint ventures with quoted market prices is as follows:

	December 31, 2020	December 31, 2019
Baolong International Co., Ltd.	$971,269	$765,653

G. The Group is the single largest shareholder of Baolong International Co., Ltd. with a 35.84% equity interest. Based on the previous experience of directors and shareholders' meeting , the Group didn't control 50% directors so it indicates that the Group has no current ability to direct the relevant activities. For the other invested companies,, the Group is not the single largest shareholder what has no control, but only has significant influence, over the investee.

(8) Property, plant and equipment

	Land and land improvements	Buildings	Machinery	Transport equipment	Lease improvements	Other equipment	Construction in progress	Total
Cost:								
January 1, 2020	$3,498,656	$8,837,542	$41,065,115	$416,765	$9,767	$2,557,571	$2,650,122	$59,035,538
Additions	1,237	53,521	558,259	40,088	-	18,863	818,869	1,490,837
Disposals	-	(15,354)	(384,332)	(45,436)	-	(25,352)	-	(470,474)
Other changes	157	529,938	877,349	2,900	-	13,248	(477,323)	946,269
Effects of exchange rate changes	23,142	112,291	553,027	4,958	-	41,119	36,216	770,753
December 31, 2020	$3,523,192	$9,517,938	$42,669,418	$419,275	$9,767	$2,605,449	$3,027,884	$61,772,923
January 1, 2019	$3,136,704	$8,287,254	$39,001,993	$425,534	$9,767	$2,518,377	$3,919,188	$57,298,817
Additions	123,360	253,572	2,482,834	41,714	-	57,142	1,202,773	4,161,395
Disposals	-	(243,654)	(562,775)	(38,920)	-	(18,600)	-	(863,949)
Other changes	292,044	795,539	1,405,739	271	-	95,658	(2,385,929)	203,322
Effects of exchange rate changes	(53,452)	(255,169)	(1,262,676)	(11,834)	-	(95,006)	(85,910)	(1,764,047)
December 31, 2019	$3,498,656	$8,837,542	$41,065,115	$416,765	$9,767	$2,557,571	$2,650,122	$59,035,538

	Land and land improvements	Buildings	Machinery	Transport equipment	Lease improvements	Other equipment	Construction in progress	Total
Depreciation and impairment loss:								
January 1, 2020	$128,803	$2,214,502	$12,428,320	$258,354	9,767	$1,316,431	$-	$16,356,177
Depreciation	44,033	289,151	1,782,792	46,212	-	166,138	-	2,328,326
Disposals	-	(12,201)	(289,138)	(38,285)	-	(19,281)	-	(358,905)
Effects of exchange rate changes	3,001	26,985	168,838	2,979	-	23,625	-	225,428
December 31, 2020	$175,837	$2,518,437	$14,090,812	$269,260	$9,767	$1,486,913	$-	$18,551,026
January 1, 2019	$93,177	$2,179,715	$11,468,236	$249,581	$9,767	$1,206,632	$-	$15,207,108
Depreciation	40,296	284,167	1,749,950	46,982	-	174,202	-	2,295,597
Disposals	-	(198,579)	(438,733)	(31,348)	-	(17,065)	-	(685,725)
Reversal of impairment loss	-	-	(32,577)	-	-	-	-	(32,577)
Effects of exchange rate changes	(4,670)	(50,801)	(318,556)	(6,861)	-	(47,338)	-	(428,226)
December 31, 2019	$128,803	$2,214,502	$12,428,320	$258,354	$9,767	$1,316,431	$-	$16,356,177
Carrying amount:								
December 31, 2020	$3,347,355	$6,999,501	$28,578,606	$150,015	$-	$1,118,536	$3,027,884	$43,221,897
December 31, 2019	$3,369,853	$6,623,040	$28,636,795	$158,411	$-	$1,241,140	$2,650,122	$42,679,361

A. Some of the property, plant and equipment have been placed as collaterals to secure bank borrowings. For details, please refer to Note 8.

B. Amount of borrowing costs capitalised as part of intangible assets and the range of the interest rates for such capitalisation were as follows:

Item	2020	2019
Capitalized amount	$95,610	$104,045
Interest rate collars for capitalization of borrowing costs	1.17%~5.46%	1.15%- 5.46%

C. The Group's machinery equipment mainly comprises corrugation machines, printing/cutting machines, paper machines, and anaerobic wastewater treatment, which are depreciated over 15, 9, 25 and 15 years, respectively.

D. Some of the Longchen P&P's lands are agricultural lands, which are temporarily held under the names of third parties due to their inability to be transferred. The Group has obtained certificates of entitlement on the lands and arranged for third-party owners to sign affidavits as a form of security.

(9) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings and Transportion equipment. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. For short-term leases (ex. land, building and transportation equipments) with a lease term of 12 months or less and low-value assets, the Company didn't capitalize them as right-of-use assets.

C. The carrying amount of right-of-use assets and the depreciation charge were as follows:

	December 31, 2020	December 31, 2019
Carrying amount		
Land (including land use right)	$1,496,458	$1,493,014
Building	41,407	58,282
Transportion equipment	64,331	58,573
Total	$1,602,196	$1,609,869
Addition	$87,111	$39,426
Disposals	$(7,466)	$(10,927)
Depreciation		
Land	$48,362	$41,864
Building	23,507	25,132
Transportion equipment	32,152	27,293
Total	$104,021	$94,289

Some of the Group's right-of-use has been placed as collaterals to long-term borrowings. Please refer to Note 8.

D. Leased Liability

	December 31, 2020	December 31, 2019
Carrying amount		
Current	$61,145	$57,880
Non-current	92,705	94,957
Total	$153,850	$152,837

(a) The related income impact of lease contract were as follows:

The items of related income were as follows	2020	2019
Interest expense	$3,956	$3,039
Short-term leases	$22,080	$22,543
Low-value leases	$1,461	$1,275
Gain on sublease of right-of-use assets (presented as other incomes)	$14,621	$20,332
Gain on sublease of right-of-use assets(presented as operating revenue)	$36,830	$49,065
Lease modification gain	$248	$70

(b) The cash flow out of lease in 2020 and 2019 was NT$71,210 thousand and NT$58,277 thousand.

(10) Investment Property

	Land	Buildings	Total
Cost:			
January 1, 2020	$4,493	$5,953	$10,446
December 31, 2020	$4,493	$5,953	$10,446
January 1, 2019	$4,493	$5,953	$10,446
December 31, 2019	$4,493	$5,953	$10,446
Depreciation and impairment:			
January 1, 2020	$-	$2,938	$2,938
Depreciation	-	110	110
December 31, 2020	$-	$3,048	$3,048
January 1, 2019	$-	$2,828	$2,828
Depreciation	-	110	110
December 31, 2019	$-	$2,938	$2,938
Book value:			
December 31, 2020	$4,493	$2,905	$7,398
December 31, 2019	$4,493	$3,015	$7,508

A. Rent income and direct expenses associated with investment property were as follows.:

	2020	2019
Rent income from investment property	$-	$-
Less: Direct expenses incurred in relation to current rent income generated from investment property	(110)	(110)
Total	$(110)	$(110)

B. Longchen P&P's did not perform fair value measurement for the fair values of investment properties held. Instead, Longchen P&P merely disclosed fair value information using level 3 input. Fair values of the Longchen P&P's investment properties as of December 31, 2020 and 2019, were NT$10,421 thousand and NT$11,761 thousand, respectively. The abovementioned fair values were established based on the latest deal prices of similar real estate located near the investment properties.

(11) Other non-current assets

	December 31, 2020	December 31, 2019
Prepayment for land	$28,814	$32,652
Prepayment for equipment	3,401,524	1,359,231
Refundable deposits	34,962	76,256
Other non-current assets		
Deferred debits	305,712	305,712
Others	5,556	2,754
Total	$3,776,568	$1,776,605

(12) Short-term borrowings

	December 31, 2020	December 31, 2019
Credit loans	$8,421,310	$9,613,585
Secured loans	437,700	645,750
Total	$8,859,010	$10,259,335
Interest rate collars of ending balance	1.05%~4.99%	0.88%- 5.00%
Limit not used	$4,585,654	$6,198,370

The credit loan part of the above subsidiaries is jointly guaranteed by Longchen P&P; another asset is provided as a collateral guarantee, please refer to Note 8.

(13) Short-term notes and bills payable

	December 31, 2020	December 31, 2019
Commercial paper	$-	$1,500,000
Commercial paper discount	-	(1,448)
Total	$-	$1,148,552
Interest rate for the end-of-period balance	-%	1.153%-1.232%

(14) Corporate bonds payable

	December 31, 2020	December 31, 2019
Domestic first secured ordinary corporate bonds in 2018	$2,500,000	$2,500,000
Less: the portion due within one year	-	-
Ending corporate bonds payable	$2,500,000	$2,500,000

In order to revitalize the working capital, repay debts and improve the financial structure, the board of directors decided to raise money for offering the domestic secured ordinary corporate bonds, which was approved by the Taipei Exchange on August 16, 2018 and completed on August 23, 2018.

Major conditions on the issuance of this corporate bond:

A. Grant period: as of August 23, 2018 till August 23, 2023, i.e. five years in total;

B. Total amount of issuance: NT$2,500,000 thousand , i.e. NT$1,000 thousand per coupon, at par value;

C. Coupon rate: 0.85% of fixed annual rate;

D. Interest calculation and payment: annual payment with a coupon rate as of the issue date; simple interest is payable annually;

E. Principal repayment schedule: repay on the expiry date five years later as of the issue date.

(15) Long-term loans

A. Statement of long-term loans:

Nature of loan	Lender	Contract term	December 31, 2020	December 31, 2021	Repayment terms
Secured loan	First Commercial Bank (the 12th syndicated loan)	From March 2016 to March 2021	$-	$3,210,000	Please refer to Footnotes 6(15)B for details.
Secured loan	First Commercial Bank (the 19th syndicated loan)	From November 2019 to November 2026	2,129,000	594,000	Please refer to Footnotes 6(15)B for details.
Secured loan	First Commercial Bank (the 21th syndicated loan)	From June 2020 to June 2025	1,600,000	-	Please refer to Footnotes 6(15)B for details.
Commercial paper	First Commercial Bank (the 21th syndicated loan)	From June 2020 to June 2025	2,397,088	-	Please refer to Footnotes 6(15)B for details.
Unsecured loan	Hua Nan Bank	From December 2019 to December 2029	665,600	33,000	Monthly interest payment, principal repayment at expiry date.
Unsecured loan	JihSun Commercial Bank	From May 2019 to May 2021	300,000	300,000	Credit circulation, monthly interest payment, principal repayment at expiry date.
Unsecured loan	JihSun Commercial Bank	From July 2020 to July 2022	450,000	-	Credit circulation, monthly interest payment, principal repayment at expiry date.
Unsecured loan	Mizuho Bank	From July 2018 to July 2020	-	450,000	Credit circulation, monthly interest payment, principal repayment at expiry date.
Unsecured loan	Far Eastern International Bank	From June 2018 to June 2021	375,000	500,000	Credit circulation, monthly interest payment, principal repayment at expiry date.
Unsecured loan	The Export-Import Bank of the Republic of China	From April 2017 to April 2022	90,000	150,000	The principal for the first installment should be repaid on the date when a loan has been issued for the first time since 18 months ago, and subsequent principal repayment should be made per six months, i.e. 10 installments. The interest should be paid on the following day (i.e. the 21st day) after the loan has been issued for the first time, and subsequent interest should be paid on a monthly basis.
Unsecured loan	The Export-Import Bank of the Republic of China	From March 2019 to March 2021	100,000	100,000	Credit circulation, monthly interest payment, (The interest should be paid on the following day (i.e. the 21st day) principal repayment at expiry date.
Unsecured loan	E.SUN BANK	From June 2019 to June 2021	-	200,000	Monthly interest payment, principal repayment at expiry date.
Unsecured loan	Cooperative Bank	From April 2019 to April 2021	-	200,000	Monthly interest payment, principal repayment at expiry date.
Unsecured loan	Yuanta Bank	From May 2019 to May 2021	400,000	400,000	Monthly interest payment; disbursement and repayment at any time within the validity period of the limit; maximum load term no longer than 90 days.

Nature of loan	Lender	Contract term	December 31, 2020	December 31, 2021	Repayment terms
Secured loan	Yuanta Bank	From October 2019 to October 2026	210,000	40,000	Credit circulation, monthly interest payment, the principal will be repaid in 3 years later than the first loan disbursement date by monthly payment in the 15th day of each month.
Unsecured loan	Cooperative Bank	From December 2020 to January 2021	198,000	-	Credit circulation, monthly interest payment, principal repayment at expiry date.
Unsecured loan	Entie Commercial Bank	From December 2018 to December 2030	-	150,000	Monthly interest payment; scheduled principal repayment by installment; maximum load term no longer than 90 days.
Fiduciary loan	First Commercial Bank (the 13rd syndicated loan)	From May 2016 to March 2021	-	899,296	The principal was fully repaid.
Secured loan	First Commercial Bank (the 16th (1) syndicated loan)	From October 2016 to October 2023	8,699,964	8,553,182	Please refer to Footnotes 6(15)B for details.
Secured loan	First Commercial Bank (the 16th (2) syndicated loan)	From August 2018 to August 2022	3,112,401	2,671,504	Please refer to Footnotes 6(15)B for details.
Secured loan	First Commercial Bank (the 17th syndicated loan)	From May 2018 to May 2022	1,054,537	1,232,776	Please refer to Footnotes 6(15)B for details.
Secured loan	First Commercial Bank (the 18th syndicated loan)	From May 2019 to May 2022	2,713,069	2,961,761	Please refer to Footnotes 6(15)B for details.
Secured loan	First Commercial Bank (the 20th syndicated loan)	From November 2019 to November 2022	2,115,000	2,103,851	Please refer to Footnotes 6(15)B for details.
Fiduciary loan	First Commercial Bank (the 22th syndicated loan)	From October 2020 to September 2025	925,600	-	Please refer to Footnotes 6(15)B for details.
Secured loan	Land Bank OF Taiwan	From January 2017 to January 2023	134,450	185,134	Employed from January 2017; 1st installment starts upon the first 30 months, and each subsequent installment starts per 6 months; principal repayment in 8 installments.
Secured loan	Taiwan Cooperative Bank	From December 2017 to December 2024	142,690	204,488	1st installment starts upon 24 months as of the date of first employment, and each subsequent installment starts per 6 months; 5% repaid from the 1st to 6th installment, 10% repaid from the 7th to 10th installment, 30% repaid in the 11th installment.
Secured loan	Taiwan Cooperative Bank	From January 2019 to January 2026	128,552	116,080	Employed from January 2019; 1st installment starts upon the first 24 months, and each subsequent installment starts per 6 months, total11 months, 1 th -4 th payment CNY2,000 thousand, 5 th -10 th payment CNY8,000 thousand, 11th payment CNY14,000 thousand.
Long-term loans due within one year			(8,538,151)	(9,214,312)	
Total			$19,402,800	$16,040,760	
Interest rate collars of ending balance			0.845%~5.4625%	1.10%-5.4625%	
Limit not used			$2,009,693	$4,853,945	

B. Key terms of the abovementioned syndicated loan contracts

Summary	The 16th syndicated loan (1st installment)	The 16th syndicated loan (2nd installment)
Lead arranger / management bank	First Commercial Bank Ltd.	First Commercial Bank Ltd.
Bank syndicate	10 lenders including First Commercial Bank Ltd.	6 lenders including First Commercial Bank Ltd.
Credit limit	Facilitate A: Medium (fiduciary) borrowing; CNY 1,700,000 thousand credit limit; non-circulating. Facilitate B: Medium borrowing; CNY 290,000 thousand credit limit; circulating within the loan tenor.	Facilitate A: Medium (fiduciary) borrowing; CNY 730,000 thousand, no revolver credit limit; non- circulating. Facilitate B: Medium borrowing; US 24,000 thousand credit limit; no revolver.
Utilization	Facilitate A: CNY 1,700,000 thousand Facilitate B: CNY 290,000 thousand	Facilitate A: CNY 633,000 thousand Facilitate B: CNY 12,000 thousand
Loan tenor	Facilitate A: 7 years from the first drawdown Facilitate B: 5 years from the first drawdown 2016.10.25-2023.10.25	Facilitate A: 4 years from the first drawdown Facilitate B:4 years from the first drawdown 2018.8.30-2022.8.30
Interest rate	Facilitate A: 4.9000% Facilitate B: 4.3500%	Facilitate A:5.4625% Facilitate B:1.72438%
Collateral	Properties, plants, equipment and right to use lands of subsidiaries in China	Properties, plants, equipment and right to use lands of subsidiaries in China
Commitments	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦210% (2016.10.25-2017.12.31) Leverage ratio≦230% (2018.1.1-2020.12.31) Leverage ratio≦220% (2021.1.1-2021.12.31) Leverage ratio≦210% (2022.1.1-2022.12.31) Leverage ratio≦200% (After 2023.1.1) Interest coverage ratio≧250% Tangible net worth≧100 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a company is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender.	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦230% (2018.8.30-2020.12.31) Leverage ratio≦220% (2021.1.1-2021.12.31) Leverage ratio≦210% (After 2022.1.1) Interest coverage ratio≧250% Tangible net worth≧100 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a company is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender.
Repayment terms	The 1st installment period shall start from the first employment date to the day when the 42th month expires; every six months subsequently shall be regarded as one installment period and there shall be eight installment periods in total. The repayment term and rates are as follows: Repayment date Rate The 54th month 8.34% The 60th month 8.33% The 66th month 8.33% The 72nd month 10% The 78th month 10% The 84th month 55%	The 1st installment period shall start from the first employment date to the day when the 24th month expires; every six months subsequently shall be regarded as one installment period and there shall be five installment periods in total. The repayment term and rates are as follows: Repayment date Rate The 30th month 10% The 36th month 10% The 42nd month 10% The 48th month 70%

Summary	The 17th syndicated loan	The 18th syndicated loan
Lead arranger / management bank	First Commercial Bank Ltd.	First Commercial Bank Ltd.
Bank syndicate	5 lenders including First Commercial Bank Ltd.	7 lenders including First Commercial Bank Ltd.
Credit limit	Facilitate A: Medium-term (fiduciary) loan; credit line - CNY 290,000 thousand; no revolver; the common credit line for that in Paragraph B shall not exceed an amount equivalent to CNY 290 million (hereinafter referred to as "Common Credit Line for A and B"). Facilitate B: Medium-term loan; credit line – USD 43,500 thousand; revolver; the common credit line for that in Paragraph A shall not exceed the common credit line for A and B.	Medium borrowing; CNY 690,000 thousand credit limit; circulating within the loan tenor.
Utilization	Facilitate A: CNY 0 thousand Facilitate B: USD 37,062 thousand	Facilitate A: CNY 621,000 thousand
Loan tenor	Facilitate A: 5 years from the first drawdown Facilitate B: 5 years from the first drawdown 2017.5.12-2022.5.12	Facilitate A: 3 years from the first drawdown Facilitate B: 3 years from the first drawdown 2019.5.24-2022.5.24
Interest rate	Facilitate A: -% Facilitate B: 1.96%	Facilitate A: 4.8900
Collateral	None	Properties, plants, equipment and right to use lands of subsidiaries in China
Commitments	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦210% (2017.5.12-2017.12.31) Leverage ratio≦230% (2018.1.1-2020.12.31) Leverage ratio≦220% (2021.1.1-2021.12.31) Leverage ratio≦210% (After 2022.1.1) Interest coverage ratio≧250% Tangible net worth≧100 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a company is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender.	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦230% (2019.1.1-2020.12.31) Leverage ratio≦220% (2021.1.1-2021.12.31) Leverage ratio≦210% (2022.1.1-2022.12.31) Leverage ratio≦200% (2023.1.1-2023.12.31) Interest coverage ratio≧250% Tangible net worth≧100 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a company is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender.
Repayment terms	All such loans shall be repaid on the expiry date as agreed in the applications for loan employment.	All such loans shall be repaid on the expiry date as agreed in the applications for loan employment.

Summary	The 19th syndicated loan	The 20th syndicated loan
Lead arranger / management bank	First Commercial Bank Ltd.	First Commercial Bank Ltd.
Bank syndicate	5 lenders including First Commercial Bank Ltd.	5 lenders including First Commercial Bank Ltd.
Credit limit	Facilitate A: Medium (secured) borrowing; NT$530,100 thousand credit limit; non- circulating. Facilitate B1: Medium (secured) borrowing; NT$1,402,200 thousand credit limit; non- circulating. Facilitate B2: Medium borrowing; NT$461,700 thousand credit limit; non- circulating. Facilitate C: Medium borrowing; NT$532,000 thousand credit limit; non- circulatin.	Medium borrowing; CNY 510,000 thousand credit limit; circulating within the loan tenor.
Utilization	Facilitate A: NT$452,000 thousand Facilitate B1: NT$1,257,000 thousand Facilitate B2: NT$140,000 thousand Facilitate C: NT$280,000 thousand	CNY 484,500 thousand
Loan tenor	Facilitate A: 7 years from the first drawdown Facilitate B1: 7 years from the first drawdown Facilitate B2: 7 years from the first drawdown Facilitate C: 7 years from the first drawdown 2019.11.15-2026.11.115	3 years from the first drawdown 2019.11.7- 2022.11.7
Interest rate	Facilitate A: 1.5000% Facilitate B1: 1.5000% Facilitate B2: 1.3105% Facilitate C: 1.5000%	4.385%
Collateral	Land of Erlin Ln located in Changhua	Properties, plants, equipment and right to use lands of subsidiaries in China
Commitments	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦230% (2019.1.1~2020.12.31) Leverage ratio≦220% (2021.1.1~2021.12.31) Leverage ratio≦210% (2022.1.1~2022.12.31) Leverage ratio≦200% (After 2023.1.1) Interest coverage ratio≧250% Tangible net worth≧150 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a company is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lenders.	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦230% (2019.1.1~2020.12.31) Leverage ratio≦220% (2021.1.1-2021.12.31) Leverage ratio≦210% (2022.1.1~2022.12.31) Leverage ratio≦200% (After 2023.1.1) Interest coverage ratio≧250% Tangible net worth≧150 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a company is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lenders.
Repayment terms	Facilitate A: The first principal repayment is due 3 years after the first drawdown, whereas subsequent repayments occur once every 6 months. Balances outstanding at the end of the drawdown period on Facility A is scheduled to be repaid over 5 equal installments.	All such loans shall be repaid on the expiry date as agreed in the applications for loan employment. The 1st installment period shall start from the first employment date to the day when the 12th month expires; every six months subsequently shall be regarded as one installment period and there shall be five installment periods in total. The repayment term and rates are as follows: Repayment date Rate The 18th month after the first employment date 5% The 24th month 5% The 30th month 5% The 36nd month 5% The 42th month 80%

Summary	The 21th syndicated loan	The 22th syndicated loan
Lead arranger / management bank	First Commercial Bank Ltd.	First Commercial Bank Ltd.
Bank syndicate	11 lenders including First Commercial Bank Ltd.	8 lenders including First Commercial Bank Ltd.
Credit limit	Facilitate A: Medium (secured) borrowing; NT$1,600,000 thousand credit limit; non-circulating. Facilitate B: Medium borrowing; NT$2,400,000 thousand credit limit; circulating within the loan tenor. Facilitate C: Medium commercial paper: NT$2,400,000 thousand credit limit; non- circulating.	Medium-term (fiduciary) borrowing; equivalent to USD 32,500 thousand; in installment but no revolver.
Utilization	Facilitate A: 1,600,000 thousand Facilitate B: 0 thousand Facilitate C: 2,400,000 thousand	USD 32,500 thousand
Loan tenor	5 years from the first drawdown 2020.6.14- 2025.6.16	5 years from the first drawdown 2020.9.9- 2025.9.9
Interest rate	Facilitate A: 1.7895% Facilitate B: -% Facilitate C: 1.080%-1.091%	2.106%
Collateral	Land and related plant located in Taoyuan.	NA
Commitments	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦230% (2020.1.1~2020.12.31) Leverage ratio≦220% (2021.1.1-2021.12.31) Leverage ratio≦210% (2022.1.1~2022.12.31) Leverage ratio≦200% (After 2123.1.1) Interest coverage ratio≧250% Tangible net worth≧150 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a company is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦230% (2020.1.1~2020.12.31) Leverage ratio≦220% (2021.1.1-2021.12.31) Leverage ratio≦210% (2022.1.1~2022.12.31) Leverage ratio≦200% (After 2123.1.1) Interest coverage ratio≧250% Tangible net worth≧150 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a company is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender
Repayment terms	Facilitate A: The first principal repayment is due 2 years after the first drawdown, whereas subsequent repayments occur once every 6 months. Balances outstanding at the end of the drawdown period scheduled to be repaid over 7 equal installments. Facilitate B and C: The principal repayment is made in the expirary date of the loan.	The first installment will be repaid on the day of 24 months from September 2020, and thereafter, every twelve months will be divided into four installments and amortized equally.

C. The Group has provided other financial assets, properties, plants and equipment as collaterals of long-term loans. Please refer to Footnotes 8 for details.

(16) Refund liability - current

Sales returns and allowances

The Group estimates sales returns and allowances based on the previous experience and other reasons already known. Such sales returns and allowances are regarded as decrease in sales revenue and recognized into refund liability related to product return.

	January 1, 2020	Additions in current period	Reversals in current period	December 31, 2020
Sales return and discount - current	$14,818	$164,060	$164,942	$13,936

	January 1, 2019	Additions in current period	Reversals in current period	December 31, 2019
Sales return and discount - current	$16,287	$150,349	$151,818	$14,818

(17) Pensions

A. Defined benefit plans

(a) Longchen P&P has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. Longchen P&P contribute monthly an amount equal to 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, Longchen P&P would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, Longchen P&P will make contributions for the deficit by next March.

(b) Amounts recognized in the standalone balance sheet were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$146,109	$152,938
Fair value of plan assets	(97,989)	(98,661)
Net defined benefit liabilities - non-current	$48,120	$54,277

(c) Changes in present value of defined benefit obligation were as follows :

	2020	2019
Balance at January 1	$152,938	$154,074
Current service cost	2,969	3,269
Interest costs	1,529	1,695
Remeasurements		
Acturial losses (gains)-Change in financial assumptions	1,427	3,229
Acturial losses (gains)-Experience adjustments	11,640	(2,948)
Benfit paid by the plan	(24,394)	(6,381)
Balance at December 31	$146,109	$152,938

(d) Changes in the fair value of plan assets were as follows:

	2020	2019
Fair value of plan assets on January 1	$98,661	$93,933
Interest income	1,022	1,071
Remeasurement		
Return on plan assets (excluding net interests on net defined benefit liabilities)	2,927	2,899
Contribution by employer	19,773	7,139
Benefits paid from plan assets	(24,394)	(6,381)
Fair value of plan assets as of December 31	$97,989	$98,661

(e) Changes in net defined benefit liability were as follows:

	2020	2019
Net defined benefit liability as of January 1	$54,277	$60,141
Defined benefit costs recognized in profit and loss	3,476	3,893
Contribution by employer	(19,773)	(7,139)
Defined benefit costs recognized in other comprehensive income	10,140	(2,618)
Net defined benefit liability as of December 31	$48,120	$54,277

(f) Details of pension expense (income) recognized in the statement of comprehensive income were as follows:

	2020	2019
Current service costs	$2,969	$3,269
Interest cost of defined benefit obligation	1,529	1,695
Interest income on plan assets	(1,022)	(1,071)
Pension cost for the current period	$3,476	$3,893

Presentation of the above expenses in the standalone statement of comprehensive income, by cost and expense categories were as follows:

	2020	2019
Operating costs	$2,557	$2,830
Selling expenses	212	293
General and administrative expenses	707	770
	$3,476	$3,893

(g) Remeasurement of defined benefit plan recognized in other comprehensive income were as follows:

	2020	2019
Remeasurement		
Return on plan assets (excluding net interests on net defined benefit liability)	$(2,927)	$(2,899)
Change in financial assumption	1,427	3,229
Experience adjustments	11,640	(2,948)
Recognized in other comprehensive income	$10,140	$(2,618)

(h) The Bank of Taiwan was commissioned to manage the Fund of the Longchen P&P's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. Longchen P&P and domestic subsidiaries have no right to participate in managing and operating that fund and hence Longchen P&P and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020, and December 31, 2019, is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(i) Actuarial assumptions for the pension calculation were as follows:

	2020	2019
Discount rate	1.00%	1.00%
Rate of future salary increase	1.00%	1.00%

The mortality is estimated according to the "Taiwan Standard Ordinary Experience Mortality Table" (TSO).

The following shows impact of changes in actuarial assumption on the present value of defined benefit obligations:

	Discount rate		Rate of future salary increase	
December 31, 2020	0.25% increase	0.25% decrease	1.00% increase	1.00% decrease
Defined benefit obligations	$(1,779)	$1,828	$7,506	$(6,879)
December 31, 2019				
Defined benefit obligations	$(2,307)	$2,377	$9,887	$(8,962)

The above sensitivity analysis assumes changes to one variable at a time while keeping all other variables constant. In reality, however, multiple assumptions may change at the same time and are related to each other. The sensitivity analysis was conducted using the same method as how net defined benefit liabilities-net are presented in the balance sheet.

Methodology and assumption for current period's sensitivity analysis are consistent with those of the previous period.

(j) Longchen P&P expects to make contributions totaling NT$19,772 thousand to the pension plan within the one year after December 31, 2020.

(k) As of December 31, 2020, the pension plan had an average duration of 5.6 years.

B. Defined contribution plans

(a) Effective July 1, 2005, Longchen P&P and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, Longchen P&P and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of Longchen P&P for the years ended December 31, 2020 and December 31, 2019, were NT$32,246 thousand and NT$31,054 thousand, respectively.

(b) L&C, Dalton, Long Chen Paper (China), Long Chen Investment, Packaging, Trading, Kunshan Longzhong and Hong Kong Long Chen are holding companies, so no employment pension plan is made.

Longchen P&P's subsidiaries in China are subject to the endowment insurance system established by the People's Republic of China. Longchen P&P contributes monthly an amount of pension insurance based on a certain ratio of the employees' monthly total salaries and wages; 14%-20% (depending on the employees' places of household registration) of the employees' special account deposits are contributed monthly to the employees' independent accounts. The employees' monthly pensions are uniformly arranged by the government. Furthermore, Long Chen Paper Japan contributes monthly pensions based on a specific ratio of the local employees' monthly total salaries and wages; the aforesaid company bears no further obligation except such monthly contributions. Under the defined contribution plan, Longchen P&P's subsidiaries in China recognised pension expense of NT$50,088 thousand and NT$129,975 thousand for the years ended December 31, 2020 and 2019, respectively.

(c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2020 and December 31, 2019, were NT$82,334 thousand and NT$161,029 thousand, respectively.

Presentation of the above expenses in the standalone statement of comprehensive income, by cost and expense categories was as follows.

	2020	2019
Operating costs	$46,427	$91,655
Selling expenses	14,568	28,404
General and administrative expenses	12,501	20,694
Research and development expenses	8,838	20,276
	$82,334	$161,029

(18) Capital stock and capital increase

A. Details of the capital stock are as follows:

	December 31, 2020	December 31, 2019
Authorized shares (thousand)	1,500,000	1,500,000
Authorized capital	$15,000,000	$15,000,000
Shares issued and fully paid up (thousand)	1,277,686	1,217,686
Issued share capital	$12,776,857	$12,176,857

The outstanding share capital above consists entirely of common shares, which have been approved for issue.

B. The Longchen P&P's board of directors decided to issue 60,000,000 common shares in the form of proceeds from new issues on August 14, 2020, with the par value of NT$10 per share, the issue price of NT$14.8 per share. As a result, NT$600,000 thousand was raised in total, and the premium of NT$288,000 thousand was reclassified as capital reserves - share premium. Such fund was necessary to refund bank loans and improve the financial structure. The details of capital increase are provided below:

Base date of capital increase	Nature	Increased amount	Number of shares for capital increase	Number of competent authority's approval
November 13, 2020	Proceeds from new issues	NT$600,000 thousand	60,000 thousand shares	Jin-Guan-Zheng-Fa No. 1090358324

In 2020, Longchen P&P allocated ten percent (10%) of the number of shares issued this time as employee stock options because of the aforesaid proceeds from new issues, and the fair value thereof was evaluated on the grant date. The retained compensation cost from employee stock ownership was NT$20,424 thousand as at December 31, 2020. After completion of the proceeds from new issues, the "capital reserves - employee stock ownership" originally recognized was reclassified as "capital reserves - share premium" (NT$20,424 thousand).

C. The Longchen P&P's board of directors decided to issue 50,000,000 common shares in the form of proceeds from new issues on August 12, 2019, with the par value of NT$10 per share, the issue price of NT$13.1 per share. As a result, NT$655,000 thousand was raised in total, and the premium of NT$155,000 thousand was reclassified as capital reserves - share premium. Such fund was necessary to refund bank loans and improve the financial structure. The details of capital increase are provided below:

Base date of capital increase	Nature	Increased amount	Number of shares for capital increase	Number of competent authority's approval
November 12, 2019	Proceeds from new issues	NT$500,000 thousand	50,000 thousand shares	Jin-Guan-Zheng-Fa No. 1080330793

In 2019, Longchen P&P allocated ten percent (10%) of the number of shares issued this time as employee stock options because of the aforesaid proceeds from new issues, and the fair value thereof was evaluated on the grant date. The retained compensation cost from employee stock ownership was NT$1,554 thousand as at December 31, 2019. After completion of the proceeds from new issues, the "capital reserves - employee stock ownership" originally recognized was reclassified as "capital reserves - share premium" (NT$1,554 thousand).

(19) Capital surplus

	December 31, 2020	December 31, 2019
Share premium	$2,302,968	$2,014,968
Premium from corporate bond conversion	767,352	767,352
Treasury stock	494,993	494,993
Difference between actual and book value of equity of subsidiaries acquired/disposed	342,579	342,579
Change of equity interest in subsidiaries	20,539	(5,872)
Net change of equity interest in associated companies	10,227	9,965
Equity component of convertible corporate bonds payable - knock-out option	450	450
Employee option	65,295	44,871
Expried employee option	14,960	14,960
Total	$4,019,363	$3,684,266

Pursuant to the Company Act, the amount of premiums received on shares issued above the face value plus any capital reserves arising from gifts received may be used to reimburse previous losses. If the Company has not accumulated losses, this amount may be distributed to shareholders in the form of cash or new shares based on shareholders' exiting ownership percentage. Furthermore, according to the Securities and Exchange Act, the amount of capital reserves converted into share capital is capped at 10% of paid up capital per year. Companies may not, however, utilize capital reserves to offset losses when there is still positive balance in the earning reserves.

(20) Retained earnings

A. Legal reserve

Pursuant to The Company Act, companies are required to make legal reserve provisions at 10% of after-tax profit until the balance of legal reserves equals paid-up capital. The legal reserve can only be used to reimburse losses. If a company has no cumulative losses, where legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

B. Special reserve

Pursuant to the rules imposed by the Securities and Futures Bureau, Financial Supervisory Commission, TWSE/TPEX listed companies are required not only to make provisions for legal reserve according to legal requirements, but also to make provisions for special reserve from current year's after-tax earnings and undistributed earnings from previous years for any change in other equity items occurred during the year, such as unrealized gains/losses on available-for-sale financial assets, cumulative translation adjustments etc, as specified in Article 41 of the Securities and Exchange Act. Contra equity items accumulated from previous periods require provision for special reserve of equivalent amount from undistributed earnings. This special reserve is unavailable for distribution. If contra equity items are reversed on a later date, a company may distribute the amount of reversal back to shareholders.

Pursuant to Letter No. Jin-Guan-Zheng-Fa-1010012865 issued by the Financial supervisory Commission on April 6, 2012, companies may opt for the exemptions specified in IFRS 1 to convert shareholders’ equity items - unrealized gain on revaluation and cumulative translation adjustments (gains) into retained earnings during first-time adoption of IFRSs, and make provision for the same amount of special reserve at the same time. However, if a company generates insufficient amount of incremental retained earnings on the conversion date to meet the provision requirement for first-time IFRSs adoption, the company may simply make provisions for the amount of additional

retained earnings that are generated from the adoption of IFRSs. The amount of special reserve previously provided can be reversed proportionally back into retained earnings when Longchen P&P utilizes, disposes or reclassifies the asset. Where the above asset is an investment property, reserves for the land portion are reversed at the time the land is disposed or reclassified; reserves for non-land portions are reversed over the duration of use.

C. Dividend policy

Article 23 of the Articles of Incorporation outlines Longchen P&P's special reserve and dividend policies as follows:

(a) Longchen P&P's dividend policy has been established to accommodate current and future development plans after taking into consideration the investment environment, capital requirement, domestic/foreign competition, and shareholders' interests. No less than 20% of distributable earnings shall be paid as dividend per year. Dividends can be paid in cash or in shares, with cash dividends amounting to no less than 50% (inclusive) of total dividends. Dividends can be entirely paid in shares in years when the Longchen P&P has capital requirement for investment projects such as new factory construction, factory renewal, or expansion.

(b) Longchen P&P's annual earnings net of income tax and loss reimbursement are subject to the following provisions in the stated priority:
   i 10% provision for legal reserve.
   ii. Provision or reversal of special reserve, as stipulated by law.
   iii. The remainder plus undistributed earnings carried from previous years are available to shareholders, for which the board of directors will propose an earnings appropriation plan to be resolved during shareholder meeting.

D. Earnings appropriation plan

(a) Longchen P&P's 2019 and 2018 earnings appropriations were resolved during annual general meetings held on June 6, 2020 and June 12, 2019, respectively. It is the same as the board resolution. The dividends distributed are as follows:

	2019		2018	
	Amount	Dividends per share (NT$)	Amount	Dividends per share (NT$)
Legal reserve	$58,234		$93,469	
Cash dividend	365,306	$0.3	583,843	$0.5
Total	$423,540		$677,312	

(b) Appropriation of 2019 earnings has been proposed and passed by the board of directors during the meeting held on March 12, 2021; details are as follows:

	Earnings appropriation plan	Dividends per share (NT$)
Legal reserve	$93,778	
Cash dividend	766,612	$0.60
Total	$860,390	

Appropriation of 2020 earnings is still pending for shareholders' resolution in the annual general meeting scheduled on June 17, 2021.

(c) For details of employee bonus and remuneration to directors and supervisors, please referred to note 6(27).

(21) Non-controlling interest

	2020	2019
Balance on January 1	$348,186	$552,958
Cash dividends	(10,248)	(21,130)
Net loss	(18,383)	(31,381)
Share attributable to non-controlling interests:		
Currency translation difference	3,932	(18,985)
Unrealized gain (losses) from financial assets measured at fair value through other comprechtnsive income	1,745	150
Difference between the acquisition or disposal price and carrying amount of subsidiaries	-	(199)
Changes in ownership interests in subsidiaries	(776)	(4)
change in non-controlling interests	(255,932)	(133,223)
Ending balance	$68,524	$348,186

(22) Other equity items

	Translation differences arising from foreign operations	Investment in equity instruments: Unrealized gain or loss on FVTOCIFA	Total
Balance as at January 1, 2020	$(1,549,054)	$386,837	$(1,162,217)
Valuation adjustment			
- accounted associated companies and joint ventures	-	1,897,054	1,897,054
Translation differences			
- the Group	256,450	-	256,450
- accounted associated companies and joint ventures	40,501	-	40,501
- the tax impact	(59,390)	-	(59,390)
Balance as at December 31, 2020	$(1,311,493)	$2,283,891	$972,398

	Translation differences arising from foreign operations	Investment in equity instruments Unrealized gain or loss on FVTOCIFA	Total
Balance as at January 1, 2019	$(1,019,040)	$309,164	$(709,876)
Valuation adjustment			
- accounted associated companies and joint ventures	-	124,152	124,152
Translation differences			
- the Group	(652,009)	-	(652,009)
- accounted associated companies and joint ventures	(10,509)	-	(10,509)
- the tax impact	132,504	-	132,504
Disposal of equity instruments at fair value through other comprehensive income (FVTOCI)	-	(46,479)	(46,479)
Balance as at December 31, 2019	$(1,549,054)	$386,837	$(1,162,217)

(23) Income tax

A. Components of income tax expenses:

(a) Income tax recognized as current profit and loss

	2020	2019
Current income tax expenses:		
Income tax from current income	$423,329	$371,911
Other - capital gains tax (CGT)	-	252
Overvalued/undervalued income tax for the preceding year	(3,811)	(48,219)
Deferred income tax expenses:		
Generation and reversal of temporary difference	(247,612)	(466,550)
Change in the income tax rate	-	-
Surtax on undistributed earnings	7,940	12,731
Tax loss carryforwards	-	-
Income tax expenses	$179,846	$(129,875)

(b) Income tax recognized as other comprehensive income

	2020	2019
Items not reclassified into profit and loss:		
Losses on remeasurements of defined benefit plans	$(2,028)	$524
Items likely to be reclassified into profit and loss:		
Exchange differences on translation of foreign financial statements (EXDF)	59,390	(132,504)
Income tax related to the components of other comprehensive income	$57,362	$(131,980)

B. Adjustment of relationship between income tax expenses and accounting profit were as follows:

	2020	2019
Pre-tax profit	$1,107,356	$372,517
Income tax of Longchen P&P's pre-tax profit calculated at statutory tax rate	221,471	74,503
Effects of differences on tax rates in foreign jurisdictions	53,198	76,025
Effects of income tax with some items excluded as per the tax act	(1,981)	(21,862)
Overvalued/undervalued income tax amount for the preceding year	(3,811)	(48,219)
Effects of overvalued/undervalued deferred income tax assets/liabilities	(96,971)	(223,305)
Surtax on undistributed earnings	7,940	12,731
Other - capital gains tax (CGT)	-	252
Income tax expenses	$179,846	$(129,875)

C. Amount of deferred income tax assets/liabilities from temporary difference were as follows:

	2020				
	January 1	Recognition into loss (gain)	Recognition into other comprehensive income	Effects of exchange gains or losses	December 31
Deferred Income Tax Assets					
Unrealized gross margin from sale	$4,539	$(4,059)	$-	$-	$8,598
Unrealized sales discounts and allowances	2,964	177	-	-	2,787
Depreciation ultralimit of property, plant and equipment	4	1	-	-	3
Ultralimit amount of loss from doubtful account	90,080	4,359	-	(1,384)	87,105
Overseas losses recognized under the equity method	5,337	(7,461)	-	(256)	13,054
Loss from unrealized overseas investments	42,152	12,068	-	-	30,084
Allowance for reduction of inventory to market	2,204	(1,104)		(53)	3,361
Actuarial loss (gain) of defined benefit plans	25,205	-	(2,028)	-	27,233
Unrealized foreign exchange losses (gains)	5,004	4,891	-	-	113
Loss (gain) from exchange differences on translation of foreign financial statements (EXDF)	387,264	-	59,390	-	327,874
Others	66,916	1,441	-	(1,086)	66,561
Subtotal	631,669	10,313	57,362	(2,779)	566,773
Deferred income tax liabilities					
Overseas interests recognized under the equity method	381,974	(265,360)	-	-	116,614
Unrealized gain in offshore investment	-	7,464	-	167	7,631
Others	29	(29)	-	-	-
Subtotal	382,003	(257,925)		167	124,245
Total	$(249,666)	$(247,612)	$57,362	$(2,612)	$(442,528)

	2019				
	January 1	Recognition into loss (gain)	Recognition into other comprehensive income	Effects of exchange gains or losses	December 31
Deferred Income Tax Assets					
Unrealized gross margin from sale	$11,130	$6,591	$-	$-	$4,539
Unrealized sales discounts and allowances	3,257	293	-	-	2,964
Depreciation ultralimit of property, plant and equipment	5	1	-	-	4
Ultralimit amount of loss from doubtful account	94,917	1,402	-	3,435	90,080
Overseas losses recognized under the equity method	5,347	(197)	-	207	5,337
Loss from unrealized overseas investments	37,954	(4,198)	-	-	42,152
Allowance for reduction of inventory to market	809	(1,459)	-	64	2,204
Impairment losses on property, plant and equipment	3,600	3,600	-	-	-
Actuarial loss (gain) of defined benefit plans	25,729	-	524	-	25,205
Unrealized foreign exchange losses (gains)	-	(5,004)	-	-	5,004
Loss (gain) from exchange differences on translation of foreign financial statements (EXDF)	254,760	-	(132,504)	-	387,264
Others	69,512	-	-	2,596	66,916
Subtotal	507,020	1,029	(131,980)	6,302	631,669
Deferred income tax liabilities					
Unrealized foreign exchange losses (gains)	809	(809)	-	-	-
Overseas interests recognized under the equity method	848,744	(466,770)	-	-	381,974
Others	29	-	-	-	29
Subtotal	849,582	(467,579)	-	-	382,003
Total	$342,562	$(466,550)	$(131,980)	$6,302	$(249,666)

D. The information on the losses of individual entities in the Group excluded from taxation is as follows:

Year	Amount of tax loss	Balance not used	Year of carryforwards
2015	$29,800	$25,761	2020
2016	5,199	5,199	2021
2017	101,857	101,857	2022
2018	590,786	590,786	2023
2019	548,579	548,579	2024
Total	$1,276,221	$1,272,182	

E. In accordance with the current applicable tax act:

The profit-seeking enterprise income tax rate was 20% in 2020 and 2019. The Company assessed the impact of such change in the tax rate on income tax. Besides, the tax rate applicable to the undistributed earnings was 5%.

Based on the update tax regulation issued by the Ministry of Fiance(MOF) and and the article 26 of Tax Collection Act., Longchen P&P can make installments for 2019 income tax and additional income tax for 2018 undistributed earning of NT$119,139 thousand because of the impact of Covid-19. Longchen P&P applied the above incentive, get the approval from the tax bureau and made 36 installments for the tax. The above tax installments over one year is amounted to NT$59,569 thousand and recognized in income tax liabilities- noncurrent.

As a firm registered in the Cayman Islands, Long Chen Paper (China) is exempt from income tax. Wuxi Longchen and Pinghu Longchen, as subsidiaries operated by Long Chen Paper (China) in mainland China, were recognized as high-tech enterprises by the People's Republic of China respectively in October 2014 and November 2017, September 2015 and October 2018. Therefore, Wuxi Longchen and Pinghu Longchen are governed by 15% income tax rate respectively between 2014 and 2020, 2016 and 2021. Other entities should be subject to 25% income tax rate as stipulated by the "Law of the PRC on Enterprise Income Tax". Taxes in other jurisdictions should be calculated at tax rates applicable in corresponding jurisdictions.

The "Law of the PRC on Enterprise Income Tax" and the "Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China" were approved by the People's Republic of China in 2007 and implemented as of January 1, 2008. For earnings for 2008 and following years remitted from companies in mainland China to companies in Taiwan, the provision for income tax should be withheld at 10% (preferential tax rates are applicable to the areas subject to the tax treaty).

F. The updated content of Statute for Industrial Innovation was as follows:

(a) To encourage profit-seeking enterprises to use their earnings to make substantial investment or upgrade production technology or the quality of products or services, if a company or limited partnership uses a certain amount of its undistributed earnings to construct or purchase buildings, software or hardware equipment, or technology for use in production or operation as needed for operation of its business or ancillary business within three years from the year after such earnings are derived, such investment amounts may be deducted from the undistributed earnings in calculation of the current year's undistributed earnings for assessment of additional profit-seeking enterprise income tax leviable on undistributed earnings from the year 2018.

(b) For the purpose of optimizing industrial structure and encouraging domestic industries to upgrade to smart technology and make multiple innovations and applications, where a company or limited partnership has not committed a severe violation of any environmental protection, labor, or food safety or sanitation laws in the past three years, and has invested in brand-new smart machines for its own use between January 1, 2019 and December 31, 2021, or has invested in brand-new hardware, software, technology or technical services introducing 5th-generation mobile networks between January 1, 2019 and December 31, 2022. Longchen P&P purchased smart technology equipment of NT$523,751 thousand which was subject to the tax credit of NT$26,187 thousand.

G. The Management, Utilization, and Taxation of Repatriated Offshore Funds Act was adopted in August, 2019. L&C CO., (B.V.I.) LTD. made board's resolution to distribute its earnings as cash dividends of NT$1,928,181 thousand (USD 60,828 thousand) in October, 2019. The cash dividends were paid by two distributions. In 2020 and 2019, L&C CO., (B.V.I.) LTD. distributed its earning of NT$596,845 thousand (USD 19,837 thousand) and NT$1,226,610 thousand (USD 40,217 thousand). The Group received cash dividends of NT$586,597 thousand and NT$1,205,541 thousand and obtained the approval from the Ministry of Finance. The Group used preferential tax rate for the above cash diviends and reversed deferred tax liabilities of NT$117,319 thousand and NT$241,108 thousand.

H. For Longchen P&P's application for profit-seeking enterprise income tax settlement for the preceding year, the taxing authority determined a period ended 2018.

(24) Earnings per share

	2020	2019
Basic earnings per share		
Current net income attributable to Longchen P&P	$945,893	$533,773
Weighted average outstanding common shares	1,225,719	1,174,535
Basic earnings per share (unit: NTD)	$0.77	$0.45
Diluted earnings per share		
Net income attributable to common share holders of Longchen P&P	$945,893	$533,773
Weighted average outstanding common shares	1,225,719	1,174,535
Dilutive effect of potential common shares (Note)		
Effects of employee remuneration	1,051	795
Weighted average outstanding common shares	1,226,770	1,175,330
Diluted earnings per share (unit: NTD)	$0.77	$0.45

Note: As Longchen P&P is a listed company, the number diluted shares for employee bonus is calculated respectively based on the closing price of the preceding day of the balance sheet date and the board resolution.

(25) Income from contracts with customers

	2020	2019
Income from sale of merchandise	$41,721,860	$47,770,509
Less: sales return and discount	(311,094)	(220,687)
Other operating revenues	189,826	165,299
Total	$41,600,592	$47,715,121

A. Breakdown of income from contracts with customers was as follows

The Group's income from commodities and services transferred at a specified time can be divided into the following production lines and geological areas:

	2020					
Main regions and markets	Container board	Corrugated container	Waste paper	Paper distribution	Others	Total
Taiwan	$3,742,986	$4,115,852	$-	$-	$103,276	$7,962,114
China	23,821,341	3,785,941	-	5,547,554	58,442	33,213,278
Other countries	-	-	425,200	-	-	425,200
Total	$27,564,327	$7,901,793	$425,200	$5,547,554	$161,718	$41,600,592

	2019					
Main regions and markets	Container board	Corrugated container	Waste paper	Paper distribution	Others	Total
Taiwan	$3,923,294	$4,399,844	$-	$-	$102,076	$8,425,214
China	25,932,316	4,656,971	-	6,589,518	75,008	37,253,813
Other countries	-	-	2,036,094	-	-	2,036,094
Total	$29,855,610	$9,056,815	$2,036,094	$6,589,518	$177,084	$47,715,121

B. Contract balance

	December 31, 2020	December 31, 2019
Contract liability – advance sales receipts	$20,958	$137,536

The movement in contract liability is from the difference between the timing of customers' payment and the timing of meeting performance obligation. The opening contract liability recognized for 2020 and 2019 were NT$124,364 thousand and NT$159,522 thousand, respectively.

(26) Non-operating income and expenses

A. Other incomes

	2020	2019
Interest income	$18,271	$41,923

B. Other incomes

	2020	2019
Dividend income	$2,469	$4,999
Government subsidy income	257,326	187,889
Sublease income	14,621	20,332
Other incomes - others	38,447	57,642
Total	$312,863	$270,862

C. Other profits and losses

	2020	2019
Gain (loss) on disposal of property, plant and equipment	$(43,757)	$(110,469)
Recovery gain(impairment loss) on disposal of financial assets at cost	-	32,577
Lease modification gain	248	70
Gain on financial assets at fair value through profit or loss	(153,776)	35,080
Net foreign exchange gain (loss)	132,687	(73,273)
Others	(3,257)	(39,235)
Total	$(67,855)	$(155,250)

D. Financial expenses

	2020	2019
Service Charges	$51,328	$72,747
Interest expense		
Interest on lease liability	3,956	3,039
Interest of bank loans	1,544,842	1,695,213
Corporate bonds payable	21,250	28,877
Less: assets capitalization	(95,610)	(104,045)
Total financial cost	$1,525,766	$1,695,831

(27) Employee benefit expenses

A. Summary of employee benefit expenses, depreciation and amortization by function of expense was as follows:

Function / Nature	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	$1,013,293	$935,574	$1,948,867	$1,177,215	$1,047,328	$2,224,543
Labor and medical insurance premiums	62,813	45,192	108,005	93,713	66,616	160,329
Pension expenses	52,498	38,091	90,589	98,356	71,892	170,248
Remuneration to Director						
Other employee benefit expenses	71,245	115,646	186,891	119,592	114,087	233,679
Depreciation	2,031,729	400,728	2,432,457	1,992,983	397,013	2,389,996
Depreciation-use-of- right assest	1,238	18,608	19,846	458	22,603	23,061

B. According to the Longchen P&P's Articles of Incorporation, any profits remaining after reimbursing cumulative losses in a given year shall be subject to employee remuneration of no less than 2% of pre-tax profit, which can be distributed in shares or in cash. Directors are compensated based on the level of participation and contribution to the Longchen P&P's operations. Directors are compensated at a range of NT$50 thousand to NT$150 thousand per month, furthermore, an annual bonus amounting to 2~6 months of the above monthly compensation is payable at the end of each year, regardless of whether the Longchen P&P generates profit or incurs loss.

C. Amounts of employee remuneration estimated for 2020 and 2019 totaled NT$21,861 thousand and NT$8,000 thousand, respectively, and were presented as part of salary expense.

Information regarding employee and director remuneration resolved by the board of directors and reported in the shareholder meeting can be found on Taiwan Stock Exchange Corporation's "Market Observation Post System".

(28) Non-cash and partial cash transactions

Adjustments for additions of property, plant and equipment, and the acquisition of property, plant and equipment in cash flow statement:

	2020	2019
Purchase of property, plant and equipment	$1,490,837	$4,161,395
Opening balance of payable on equipment	1,299,638	1,223,286
Ending balance of payables on equipment	(611,327)	(1,299,638)
Net exchange rate differences	6,212	(50,319)
Cash paid during te period	$2,185,360	$4,034,724

7. Related party transactions

(1) Parent company and ultimate controlling party

Longchen P&P is the ultimate controlling party of the Group.

(2) Names and relations of related parties

Related party's name	Relation with the Group
Baolong International Co., Ltd. ("Baolong Intl")	The associate
Nanjing Hongcheng Technology Co., Ltd	The associate
Long Sheng Investment Co., Ltd.	The associate
Longchen Circular Economy Environmental Protection Foundation	Other related party
Handy Carton Co., Ltd.("Handy Carton")	Other related party

(3) Significant related party transactions

A. Revenue

	2020	2019
Associate - Baolong Intl	$1,091,810	$1,182,464
Other related party	15,959	17,588
Total	$1,107,769	$1,200,052

The above sale is subject to the general terms of sale (i.e. market prevailing price). Generally, it is agreed that the collection term should range between one and four months, except that associates' fund utilization is taken into consideration regarding the collection terms for sale to related parties to make flexible adjustments subsequently. There is no significant difference from the transaction value of commodity sale, collection terms or non-related parties.

B. Purchase

	2020	2019
Associate - Nanjing Hongcheng	$438,779	$-

The above purchase is subject to the general terms of purchase (i.e. market prevailing price). Generally, it is agreed that the payment term should range between one and two months, except that associates' fund utilization is taken into consideration regarding the collection terms for purchase from related parties to make flexible adjustments subsequently. There is no significant difference from ordinary manufacturers.

C. Accounts receivable from related parties (lending to related parties excluded)

Recognized item	Category of related party	2020	2019
Accounts receivable	Associate - Baolong Intl	$87,717	$106,924
Accounts receivable	Other related party - Handy Carton	6,820	3,616
Total		$94,537	$110,540

Outstanding accounts receivable from related parties were not received. No provision for bad debts expense was made for the accounts receivable from related parties in 2019 and 2018.

D. Accounts payable to related parties

Recognized item	Category of related party	December 31, 2020	December 31, 2019
Accounts payable	Associate - Nanjing Hongcheng	$120,476	$-

E. Acquisition of financial assets

			2020		
Invested company	Recognized item	Category of related party	Number of shares for trading	Transaction subject	Acquisition price
Subsidiary – L&C	Investments accounted for using equity method	Longchen Investment	4,666 thousand shares	Stock	$230,298

F. Operating expense

Category of related party	Nature	2020	2019
Longchen Circular Economy Environmental Protection Foundation	Donation expense	$3,000	$84,551

Please refer to note 6(7).

G. Transactions with other related parties

Longchen P&P held the membership of New Tamsui Golf Club with the carrying amount of NT$1,065 thousand (recognized as other non-current assets) as at December 31, 2020 and 2019. Its ownership was vested in the close relative of the Longchen P&P's Chairman. Longchen P&P obtained the letter of commitment for security.

(4) Information on remuneration to key management personnel

	2020	2019
Salary and other short-term employee benefits	$77,366	$94,619

Compensation to directors and members of the executive management is determined by the Remuneration Committee based on individual performance and market trends.

8. Pledged assets

The Group provides the following assets as collaterals to secure borrowings:

	December 31, 2020	December 31, 2019
Receivables	$171,132	$184,043
Other financial assets - current	442	45,001
Property, plant and equipment - land	2,568,604	2,633,473
Property, plant and equipment - buildings	6,610,818	6,248,958
Property, plant and equipment - machinery	23,830,522	25,779,924
Property, plant and equipment - Transport equipment	33,359	71,933
Property, plant and equipment - other equipment	101,227	175,760
Use-of- right assest -land	1,287,703	1,342,904
Total	$34,603,807	$36,481,996

Pledged assets are presented at book value.

9. Major contingent liabilities and unrecognized contractual commitments

(1) Unused balance on usance L/C issued for purchase of raw materials or machinery:

	December 31, 2020	December 31, 2019
Usance L/C issued but unused	$422,015	$1,097,272

(2) Utilization of endorsement/guarantee limit:

	December 31, 2020	December 31, 2019
Endorsement/guarantee limit	$39,434,411	$42,840,905
Amount utilized	(27,563,511)	(28,311,315)
Unused limit	$11,870,900	$14,529,590

(3) Summary of contracted major equipment purchases:

	December 31, 2020	December 31, 2019
Contract sum	$9,311,755	$7,803,343
Amount billed	(6,483,898)	(3,530,450)
Unbilled amount	$2,827,857	4,272,893

10. Losses from major disasters: None.

11. Subsequent events: None.

12. Others

(1) Capital management

The primary goals of capital management are to maintain robust credit rating and sound capital ratios in ways that support business operation and maximization of shareholders' equity. The Group manages and adjusts capital structure based on changes in economic circumstances. The Group maintains and adjusts capital structure through: adjustment of dividend payment, refund of share capital, or issuance of new shares.

(2) Financial instrument

A. Types of financial instrument

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit and loss		
Financial assets mandatory to be carried at fair value through profit and loss	$7,043	$46,872
Financial assets designated to be carried at fair value through profit and loss	83,086	144,620
Total	$90,129	$191,492
Financial assets carried at cost after amortization/ loans and receivables		
Cash and cash equivalents	$1,381,535	$2,354,915
Notes receivable	4,119,797	4,370,279
Accounts receivable (including related parties)	6,372,144	5,947,647
Other receivables	237,680	266,021
Other financial assets (recognized as other current assets)	442	45,001
Guarantee deposits paid (including the portion due within one year)	34,962	76,256
Total	$12,146,560	$13,060,119

	December 31, 2020	December 31, 2019
Financial liabilities		
Financial liabilities designated to be carried at fair value through profit and loss		
Financial liabilities held for trading	$243,046	$-
Financial liabilities carried at cost after amortization		
Short-term loans	$8,859,010	$10,259,335
Short-term bills payable	-	1,148,552
Notes payable	35,017	90
Accounts payable	4,529,122	3,605,900
Other payables	2,784,043	3,452,135
Corporate bonds payable	2,500,000	2,500,000
Long-term loans (including portions due within 1 year or 1 business cycle)	27,940,951	25,255,072
Guarantee deposits received	32,455	32,205
Total	$46,680,598	$46,253,289
Lease liability (including current and non-current portion)	$153,850	$152,837

D. Risk management policy

(a) The Group's dairy operations are susceptible to multiple forms of financial risk, including market risks (exchange rate risk, interest rate risk and price risk), credit risks and liquidity risks.The Group's overall risk management plan focuses on unforeseeable matters in the financial market. The Group strives for minimizing the potential adverse impact of such matters on its financial performance.

(b) Risk management is performed by the Group's Finance Department according to board-approved policies. The Finance Department is responsible for identifying, assessing and mitigating financial risks, and it achieves this by working closely with other departments within the Group. The board of directors has implemented written principles on risk management practices, and outlined policies for specific matters such as exchange rate risk, interest rate risk, credit risk, use of derivative/ non–derivative instruments, and investment of residual liquid capital.

E. Characteristics and level of significant financial risks

(a) Market risk

Exchange rate risks

The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Longchen P&P and its subsidiaries used in various functional currency, primarily with respect to the JPY, USD, CNY and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

The Group hedges outstanding exchange rate swap contracts and foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

The Group's businesses involve some non-functional currency operations (the Group's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: JPY, USD and CNY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$21,970	28.48	$625,706	$41,426	29.98	$1,241,951
CNY	56	4.377	245	136	4.305	585
Investments accounted for using equity method						
JPY	1,010,288	0.28	282,881	739,625	0.28	207,095
CNY	3,797,494	4.377	16,621,631	3,969,510	4.305	17,088,741
Financial liabilities						
Monetary items						
JPY	80,606	0.28	22,570	73,082	0.28	20,463
USD	104,203	28.48	2,967,701	90,813	29.98	2,722,574
EUR	129	35.02	4,518	295	33.59	9,909

Note: Exchange rate is presented in amounts of NTD per unit of foreign currency.

The above exchange rate risk generally originates from cash and cash equivalents, receivables, loans and payable valued in foreign currency, as foreign exchange gains/losses will occur during exchange. When the appreciation or depreciation of the NTD relative to JPY, USD, CNY and EUR was up to 1% as as December 31, 2020 and 2019, and all other factors remained unchanged, the Group's losses and gains in 2020 and 2019 would respectively decrease/increase by NT$23,088 thousand and NT$15,104 thousand; the Group's losses and gains in 2020 and 2019 would respectively decrease/increase by NT$169,045 thousand and NT$172,958 thousand. Analyses for the two periods were conducted using the same basis.

Furthermore, the total amount of all foreign exchange losses and gains (including those realized and unrealized) from the Group's monetary items with significant impact of exchange rate fluctuations in 2020 and 2019 was NT$132,687 thousand and NT$(73,273) thousand, respectively.

Price risk

The Group's equity instruments exposed to price risks are financial assets at fair value through profit or loss held and recognized. The Group has split its investment portfolio to control the price risks in investments in equity instruments. The specific method is subject to the Group's policies.

Typically, the Group invests in equity instruments issued by domestic companies. Prices of such equity instruments will be affected by the uncertain values of such investment subjects in the future. If the price of such equity instrument increases or decreases by 1% and all other factors remain unchanged, the gains/losses of the net profit aftre tax from equity instruments at fair value through profit or loss in 2020 and 2019 will decrease/increase by NT$901 thousand and NT$1,915 thousand, respectively.

Cash flow and fair value risk of interest rate

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

Loans of the Group are measured at cost after amortization. Interest rates on loans are subject to repricing on a yearly basis according to the terms of the respective contract. As a result, the Group is exposed to the risk of changes in the market interest rate.

If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have increased/decreased by NT$14,650 thousand and NT$15,549 thousand, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk management

Credit risk refers to the possibility of losses suffered by the Group due to its customers or financial instrument counterparties becoming unable to fulfill contractual obligations. These risk events mostly involve the counterparties being unable to settle the amount collectible or the contractual cash flow according to the payment terms agreed.

The Group has developed credit risk management practices from a corporate perspective. According to the Group's internal credit policy, all operating entities are required to perform credit risk management and analysis on every new customer before establishing payment and delivery terms. The Group adopts an internal risk management system that assesses credit quality by taking into account customers' financial position, previous conducts and other relevant factors. Individual counterparty risk limits are set by the board of directors based on internal or external assessments. Uses of credit limit are monitored on a regular basis.

Only banks, financial institutions, and organizations of good credit standing are accepted as counterparties.

The Group has adopted the following assumptions mentioned in IFRS 9 to provide the basis for identifying significant increase in the credit risk of financial instruments held after initial recognition:

i. A financial asset is considered to have exhibited significant increase in credit risk after initial recognition when contractual payment (according to the terms and nature of the underlying contract) becomes more than 30 days past due up to 1 year.
ii. A counterparty is considered to be in default when contractual payment is reclassified into overdue receivables for non-recoverability.

The Group distinguishes accounts from customers by geographic location, and uses a simplified, matrix-based approach to estimate expected credit loss.

The Group takes into account multiple considerations including future prospects, historical and current information etc to determine loss given default, which is used for estimating losses on accounts receivable. Matrix as of December 31, 2020 and 2019 is as follows:

		Overdue				
December 31, 2020	Current	Within 30 days	31-90 days	91-180 days	181 days and above	Total
Expected loss ratio	1.61%	2.07%	3.00%	3.00%	97.39%	5.27%
Total carrying amount	$10,393,303	$239,073	$15,692	$6,267	$421,348	$11,075,683
Loss allowance	$167,773	$4,951	$471	$188	$410,359	$583,742

		Overdue				
December 31, 2019	Current	Within 30 days	31-90 days	91-180 days	181 days and above	Total
Expected loss ratio	1.59%	3.03%	5.64%	42.50%	97.45%	5.37%
Total carrying amount	$10,344,222	$130,131	$1,081	$200	$427,465	$10,903,099
Loss allowance	$164,535	$3,947	$61	$85	$416,545	$585,173

Change of loss provisions on receivables was as follows:

	2020	2019
Opening balance	$585,173	$624,758
Reversal of impairment loss	(10,096)	(17,562)
Write-offs	(539)	(6)
Exchange rate influence	9,204	(22,017)
Ending balance	$583,742	$585,173

(c) Liquidity risk

Cash flow projections are made by individual operating entities within the Group, and consolidated by the Finance Department. The Group's Finance Department monitors cash flow requirements to ensure that adequate funding is obtained to finance various operations. The Finance Department also maintains adequate level of committed borrowing limits available at all times to prevent the Group from violating terms of loan.

The following table shows non-derivative financial liabilities and derivative financial liabilities settled on a netted or gross basis, classified by maturity date. An analysis of remaining timespan from balance sheet date until contract maturity is presented below:

December 31, 2020	Less than one year	2-3 years	4-5 years	More than 5 years	Total
Short-term loans					
Short-term bills payable	$8,859,010	$-	$-	$-	$8,859,010
Payables	4,564,139	-	-	-	4,564,139
Other payables	2,784,043	-	-	-	2,784,043
Lease liabilities (including cuurent and non-current portion)	61,145	78,411	13,347	947	153,850
Corporate bonds payable	-	2,500,000	-	-	2,500,000
Long-term loans (including portions due within 1 year or 1 business cycle)	8,538,151	13,198,266	6,204,534	-	27,940,951
Derivative financial liabilites (not under hedge accounting					
Exchange rate option contracts	224,004				224,004
Exchange rate swap contracts	19,042				19,042

December 31, 2019	Less than one year	2-3 years	4-5 years	More than 5 years	Total
Short-term loans	$10,259,335	$-	$-	$-	$10,259,335
Short-term bills payable	1,148,552	-	-	-	1,148,552
Payables	3,605,990	-	-	-	3,605,990
Other payables	3,452,135	-	-	-	3,452,135
Lease liabilities (including cuurent and non-current portion)	57,880	73,625	19,661	1,671	152,837
Corporate bonds payable	-	-	2,500,000	-	2,500,000
Long-term loans (including portions due within 1 year or 1 business cycle)	9,214,312	10,470,318	5,570,442	-	25,255,072

The Group has not expected earlier occurrence of the cash flow analyzed on the due date or any significant difference from the actual amount.

(3) Fair value information

A. Fair value assessment techniques for financial and non-financial instruments are explained. Definition for the different levels of input:

Level 1: Quotations (unadjusted) that the Group is able to obtain from an active market on the measurement date for asset or liability of equivalent nature. An active market is one where assets or liabilities are transacted in sufficient frequency and quantity, and where price information is provided on an ongoing basis. Investments in public-listed shares and beneficiary certificates all have fair values determined using this input.

Level 2: Refers to inputs that can be observed directly or indirectly on an asset or liability, except for quotations covered in level 1 input. The fair value of the Group’s investment in outstanding exchange rate swap contracts and foreign exchange rate by using forward exchange contract.

Level 3: Refers to inputs that cannot be observed for an asset or liability. Such case applies to the equity instruments of the Group’s investments without active market.

B. For fair value information of investment properties carried at cost, please refer to Note 6(10).

C. Financial instruments not measured at fair value

(a) Except for the items listed below, other accounts including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables,

short-term loans, short-term bills payable, notes payable, accounts payable and other payables all have book values closely resembling to their fair values. Lease liability (including current and non current portion) and long-term loans (including portions due within 1 year or 1 business cycle) were borrowed at interest rates close to the market rate, therefore their book values should provide a reasonable estimate for the fair value:

	Book value	Level 1 input	Level 2 input	Level 3 input
December 31, 2020				
Corporate bonds payable	$2,500,000	$-	$2,562,994	$-
December 31, 2019				
Corporate bonds payable	$2,500,000	$-	$2,506,794	$-

(b) Methods and assumptions used for estimating fair value:

Corporate bonds payable: Refers to common corporate bonds issued by the Group. Since the coupon rates closely resemble the market interest rate, fair value is measured by discounting expected cash flows at the market interest rate on the balance sheet date.

D. Information on financial and non-financial instruments measured at fair value, classified by asset, liability, nature, characteristics, risks and levels of fair value input:

	Level 1 input	Level 2 input	Level 3 input	Total
December 31, 2020				
Financial assets				
Recurring fair value				
Financial assets at fair value through profit and loss				
Equity securities	$382	$-	$8,756	$9,138
Beneficiary certificates	6,661	-	-	6,661
Private equity funds	-	-	74,330	74,330
Total	$7,043	$-	$83,086	$90,129
Financial liabilities				
Recurring fair value				
Financial liabilities at fair value through profit or loss	$-	$243,046	$-	$243,046
December 31, 2019				
Financial assets				
Recurring fair value				
Financial assets at fair value through profit and loss				
Derivative instruments	$-	$39,867	$-	$39,867
Equity securities	376	-	8,756	9,132
Beneficiary certificates	6,629	-	-	6,629
Private equity funds	-	-	135,864	135,864
Total	$7,005	$39,867	$144,620	$191,492

E. Methods and assumptions used for measuring fair value:

(a) Instruments using market quotation as fair value input (i.e. level 1), distinguished by characteristics:

	TWSE/TPEX listed shares	Open-ended fund
Market quotation	Closing price	Net value

(b) Except for financial instruments traded in active markets, as shown above, fair values of all other financial instruments were obtained either by applying valuation techniques or by making reference to counterparties' quotations. The fair value through valuation may be obtained through model calculation by reference to the current fair value of financial instruments with substantially similar conditions and characteristics, cash flow discounting or other evaluation methods, including the market information available on the balance sheet date.

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

F. There had been no transfer between level 1 and level 2 input in 2020 or 2019.

G. There was no significant change in Level 3 financial instruments held during 2020 and 2019.

H. The valuation procedure of the Group’s fair value classification of Level 3 is verified by the independent fair value of financial instruments. Data from independent sources are used to ensure that the valuation result is close to the market state. Periodic review is also carried out to ensure the reasonability of such valuation result. In addition, the Group has also developed the valuation policy for fair values of financial instruments, the valuation procedure, and the procedure for confirming the compliance with the IFRSs.

I. Quantitative information and sensitivity of significant and unobservable inputs used for level 3 fair value measurement are explained below:

	December 31, 2020 Fair value	Assessment technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Non-listed shares	$8,756	Net asset value approach	Not applicable	-	Not applicable
Private equity funds	$74,330	Net asset value approach	Not applicable	-	Not applicable

	December 31, 2019 Fair value	Assessment technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Non-listed shares	$8,756	Net asset value approach	Not applicable	-	Not applicable
Private equity funds	$135,864	Net asset value approach	Not applicable	-	Not applicable

J. The Group exercises a high level of discretion and evaluation in the choice of valuation models and parameters. However, uses of different valuation model or parameter may produce different valuation results. With respect to financial assets and financial liabilities classified into level 3 input, the impacts on profit and loss or other comprehensive income in the event of a change in the valuation parameter are as follows:

			December 31, 2020			
			Recognized through profit and loss		Recognized in other comprehensive income	
	Input	Variation	Favorable variation	Adverse variation	Favorable variation	Adverse variation
Financial assets						
Equity securities	Net asset value	±1%	$88	$(88)	$-	$-
Private equity funds	Net asset value	±1%	743	(743)	-	-
			$831	$(831)	$-	$-

			December 31, 2019			
			Recognized through profit and loss		Recognized in other comprehensive income	
	Input	Variation	Favorable variation	Adverse variation	Favorable variation	Adverse variation
Financial assets						
Equity securities	Net asset value	±1%	$88	$(88)	$-	$-
Private equity funds	Net asset value	±1%	1,359	(1,359)	-	-
			$1,447	$(1,447)	$-	$-

13. Disclosures relating to the footnotes

(1) Information relating to significant transactions

Serial No.	Item	Attachments
1	Financings provided	Attachment 1
2	Endorsements and Guarantees Made to Others	Attachment 2
3	Securities held at the end of period (excluding investments in subsidiaries, associates or any portion controlled by joint ventures)	Attachment 3
4	Cumulative amount of the same marketable securities purchased or sold amounting to NT$300 million or 20% of the paid-up capital or above	Attachment 4
5	Acquisition of real estate amounting to NT$300 million or 20% of paid-up capital or above	None
6	Disposal of real estate amounting to NT$300 million or 20% of paid up capital or above	None

Serial No.	Item	Attachments
7	Sales and purchases with related parties amounting to NT$100 million or 20% of paid up capital or above	Attachment 5
8	Related party receivables amounting to NT$100 million or 20% of paid-up capital or above	Attachment 6
9	Trading of derivatives	None
10	Names, locations and information of investees	Attachment 7

(2) Supplementary disclosure regarding investee companies

Serial No.	Item	Attachments
1	Financings provided	Attachment 8
2	Endorsements and Guarantees Made to Others	Attachment 9
3	Securities held at the end of period (excluding investments in subsidiaries, associates or any portion controlled by joint ventures)	Attachment 10
4	Cumulative amount of the same marketable securities purchased or sold amounting to NT$300 million or 20% of the paid-up capital or above.	None
5	Acquisition of real estate amounting to NT$300 million or 20% of paid-up capital or above	None
6	Disposal of real estate amounting to NT$300 million or 20% of paid up capital or above	None
7	Sales and purchases with related parties amounting to NT$100 million or 20% of paid up capital or above	Attachment 11
8	Related party receivables amounting to NT$100 million or 20% of paid-up capital or above	Attachment 12
9	Trading of derivatives	Note 6(2)

(3) Investments in the Mainland

Serial No.	Item	Attachments
1	Names, primary business activities, paid-up capital, terms of investment and information relating to Mainland investees	Attachment 13
2	Significant transactions with Mainland investees through directly or indirectly held businesses in another country:	
	(1) Amount and percentage of purchases made and balance and percentage of corresponding payables at the end of period.	None
	(2) Amount and percentage of sales made and balance and percentage of corresponding receivables at the end of period.	None
	(3) Property transactions and the resulting gains and losses	None
	(4) Closing balances and purposes of endorsed notes, guarantees, or pledged collaterals	Attachment 2, Attachment 9
	(5) Maximum loan balance, closing loan balance, interest rate range, and total interests in the current period	None
	(6) Other transactions with material impact to the current profit and loss or financial position.	None

(4) Business relationships and significant inter-company transactions: Attachment 14.

(5) The information of major shareholders: Attachment 15.

14. Segment information

(1) General information

For the management purpose, the Group divides business units (BUs) based on different products and services and set up four major BUs for reporting as follows:

- Containerboard: manufacturing and sale of Containerboard;
- Corrugated container: manufacturing and sale of paper machines;
- Waste Paper: procurement and sale of waste paper;
- Paper distribution: distribution of paper products and trading of bulk materials; and
- Others: public waste water treatment and general administration in the Group.

The management also supervises the operating results of business units to make decisions on resources allocation and performance assessment. The department performance assessment is based on operation profits and losses, and such performance is measured in the same way applicable to those in the consolidated financial statements.

(2) Profit/loss and financial position of BUs for reporting

	2020						
	Container board	Corrugated container	Waste Paper	Paper distribution	Others	Adjustment and elimination	Total
Income							
Income from foreign customers	$27,564,327	$7,901,793	$425,200	$5,547,554	$161,718	$-	$41,600,592
Inter-departmental income	12,840,680	456,241	4,510,370	2,588,851	-	(20,396,142)	-
Total income	$40,405,007	$8,358,034	$4,935,570	$8,136,405	$161,718	$(20,396,142)	$41,600,592
Interest expense	$1,202,423	$166,150	$8,100	$2,289	$78,436	$17,040	$1,474,438
Depreciation and amortization	2,112,780	269,744	22,726	-	26,758	20,295	2,452,303
Gains and losses of associates and joint ventures accounted for using the equity method	-	-	-	-	69,677	-	69,677
Other major non-cash items:							
Others	-	-	-	-	-	-	-
Departmental profit/loss for reporting	$1,313,733	$(3,106)	$40,465	$4,127	$(581,489)	$153,780	$927,510
Investments accounted for using equity method	$-	$-	$-	$-	$5,716,623	$-	$5,716,623
Increase in CAPEX on non-current assets	$4,896,462	$317,423	$23,439	$-	$9,443	$-	$5,246,767
Departmental assets for reporting	$62,254,677	$62,246,828	$1,497,920	$2,819,536	$23,330,508	$(78,472,618)	$73,676,851
Departmental liabilities for reporting	$32,709,073	$8,747,169	$985,375	$286,742	$14,456,517	$(8,931,071)	$48,253,805

	2019						
	Container board	Corrugated container	Waste Paper	Paper distribution	Others	Adjustment and elimination	Total
Income							
Income from foreign customers	$29,855,610	$9,056,815	$2,036,094	$6,589,518	$177,084	$-	$47,715,121
Inter-departmental income	16,659,090	3,898,764	2,882,488	3,357,402	-	(26,797,744)	-
Total income	$46,514,700	$12,955,579	$4,918,582	$9,946,920	$177,084	$(26,797,744)	$47,715,121
Interest expense	$1,182,479	$209,135	$6,245	$28,310	$219,609	$(22,694)	$1,623,084
Depreciation and amortization	2,070,597	288,595	17,145	-	45,524	(8,804)	2,413,057
Gains and losses of associates and joint ventures accounted for using the equity method	-	-	-	-	128,291	-	128,291
Other major non-cash items:							
Others	-	-	-	-	-	-	-
Departmental profit/loss for reporting	$572,654	$219,634	$73,966	$(41,692)	$(313,620)	$(8,550)	$502,392
Investments accounted for using equity method	$-	$-	$-	$-	$3,737,580	$-	$3,737,580
Increase in CAPEX on non-current assets	$3,739,129	$703,335	$32,167	$-	$462,099	$-	$4,936,730
Departmental assets for reporting	$58,769,158	$64,413,867	$961,082	$2,487,020	$20,545,465	$(77,634,107)	$69,542,485
Departmental liabilities for reporting	$31,957,737	$7,037,522	$482,202	$39	$13,365,141	$(5,360,677)	$47,481,964

Department profit and loss comprise long-term equity investments of another department as valued by using equity method among departments and their business relationships. Therefore, such department profit and loss, covering investment income/loss and business transactions of another department, have been eliminated when Longchen P&P and its subsidiaries prepared their consolidated departmental income statements.

Attachment 1 Financings provided:

Number (Note 1)	Lending company	Borrower	Account (Note 2)	Related party? (Yes/No)	Maximum balance at current period (Note 9)	Ending balance (Notes 8 & 9)	Actual amount of disbursement (Note 9)	Interest rate interval (Note 10)	Characteristic of fund lent to others (Note 4)	Business transaction amount (Note 5)	Reason for short-term loans (Note 6)	Provision for credit loss	Collateral		Limit of individual lending (Note 7)	Total limit of funds lent to others (Note 7)
													Item	Value		
0	Longchen Paper & Packaging Co., Ltd.	Hubei Longchen Greentech Co.,	Other receivables - related parties	Yes	$646,200 (CNY 150,000 thousand)	$- (CNY - thousand)	$- (CNY - thousand)	-	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of its latest audited/reviewed financial statements. (Amount: NT$7,606,357 thousand)	The ceiling on total loans granted to others by Longchen should not exceed forty percent (40%) of the net worth of its latest audited/reviewed financial statements. (Amount: NT$10,141,809 thousand)
0	Longchen Paper & Packaging Co., Ltd.	L&C CO. , (BVI) LTD.	Other receivables - related parties	Yes	646,800 (CNY 150,000 thousand)	656,550 (CNY 150,000 thousand)	240,735 (CNY 55,000 thousand)	3.50%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of its latest audited/reviewed financial statements. (Amount: NT$7,606,357 thousand)	The ceiling on total loans granted to others by Longchen should not exceed forty percent (40%) of the net worth of its latest audited/reviewed financial statements. (Amount: NT$10,141,809 thousand)

Note 1: Complete the "Number" column as described below:
(1) Fill "0" in the issuer field.
(2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: If any recorded account receivable from an associate or a related party, account with shareholder, prepayment or provisional payment has the characteristic of fund lent to others, fill it into this column.

Note 3: Maximum balance of funds lent to others in the current year

Note 4: In the "Characteristic of fund lent to others" column, fill "1" in case of a business transaction, or fill "2" in case of a short-term loan.

Note 5: If the characteristic of fund lent to other is business transaction, the business transaction amount should be entered; "Business Transaction Amount" refers to the amount of business transactions between the lending company and the borrower in the most recent year.

Note 6: If the characteristic of fund lent to other is short-term loan, the reason for and purpose of such loan issued to the borrower should be specified, such as repayment, equipment acquisition, and operation financing, etc.

Note 7: It is required to fill the limit of individual lending and the total limit of funds lent to others as stated in Longchen's "Procedures for Lending of Capital" and to explain the calculation methods of such limit and total limit in the "Note" field.

Note 8: If a public company reported such fund lending to the board of directors for resolution on a trade-by-trade basic pursuant to Article 14.1 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the amount approved by the board of directors should be included in the announced balance to disclose the risk thereof, although such loan has not been issued yet. For subsequent repayment, the balance after repayment should be disclosed to indicate the risk-based adjustment. If the publish company obtains the resolution of the board of directors and the Chairman is authorized to handle the matter within the specific amount of fund lending approved by the board of directors and the lending is authorized in installment or revolver within one year, pursuant to Article 14.2 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported. In spite of subsequent refundment, further fund authorization can be considered. Therefore, the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported.

Note 9: The ending balance and actual amount are calculated by the exchange rate of balance sheet date. The maximum amount is calculated by the exchange rate of board meeting date.

Note10: Interest rate interval is recorded by the ending balance.

Attachment 2 Endorsements and Guarantees Made to Others:

Number (Note 1)	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise made by the endorsing and guarantee company (Note 3)	Maximum outstanding endorsements and guarantee amount during the current period (Note 4)	Ending balance of endorsement and guarantee (Note 5)	Actual amount of disbursement (Note 6)	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount in the net worth of the latest financial statements	Maximum limit of endorsement and guarantee (Note 3)	Provision of endorsements and guarantees by parent company to subsidiary (Note 7)	Provision of endorsements and guarantees by subsidiary to parent company (Note 7)	Provision of endorsements and guarantees to the party in Mainland China (Note 7)
		Name of company	Relationship (Note 2)										
0	Longchen Paper & Packaging Co., Ltd.	Long Chen Paper (China) Holdings Co., Ltd.	2	The amount of endorsements and guarantees made to a single enterprise should be limited to eighty percent (80%) of Longchen's net worth. (Amount: NT$20,283,618 thousand)	$243,200	$-	$-	—	-	The total limit of endorsements and guarantees made by Longchen to other entities should be two hundred percent (200%) of its net worth. (Amount: NT$50,709,044 thousand)	Y	N	N
0	Longchen Paper & Packaging Co., Ltd.	Long Chen Paper Japan Co., Ltd.	2		623,700	623,700	-	—	2.46%		Y	N	N
0	Longchen Paper & Packaging Co., Ltd.	L&C CO. , (BVI) LTD.	2		608,000	-	-	—	-		Y	N	N
0	Longchen Paper & Packaging Co., Ltd.	Hong Kong Long Chen Paper Co., Ltd.	2		622,980	622,980	297,400	—	2.46%		Y	N	N
0	Longchen Paper & Packaging Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	2		4,054,750	3,475,950	2,193,464	—	13.71%		Y	N	Y
0	Longchen Paper & Packaging Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	2		6,550,956	6,550,956	3,895,176	—	25.84%		Y	N	Y
0	Longchen Paper & Packaging Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	2		8,037,311	6,104,869	4,848,281	—	24.08%		Y	N	Y
0	Longchen Paper & Packaging Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	2		14,381,370	14,320,576	13,546,034	—	56.48%		Y	N	Y

Note 1: Complete the "Number" column as described below:
(1) Fill "0" in the issuer field.
(2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: There are seven types of the relationship between an endorsing and guarantee company and an endorsed and guaranteed company; fill in the number of type each case belongs to:
(1) A company with business transaction;
(2) A company in which Longchen holds more than 50% voting shares directly or indirectly;
(3) A company which holds more than 50% voting shares of Longchen directly or indirectly;
(4) A company in which Longchen holds 90% or more voting shares directly or indirectly;
(5) A company which should make mutual guarantees with its peer or joint building constructor for the purpose of construction project as agreed;
(6) A company to which all shareholders make endorsements and guarantees based on the proportion of shareholding due to the joint investment relationship; or
(7) Peers making joint and several guarantee for a contract for pre-sale housing pursuant to the "Consumer Protection Act"

Note 3: It is required to fill the limit for endorsement and guarantee for single enterprise made by the endorsing and guarantee company and the maximum limit of endorsement and guarantee as stated in Longchen's "Procedures for Making Endorsements/Guarantees" and to explain the calculation methods of such limit and total limit of endorsements and guarantees in the "Note" field.

Note 4: Maximum balance of endorsements and guarantees made to others in the current year

Note 5: The amount approved by the board of directors should be filled. Where the board of directors authorizes the Chairman to make a decision pursuant to Article 12.8 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", it should be the amount approved by the Chairman.

Note 6: Fill the actual amount of disbursement of the endorsed and guaranteed company within the balance limit.

Note 7: In case of provision of endorsements and guarantees by a TWSE/TPEX-listed parent company to a subsidiary, or by the subsidiary to such parent company, or provision of endorsements and guarantees to the party in mainland China, fill "Y".

Attachment 3 Securities held at the end of period (excluding investments in subsidiaries, associates or any portion controlled by joint ventures):

Name of company which holds securities	Securities (Note 1)		Relationship between the issuer of securities and the company (Note 2)	Account	Ending				Note (Note 4)
	Category	Name			Number of shares	Book value (Note 3)	Percentage of ownership (%)	Fair value	
Longchen Paper & Packaging Co., Ltd.	Stocks	Hon Hai Precision Industry Ind. Co., Ltd.	—	Financial assets at fair value through profit or loss - current	3,504 shares	$322	—	$322	
Longchen Paper & Packaging Co., Ltd.	Stocks	Taiwan Cement Corp.	—	Financial assets at fair value through profit or loss - current	1340 shares	58	—	58	
Longchen Paper & Packaging Co., Ltd.	Preferred shares	Taiwan Cement Corp.	—	Financial assets at fair value through profit or loss - current	37 shares	2	—	2	
Longchen Paper & Packaging Co., Ltd.	Stocks	Asia Technology 3 LTD.	—	Financial assets at fair value through profit or loss - non-current	700 common shares; 6,300 preferred shares	—	16.66%	—	
Longchen Paper & Packaging Co., Ltd.	Stocks	OTC Daily News Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	180,000 shares	—	4.17%	—	
Longchen Paper & Packaging Co., Ltd.	Stocks	Everterminal Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	456,325 shares	3,685	0.47%	—	
Longchen Paper & Packaging Co., Ltd.	Stocks	Cheng Fong Chemical Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	2,325 shares	—	0.002%	—	
Longchen Paper & Packaging Co., Ltd.	Stocks	Linkou International Golf & Country Club	—	Financial assets at fair value through profit or loss - non-current	1 piece	5,071	—	—	
Longchen Paper & Packaging Co., Ltd.	Funds	ZoYi Capital Fund I,L.P.	—	Financial assets at fair value through profit or loss - non-current	—	27,339	3.145%	—	
Longchen Paper & Packaging Co., Ltd.	Funds	ARM IoT Fund,L.P.	—	Financial assets at fair value through profit or loss - non-current	—	46,991	10.260%	—	

Note 1: "Securities" herein refer to stocks, bonds, beneficiary certificates, and derivative securities from them as defined in IFRS 9 - “Financial Instruments”.

Note 2: If the issuer of securities is not a related party, please leave this column blank.

Note 3: In case of measurement at fair value, please fill in the "Book Value" column the book balance after valuation adjustment at fair value and deduction of loss allowance. In other cases, fill in the "Book Value" column the book balance of the amortized cost (with loss allowance deducted).

Note 4: If any securities are restricted due to the provision of security or secured borrowings, or subject to other agreements, specify the number of shares or amount for such security or secured borrowings and restriction of use.

Attachment 4 Cumulative amount of the same marketable securities purchased or sold amounting to NT$300 million or 20% of the paid-up capital or above:

Name of company which sells securities	Securities (Note 1)	Account	Name of counterpart (Note 2)	Relationship (Note 2)	The beginning bal.		Buy-in (Note 3)		Sells-out (Note 3)				Others		Ending	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling prices	Booking value	Disposal gain(loss)	Number of shares	Amount	Number of shares	Amount
Longchen Paper & Packaging Co., Ltd..	Stocks	Investment accounted for using the equity method	L&C CO., (BVI) LTD.	Investee accounted for using equity method	280,029,988	$16,559,488	20,115,112	$1,085,676	—	—	—	—	—	$(1,015,053) (Note 5)	300,145,100	$16,630,111

Note 1：Securities" herein refer to stocks, bonds, beneficiary certificates, and derivative securities from them as defined in IFRS 9 - “Financial Instruments”。

Note 2：Investors who use equity method in the accounting of securities must complete these two columns, and the rest may be exempted。

Note 3：Cumulative amount of the same marketable securities purchased or sold amounting to NT$300 million or 20% of the paid-up capital should be separated recorded。

Note 4：Paid-up capital refers to the paid-up capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT $ 10, the transaction amount of 20% of the paid-in capital shall be calculated based on the balance sheet of 10% of the equity of the owner of the parent company。

Note 5：It is the share of the profit and loss of subsidiaries, related companies and joint ventures recognized by the equity method, the exchange difference converted from the financial statements of foreign operating agencies, capital reserve and other。

Attachment 5 Amount of Purchase/Sale Transaction with a Related Party Exceeding NT$100 Million or 20% of the Paid-up Capital:

Purchaser/Seller	Name of counterpart	Relationship	Transaction details				Transaction conditions different from general transaction and reason(s) (Note 1)		Notes and accounts receivable/payable			Note (Note 2)
			Purchase/sale	Amount	Ratio in total purchases / sales	Period of credit granting	Unit price	Period of credit granting	Balance		Ratio in total notes and accounts receivable / payable	
Longchen Paper & Packaging Co., Ltd.	Baolong International Co., Ltd.	Investee accounted for using equity method	Sale	$1,091,810	11.00%	2 month	Subject to a distribution agreement	2 month	Accounts receivable	$87,717	5.35%	
Longchen Paper & Packaging Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	Investee in which Longchen's subsidiary holds more than 50% shares indirectly	Sale	1,273,108	12.82%	-	Subject to a distribution agreement	-	-	-	-	
Longchen Paper & Packaging Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	Investee in which Longchen's subsidiary holds more than 50% shares indirectly	Sale	179,837	1.81%	-	Subject to a distribution agreement	-	-	-	-	
Longchen Paper & Packaging Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Investee in which Longchen's subsidiary holds more than 50% shares indirectly	Sale	203,844	2.05%	-	Subject to a distribution agreement	-	-	-	-	
Longchen Paper & Packaging Co., Ltd.	Long Chen Paper Japan Co., Ltd.	Investee accounted for using equity method	Purchase	154,277 (JPY 501,441 thousand)	3.04 %	L/C	Subject to a distribution agreement	L/C	-	-	-	
Longchen Paper & Packaging Co., Ltd.	METIS INTERNATIONAL, INC.	Investee accounted for using equity method	Purchase	908,824 (USD 29,334 thousand)	17.91%	L/C	Subject to a distribution agreement	L/C	-	-	-	

Note 1: If the conditions of a transaction with a related party are different from the general transaction conditions, please specify such difference and reason(s) in the "Unit Price" and "Period of credit granting" columns.

Note 2: In case of any advance or prepayment, please specify the reason, covenant, amount and difference from general transaction in the "Note" column.

Note 3: "Paid-up Capital" herein refers to the paid-up capital of the parent company. If the issuer's stocks are no-par stocks or the par value per share is not NT$10, the transaction amount, which should account for twenty percent (20%) of the paid-up capital, should be calculated at ten percent (10%) of the equity attributable to owners of the parent company as stated in the balance sheet.

Attachment 6 Related party receivables amounting to NT$100 million or 20% of paid-up capital or above:

Creditor	Name of counterpart	Relationship	Balance of accounts receivable from related parties (Note 1)	Turnover rate	Amount overdue of accounts receivable from related parties		Accounts receivable from related party	Amount of provision for credit loss
					Amount	Action taken		
Longchen Paper & Packaging Co., Ltd.	L&C CO. , (BVI) LTD.	Investee accounted for using equity method	other receivables – related parties $240,735	_	_	_	_	_

Note 1: Please fill the accounts and notes receivable and other receivables from related parties separately.

Note 2: "Paid-up Capital" herein refers to the paid-up capital of the parent company. If the issuer's stocks are no-par stocks or the par value per share is not NT$10, the transaction amount, which should account for twenty percent (20%) of the paid-up capital, should be calculated at ten percent (10%) of the equity attributable to owners of the parent company as stated in the balance sheet.

Attachment 7 Names, locations and information of investees (excluding investees in mainland China):

Name of investor	Name of investee (Note 1 & 2)	Address	Major business activities	Original investment amount		Ending shareholding			Current loss/ gain of investee (Note 2 (2))	Loss/gain from investments recognized for the current period (Note 2 (3))	Note
				End of the current period	End of last year	Number of shares	Percentage (%)	Book value			
Longchen Paper & Packaging Co., Ltd.	L&C CO., (BVI) LTD.	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	General investment	USD 436,417 thousand	USD 414,417 thousand	300,145,100	100%	$16,630,111	$(751,399)	$(723,934)	Subsidiary
Longchen Paper & Packaging Co., Ltd.	Long Chen Investment Developing Co., Ltd.	No. 337 FuXingBei Road, 10th floor, Taipei	General investment	564,500	564,500	77,240,446	99.57%	1,386,050	(7,030)	(3,514)	Subsidiary
Longchen Paper & Packaging Co., Ltd.	Long Chen Paper Japan Co., Ltd.	5 Chome-6-1 Gokonishi, Matsudo, Chiba 270-2218 Japan	Waste paper recycling and sales	JPY 601,530 thousand	JPY 601,530 thousand	10,830	100.00%	220,205	26,609	21,015	Subsidiary
Longchen Paper & Packaging Co., Ltd.	Long Sheng Investment Co., Ltd.	No. 337 FuXingBei Road, 10th floor, Taipei	General investment	453,864	453,864	99,003,532	46.86%	1,719,722	8,296	3,888	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Long Hwa Developing Investment Co., Ltd.	No. 337 FuXingBei Road, 10th floor, Taipei	Investment in productive enterprises	229,722	229,722	43,590,054	22.84%	627,389	3,790	866	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Yuema Engineering Co., Ltd.	No. 337 FuXingBei Road, 10th floor, Taipei	International trade and venture capital (VP)	80,083	80,083	4,835,009	21.41%	563,295	(9,233)	(1,975)	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Yuema International Co., Ltd.	No. 337 FuXingBei Road, 10th floor, Taipei i	Manufacturing, processing, trading, import and export of papermaking materials and paper products	61,534	61,534	8,088,351	22.63%	202,063	89,744	20,316	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Yuma Investment Co., Ltd.	No. 337 FuXingBei Road, 10th floor, Taipei	General investment	43,832	43,832	2,724,000	20.95%	5,065	(5,887)	(1,234)	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Baolong International Co., Ltd.	No. 25, Shisan N. Rd., Douliu City, Yunlin County	Merchandising business	630,171	630,171	39,180,636	25.95%	1,443,478	93,259	24,199	Investee accounted for using equity method

Note 1: If a public company has establish its foreign holding company and submitted its consolidated statements as major financial statements as stipulated by local regulations, it can only disclose the information on such holding company regarding its foreign investee.

Note 2: In cases other than that described in Note 1, the following rules should be followed:

(1) "Name of investee", "Address", "Major business activities", "Original investment amount" and "Ending shareholding" should be filled in in sequence based on the (public) Company's reinvestment and the further reinvestment of each investee controlled directly or indirectly. The relationship (e.g. subsidiary or sub-subsidiary) between the investee and the (public) Company should also be specified in the "Note" column.

(2) The amount of each investee's current loss/gain should be filled in the "Current loss/gain of investee" column.

(3) Only the amount of losses/gains of each subsidiary recognized by the (public) Company for direct reinvestment and of each investee accounted for using equity method should be filled in the "Loss/gain from investments recognized for the current period" column, and the rest can be omitted. When filling in the "Amount of current losses/gains of each subsidiary recognized for direct reinvestment" column, confirm whether such amount includes its loss/gain from investment to be recognized for further reinvestment.

Attachment 8 Financings provided

Number (Note 1)	Lending company	Borrower	Account (Note 2)	Related party? (Yes/No)	Maximum balance at current period (Note 3)	Ending balance (Note 8 & 9)	Actual amount of disbursement (Note 9)	Interest rate collars (Note 10)	Characteristic of fund lent to others (Note 4)	Business transaction amount (Note 5)	Reason for short-term loans (Note 6)	Amount of provision for loss allowance	Collateral		Limit of individual lending (Note 7)	Total limit of funds lent to others (Note 7)
													Name	Value		
1	Pinghu Longchen Greentech Co., Ltd.	Jingzhou Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	$89,440 (CNY 20,000 thousand)	$- (CNY - thousand)	$- (CNY - thousand)	-	2	—	Operation financing	—	—	—	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$2,761,141 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$3,681,521 thousand)
1	Pinghu Longchen Greentech Co., Ltd.	Shanghai Minhang Longchen Paper Co., Ltd.	Other receivables - related parties	Yes	96,162 (CNY 22,000 thousand)	- (CNY - thousand)	- (CNY - thousand)	-	2	—	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$2,761,141 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$3,681,521 thousand)
2	Suzhou Longchen Paper Co., Ltd	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	43,020 (CNY 10,000 thousand)	43,770 (CNY 10,000 thousand)	43,770 (CNY 10,000 thousand)	4.350%	2	—	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Suzhou Longchen Paper Co., Ltd (Amount:NT$152,547 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Suzhou Longchen Paper Co., Ltd (Amount:NT$202,396 thousand)
2	Suzhou Longchen Paper Co., Ltd	Wuxi Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	77,544 (CNY 18,000 thousand)	78,786 (CNY 18,000 thousand)	78,786 (CNY 18,000 thousand	4.785%	2	—	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Suzhou Longchen Paper Co., Ltd (Amount: NT$152,547 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Suzhou Longchen Paper Co., Ltd (Amount:NT$203,396 thousand)
3	Hong Kong Long Chen Paper Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	97,865 (CNY 23,000 thousand)	100,671 (CNY 23,000 thousand	100,671 (CNY 23,000 thousand)	3.500%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Hong Kong Long Chen Paper Co., Ltd. (Amount:NT$759,838 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Hong Kong Long Chen Paper Co., Ltd. (Amount:NT$1,013,118 thousand)

Attachment 8 Financings provided

Number (Note 1)	Lending company	Borrower	Account (Note 2)	Related party? (Yes/No)	Maximum balance at current period (Note 3)	Ending balance (Note 8 & 9)	Actual amount of disbursement (Note 9)	Interest rate collars (Note 10)	Characteristic of fund lent to others (Note 4)	Business transaction amount (Note 5)	Reason for short-term loans (Note 6)	Amount of provision for loss allowance	Collateral		Limit of individual lending (Note 7)	Total limit of funds lent to others (Note 7)
3	Hong Kong Long Chen Paper Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	$295,750 (USD 10,000 thousand)	$284,800 (USD 10,000 thousand)	$284,800 (USD 10,000 thousand)	3-Month LIBOR	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Hong Kong Long Chen Paper Co., Ltd. (Amount: NT$759,838 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Hong Kong Long Chen Paper Co., Ltd. (Amount: NT$1,013,118 thousand)
4	Long Chen Paper Japan Co., Ltd.	Metis International, Inc	Other receivables - related parties	Yes	59,480 (USD 2,000 thousand)	56,960 (USD 2,000 thousand)	- (CNY - thousand)	3.000%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Long Chen Paper Japan Co., Ltd (Amount: NT$67,740 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Long Chen Paper Japan Co., Ltd (Amount: NT$90,320 thousand)
5	Suzhou Mango Packaging Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	25,284 (CNY 6,000 thousand)	26,262 (CNY 6,000 thousand)	26,262 (CNY 6,000 thousand)	4.350%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Suzhou Mango Packaging Co., Ltd (Amount: NT$47,222 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Suzhou Mango Packaging Co., Ltd (Amount: NT$62,963 thousand)
5	Suzhou Mango Packaging Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	27,391 (CNY 6,500 thousand)	28,451 (CNY 6,500 thousand)	28,451 (CNY 6,500 thousand)	4.350%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Suzhou Mango Packaging Co., Ltd (Amount: NT$47,222 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Suzhou Mango Packaging Co., Ltd (Amount: NT$62,963 thousand)
6	L&C CO., (BVI) LTD	Long Chen Paper (China) Holdings Co., Ltd.	Other receivables - related parties	Yes	646,800 (CNY 150,000 thousand	656,550 (CNY 150,000 thousand)	240,735 (CNY 55,000 thousand)	3.500%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of L&C CO., (BVI) LTD (Amount: NT$6,656,303 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of L&C CO., (BVI) LTD (Amount: NT$6,656,303 thousand)

Attachment 8 Financings provided

Number (Note 1)	Lending company	Borrower	Account (Note 2)	Related party? (Yes/No)	Maximum balance at current period (Note 3)	Ending balance (Note 8 & 9)	Actual amount of disbursement (Note 9)	Interest rate collars (Note 10)	Characteristic of fund lent to others (Note 4)	Business transaction amount (Note 5)	Reason for short-term loans (Note 6)	Amount of provision for loss allowance	Collateral		Limit of individual lending (Note 7)	Total limit of funds lent to others (Note 7)
7	Long Chen Paper (China) Holdings Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	$646,800 (CNY 150,000 thousand)	$656,550 (CNY 150,000 thousand)	$240,735 (CNY 55,000 thousand)	3,500%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Long Chen Paper (China) Holdings Co., Ltd. (Amount: NT$4,846,120 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Long Chen Paper (China) Holdings Co., Ltd. (Amount: NT$6,461,493 thousand)
8	Jiangsu Longchen Greentech Co., Ltd .	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	646,800 (CNY 150,000 thousand)	656,550 (CNY 150,000 thousamd)	240,735 (CNY 55,000 thousand)	4,350%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd (Amount: NT$4,833,927 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd (Amount: NT$6,445,236 thousand)

Note 1: Complete the "Number" column as described below:
(1) Fill "0" in the issuer field.
(2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: If any recorded account receivable from an associate or a related party, account with shareholder, prepayment or provisional payment has the characteristic of fund lent to others, fill it into this column.

Note 3: Maximum balance of funds lent to others in the current year

Note 4: In the "Characteristic of fund lent to others" column, fill "1" in case of a business transaction, or fill "2" in case of a short-term loan.

Note 5: If the characteristic of fund lent to other is business transaction, the business transaction amount should be entered; "Business Transaction Amount" refers to the amount of business transactions between the lending company and the borrower in the most recent year.

Note 6: If the characteristic of fund lent to other is short-term loan, the reason for and purpose of such loan issued to the borrower should be specified, such as repayment, equipment acquisition, and operation financing, etc.

Note 7: It is required to fill the limit of individual lending and the total limit of funds lent to others as stated in Longchen's "Procedures for Lending of Capital" and to explain the calculation methods of such limit and total limit in the "Note" field.

Note 8: If a public company reported such fund lending to the board of directors for resolution on a trade-by-trade basic pursuant to Article 14.1 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the amount approved by the board of directors should be included in the announced balance to disclose the risk thereof, although such loan has not been issued yet. For subsequent repayment, the balance after repayment should be disclosed to indicate the risk-based adjustment. If the publish company obtains the resolution of the board of directors and the Chairman is authorized to handle the matter within the specific amount of fund lending approved by the board of directors and the lending is authorized in installment or revolver within one year, pursuant to Article 14.2 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported. In spite of subsequent refundment, further fund authorization can be considered. Therefore, the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported.

Note 9: The actual amount of disbursement should be converted into the amount in NTD at the exchange rate applicable on the date of authorization for issuance of financial statements. The maximum balance at current period and the ending balance should be converted at the exchange rate applicable on the date of board resolution.

Note 10: The disclosure during the interest rate collars should be based on the ending balance.

Attachment 9 Endorsements and Guarantees Made to Others:

Number (Note 1)	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise made by the endorsing and guarantee company (Note 3)	Maximum outstanding endorsements and guarantee amount during the current period (Note 4)	Ending balance of endorsement and guarantee (Note 5)	Actual amount of disbursement (Note 6)	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount in the net worth of the latest financial statements	Maximum limit of endorsement and guarantee (Note 3)	Provision of endorsements and guarantees by parent company to subsidiary (Note 7)	Provision of endorsements and guarantees by subsidiary to parent company (Note 7)	Provision of endorsements and guarantees to the party in Mainland China (Note 7)
		Name of company	Relationship (Note 2)										
1	Pinghu Longchen Greentech Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	4	The total limit to loans granted to a single party by Longchen should not exceed three hundred percent (300%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$27,611,409 thousand)	$223,950	$223,950	$89,580	$-	2.43%	The total limit to loans granted to others by Longchen should not exceed three hundred percent (300%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$27,611,409 thousand)	N	N	Y
2	Jiangsu Longchen Greentech Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	2	The total limit to loans granted to a single party by Longchen should not exceed three hundred percent (300%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd. (Amount: NT$48,339,270 thousand)	4,342,540	4,177,660	1,302,268	-	25.93%	The total limit to loans granted to others by Longchen should not exceed three hundred percent (300%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd. (Amount: NT$48,339,270 thousand)	N	N	Y
		Wuxi Longchen Greentech Co., Ltd.	2		2,595,240	2,298,140	736,821	-	14,26%		N	N	Y
		Xiantao Longchen Greentech Co., Ltd.	2		224,000	215,600	211,926	-	1.34%		N	N	Y
		Hubei Longchen Greentech Co., Ltd.	2		798,345	43,120	43,120	-	0.27%		N	N	Y
		Wuhan Longchen Greentech Co., Ltd.	2		358,400	344,960	140,571	-	2.14%		N	N	Y
		Jingzhou Longchen Greentech Co., Ltd.	2		224,000	215,600	215,600	-	1.34%		N	N	Y
		Suzhou Longchen Paper Co., Ltd	2		216,350	216,350	43,270	-	1.34%		N	N	Y
		Hong Kong Long Chen Paper Co., Ltd.	2		308,950	-	-	-			N	N	N

Note 1: Complete the "Number" column as described below:
(1) Fill "0" in the issuer field.
(2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: There are seven types of the relationship between an endorsing and guarantee company and an endorsed and guaranteed company; fill in the number of type each case belongs to:
(1) A company with business transaction;
(2) A company in which Longchen holds more than 50% voting shares directly or indirectly;
(3) A company which holds more than 50% voting shares of Longchen directly or indirectly;
(4) A company in which Longchen holds 90% or more voting shares directly or indirectly;
(5) A company which should make mutual guarantees with its peer or joint building constructor for the purpose of construction project as agreed;
(6) A company to which all shareholders make endorsements and guarantees based on the proportion of shareholding due to the joint investment relationship; or
(7) Peers making joint and several guarantee for a contract for pre-sale housing pursuant to the "Consumer Protection Act"

Note 3: It is required to fill the limit for endorsement and guarantee for single enterprise made by the endorsing and guarantee company and the maximum limit of endorsement and guarantee as stated in Longchen's "Procedures for Making Endorsements/Guarantees" and to explain the calculation methods of such limit and total limit of endorsements and guarantees in the "Note" field.

Note 4: Maximum balance of endorsements and guarantees made to others in the current year

Note 5: The amount approved by the board of directors should be filled. Where the board of directors authorizes the Chairman to make a decision pursuant to Article 12.8 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", it should be the amount approved by the Chairman.

Note 6: Fill the actual amount of disbursement of the endorsed and guaranteed company within the balance limit.

Note 7: In case of provision of endorsements and guarantees by a TWSE/TPEX-listed parent company to a subsidiary, or by the subsidiary to such parent company, or provision of endorsements and guarantees to the party in mainland China, fill "Y".

Attachment 10 Securities held at the end of period (excluding investments in subsidiaries, associates or any portion controlled by joint ventures):

Name of company which holds securities	Securities (Note 1)		Relationship between the issuer of securities and the company (Note 2)	Account	Ending				Note (Note 4)
	Category	Name			Number of shares	Book value (Note 3)	Shareholding percentage	Fair value	
L&C CO., (BVI) LTD.	Equity investment	Long Chen Paper (China) Holdings Co., Ltd.	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	296,115,945 shares	$16,461,621	100%	$16,153,732	
	Equity investment	Long Chen Packaging Company (Cayman)	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	USD 2,525,000	157,426	100%	157,426	
	Equity investment	LongChen Paper Trading Limited	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	USD 160,000	2,582	80%	2,582	
Long Chen Investment Developing Co., Ltd.	Funds	Jih Sun Money Market Fund	—	Financial assets at fair value through profit or loss - current	445,576 shares	6,661	-	6,661	
	Stocks	PYXIS GROUP	—	Financial assets at fair value through profit or loss - non-current	2,598,000 shares	-	0.11%	-	
	Stocks	Sheng Ying Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	1 share	-	0.06%	-	
	Stocks	Yuema Engineering Co., Ltd.	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	3,003,500 shares	351,786	13.30%	351,694	
	Stocks	Yuema International Co., Ltd.	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	5,784,962 shares	150,656	16.19%	149,831	
	Stocks	Baolong International Co., Ltd.	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	14,929,087 shares	630,857	9.89%	267,977	
Long Chen Paper Japan Co., Ltd.	Stocks	Metis International, Inc.	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	USD 1,500,000	97,103	100.00%	97,103	
Hubei Longchen Greentech Co., Ltd	Stocks	Nanjing Hongcheng Technology Co., Ltd	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	CNY 4,900	22,312	49.00%	22,312	

Note 1: "Securities" herein refer to stocks, bonds, beneficiary certificates, and derivative securities from them as defined in IFRS 9 - “Financial Instruments”.

Note 2: If the issuer of securities is not a related party, please leave this column blank.

Note 3: In case of measurement at fair value, please fill in the "Book Value" column the book balance after valuation adjustment at fair value and deduction of loss allowance. In other cases, fill in the "Book Value" column the book balance of the amortized cost (with loss allowance deducted).

Note 4: If any securities are restricted due to the provision of security or secured borrowings, or subject to other agreements, specify the number of shares or amount for such security or secured borrowings and restriction of use.

Attachment 11 Sales and purchases with related parties amounting to NT$100 million or 20% of paid up capital or above:

Purchaser/Seller	Name of counterpart	Relationship	Transaction details				Transaction conditions different from general transaction and reason(s) (Note 1)		Notes and accounts receivable/payable		Note (Note 2)
			Purchase / sale	Amount	Ratio in total purchases/sales	Period of credit granting	Unit price	Period of credit granting	Balance	Ratio in total notes and accounts receivable / payable (%)	
Wuxi Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Sale	$2,093,864 (CNY 489,072 thousand)	21.11%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable $380,042 (CNY 86,827 thousand)	15.02%	
			Purchase	896,192 (CNY 209,327 thousand)	10,67%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement		Accounts payable 709,485 (CNY 162,094 thousand)	31.86%	
Wuxi Longchen Greentech Co., Ltd.	Zhejiang Xiasha Longchen Packing Co., Ltd.	Longchen's sub-subsidiary	Sale	354,436 (CNY 82,787 thousand)	3.57%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable 11,765 (CNY 2,688 thousand)	0.53%	
Wuxi Longchen Greentech Co., Ltd.	Wuxi Longchen Resources Co., Ltd.	Longchen's sub-subsidiary	Purchase	1,191,169 (CNY 278,226 thousand)	14.19%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts payable 409,840 (CNY 93,635 thousand)	18.40%	
Wuxi Longchen Greentech Co., Ltd.	Shanghai Minhang Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Sale	136,719 (CNY 31,934 thousand)	1.38%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Notes receivable 15,320 (CNY 3,500 thousand)	3.08%	
								-	Accounts receivable 62,709 (CNY 14,327 thousand)		
Wuxi Longchen Greentech Co., Ltd.	Long Chen Paper Japan Co., Ltd.	Longchen's sub-subsidiary	Purchase	205,151 (CNY 47,918 thousand)	2.44%	L/C	Subject to a distribution agreement	-	Accounts payable 29,251 (CNY 6,683 thousand)	1.31%	
Pinghu Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Sale	3,258,228 (CNY 761,037 thousand)	26.39%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable 615,564 (CNY 140,636 thousand)	14.28%	
			Purchase	887,680 (CNY 207,339 thousand)	8.89%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts payable 206,537 (CNY 47,187 thousand)	17,43%	
Pinghu Longchen Greentech Co., Ltd.	Zhejiang Xiasha Longchen Packing Co., Ltd.	Longchen's sub-subsidiary	Sale	641,172 (CNY 149,761 thousand)	5.19%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable $174,787 (CNY 39,933 thousand)	4.05%	
Pinghu Longchen Greentech Co., Ltd.	Shanghai Minhang Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Sale	287,798 (CNY 67,222 thousand)	2.33%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Notes receivable 56,901 (CNY 13,000 thousand)	4.93%	
									Accounts receivable 155,729 (CNY 35,579 thousand)		

Attachment 11 Sales and purchases with related parties amounting to NT$100 million or 20% of paid up capital or above:

Purchaser/Seller	Name of counterpart	Relationship	Transaction details				Transaction conditions different from general transaction and reason(s) (Note 1)		Notes and accounts receivable/payable		Note (Note 2)
			Purchase / sale	Amount	Ratio in total purchases/sales	Period of credit granting	Unit price	Period of credit granting	Balance	Ratio in total notes and accounts receivable / payable (%)	
Pinghu Longchen Greentech Co., Ltd.	Metis International, Inc.	Longchen's sub-subsidiary	Purchase	$267,076 (CNY 62,382 thousand)	2.67%	L/C	Subject to a distribution agreement	-	Accounts payable $63,344 (CNY 14,472 thousand)	5.35%	
Jiangsu Longchen Greentech Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Sale	831,698 (CNY 194,263 thousand)	8.81%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable 641,406 (CNY 146,540 thousand)	21.93%	
			Purchase	989,040 (CNY 231,014 thousand)	10.94%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts payable 145,899 (CNY 33,333 thousand)	11.83%	
Jiangsu Longchen Greentech Co., Ltd.	Suzhou Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Sale	263,133 (CNY 61,461 thousand)	2.79%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable 21,973 (CNY 5,020 thousand)	0.75%	
Hubei Longchen Greentech Co., Ltd.	Xiantao Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Sale	296,150 (CNY 69,173 thousand)	3.05%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Notes receivable 218,850 (CNY 50,000 thousand) Accounts receivable 143,544 (CNY 32,795 thousand)	18.16%	
Hubei Longchen Greentech Co., Ltd.	Hubei Longchen Resources Co., Ltd.	Longchen's sub-subsidiary	Purchase	1,644,409 (CNY 384,091 thousand)	18.79%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts payable 233,277 (CNY 53,296 thousand)	12.58%	

Note 1: If the conditions of a transaction with a related party are different from the general transaction conditions, please specify such difference and reason(s) in the "Unit Price" and "Period of credit granting" columns.

Note 2: In case of any advance or prepayment, please specify the reason, covenant, amount and difference from general transaction in the "Note" column.

Note 3: "Paid-up Capital" herein refers to the paid-up capital of the parent company. If the issuer's stocks are no-par stocks or the par value per share is not NT$10, the transaction amount, which should account for twenty percent (20%) of the paid-up capital, should be calculated at ten percent (10%) of the equity attributable to owners of the parent company as stated in the balance sheet.

Attachment 12 Related party receivables amounting to NT$100 million or 20% of paid-up capital or above:

Creditor	Name of counterpart	Relationship	Balance of accounts receivable from related parties (Note 1)	Turnover rate	Amount overdue of accounts receivable from related parties		Accounts receivable from related party	Amount of provision for credit loss
					Amount	Action taken		
Jiangsu Longchen Greentech Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable $206,537 (CNY 47,187 thousand)	8.27 times	—	—	—	
Jiangsu Longchen Greentech Co., Ltd.	Wuxi Longchen Greentech Co., Ltd	Longchen's sub-subsidiary	Accounts receivable 709,485 (CNY 162,094 thousand)	1.56 times	—	—	—	
Jiangsu Longchen Greentech Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 641,406 (CNY 146,540 thousand)	1.45 times	—	—	—	
Pinghu Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 615,564 (CNY 140,636 thousand)	6.07 times	—	—	—	
Pinghu Longchen Greentech Co., Ltd.	Shanghai Minhang Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Notes receivable 56,901 (CNY 13,000 thousand) Accounts receivable 155,729 (CNY 35,579 thousand)	1.64 times	—	—	—	
Pinghu Longchen Greentech Co., Ltd.	Zhejiang Xiasha Longchen Packing Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 174,487 (CNY 39,933 thousand)	4.41 times	—	—	—	
Hubei Longchen Greentech Co., Ltd.	Xiantao Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Notes receivable 218,850 (CNY 50.000 thousand) Accounts receivable 143,544 (CNY 32,795 thousand)	0.85 times	—	—	—	
Hubei Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable $145,899 (CNY 33,333 thousand)	11,64 times	—	—	—	
Hubei Longchen Greentech Co., Ltd.	Jingzhou Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Notes receivable 112,209 (CNY 25,636 thousand)	0.03 times	—	—	—	
Wuxi Longchen Resources Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 409,840 (CNY 93,635 thousand)	3.89 times	—	—	—	
Wuxi Longchen Greentech Co., Ltd	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 380.042 (CNY 86,827 thousand)	6.84 times	—	—	—	
Hubei Longchen Resources Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 233,277 (CNY 53,296 thousand)	10.20 times	—	—	—	
Hong Kong Long Chen Paper Co., Ltd.	Wuxi Longchen Greentech Co., Ltd	Longchen's sub-subsidiary	Other receivables 100,789 (CNY 23.027 thousand)		—	—	—	
L&C CO., (BVI) LTD	Long Chen Paper (China) Holdings Co., Ltd.	Longchen's sub-subsidiary	Other receivables 240,992 (CNY 55,000 thousand)		—	—	—	

Note 1: Please fill the accounts and notes receivable and other receivables from related parties separately.

Note 2: "Paid-up Capital" herein refers to the paid-up capital of the parent company. If the issuer's stocks are no-par stocks or the par value per share is not NT$10, the transaction amount, which should account for twenty percent (20%) of the paid-up capital, should be calculated at ten percent (10%) of the equity attributable to owners of the parent company as stated in the balance sheet.

Attachment 13 Names, primary business activities, paid-up capital, terms of investment and information relating to Mainland investees:

Investee in Mainland China	Major business activities	Paid-up capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of the first day of the current period	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as at the last day of the current period	Net income of the investee in the current period	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company in the current period (Note 3)	Ending book value of investments in Mainland China	Accumulated amount of investment income remitted back to Taiwan as at the last day of the current period	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Wuxi Longchen Greentech Co., Ltd.	Manufacturing of converted paper and paperboard, sale of self-made products	USD 171,800 thousand	(2)	$4,858,912	$-	$-	$4,858,912	$(253,820)	98,84%	$(250,875)	$6,834,537	$-	
Suzhou Longchen Paper Co., Ltd.	Manufacturing and sale of top-grade paper, paperboard and novel packaging materials	USD 13,580 thousand	(2)	437,649	-	-	437,649	(91,413)	100.00%	(91,413)	508,491	-	
Jiangsu Longchen Greentech Co., Ltd.	Manufacturing, processing and sale of top-grade paper, paperboard and paper products	CNY 895,978 thousand	(2)	365,441	-	-	365,441	35,132	100.00%	35,132	16,113,090	-	
Zhejiang Xiasha Longchen Packing Co., Ltd.	Manufacturing and processing of top-grade paperboard, cartons and paper boxes	USD 19,500 thousand	(2)	392,073	-	-	392,073	57,104	100.00%	57,104	845,647	-	
Shanghai Minhang Longchen Paper Co., Ltd.	Manufacturing and processing of paperboard and paper products	USD 12,000 thousand	(2)	118,551	-	-	118,551	2,610	100.00%	2,610	263,500	-	
Pinghu Longchen Greentech Co., Ltd.	Manufacturing and sale of top-grade paper and paperboard	USD 164,590 thousand	(2)	2,755,127	-	-	2,755,127	374,225	100.00%	374,225	9,203,803	-	
Suzhou Mango Packaging Co., Ltd.	Wholesale, import and export of packaging materials, paper products, electronic products, and hardware	USD 2 ,500 thousand	(2)	76,178	-	-.	76,178	19,419	100.00%	19,419	157,408	-	
Kunshan Longzhong Investment Co., Ltd.	Provision of consulting services, market information and investment strategies for investors	USD 75,000 thousand	(2)	1,306,382	-	-	1,306,382	(455)	100.00%	(455)	2,249,494	-	
Hubei Longchen Greentech Co., Ltd.	Sewage treatment, resource recovery and recycling, manufacturing and sale of top-grade paper and paperboard	CNY 1,764,275 thousand	(2)	-	-	-	-	(800,763)	100.00%	(800,763)	4,898,081	-	
Xiantao Longchen Greentech Co., Ltd.	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	CNY 79,200 thousand	(2)	-	-	-	-	(45,134)	100.00%	(45,134)	162,904	-	
Wuhan Longchen Greentech Co., Ltd.	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	CNY 72,000 thousand	(2)	-	-	-	-	(7,466)	100.00%	(7,466)	292,796	-	

Attachment 13 Names, primary business activities, paid-up capital, terms of investment and information relating to Mainland investees:

Investee in Mainland China	Major business activities	Paid-up capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of the first day of the current period	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as at the last day of the current period	Net income of the investee in the current period	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company in the current period (Note 3)	Ending book value of investments in Mainland China	Accumulated amount of investment income remitted back to Taiwan as at the last day of the current period	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Wuxi Longchen Greentech Co., Ltd.	Manufacturing of converted paper and paperboard, sale of self-made products	USD 171,800 thousand	(2)	$4,858,912	$-	$-	$4,858,912	$(253,820)	98,84%	$(250,875)	$6,834,537	$-	
Suzhou Longchen Paper Co., Ltd.	Manufacturing and sale of top-grade paper, paperboard and novel packaging materials	USD 13,580 thousand	(2)	437,649	-	-	437,649	(91,413)	100.00%	(91,413)	508,491	-	
Jiangsu Longchen Greentech Co., Ltd.	Manufacturing, processing and sale of top-grade paper, paperboard and paper products	CNY 895,978 thousand	(2)	365,441	-	-	365,441	35,132	100.00%	35,132	16,113,090	-	
Zhejiang Xiasha Longchen Packing Co., Ltd.	Manufacturing and processing of top-grade paperboard, cartons and paper boxes	USD 19,500 thousand	(2)	392,073	-	-	392,073	57,104	100.00%	57,104	845,647	-	
Shanghai Minhang Longchen Paper Co., Ltd.	Manufacturing and processing of paperboard and paper products	USD 12,000 thousand	(2)	118,551	-	-	118,551	2,610	100.00%	2,610	263,500	-	
Pinghu Longchen Greentech Co., Ltd.	Manufacturing and sale of top-grade paper and paperboard	USD 164,590 thousand	(2)	2,755,127	-	-	2,755,127	374,225	100.00%	374,225	9,203,803	-	
Suzhou Mango Packaging Co., Ltd.	Wholesale, import and export of packaging materials, paper products, electronic products, and hardware	USD 2 ,500 thousand	(2)	76,178	-	-.	76,178	19,419	100.00%	19,419	157,408	-	
Kunshan Longzhong Investment Co., Ltd.	Provision of consulting services, market information and investment strategies for investors	US$75,000 thousand	(2)	1,306,382	-	-	1,306,382	(455)	100.00%	(455)	2,249,494	-	
Hubei Longchen Greentech Co., Ltd.	Sewage treatment, resource recovery and recycling, manufacturing and sale of top-grade paper and paperboard	CNY 1,764,275 thousand	(2)	-	-	-	-	(800,763)	100.00%	(800,763)	4,898,081	-	
Xiantao Longchen Greentech Co., Ltd.	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	CNY 79,200 thousand	(2)	-	-	-	-	(45,134)	100.00%	(45,134)	162,904	-	
Wuhan Longchen Greentech Co., Ltd.	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	CNY 72,000 thousand	(2)	-	-	-	-	(7,466)	100.00%	(7,466)	292,796	-	

Attachment 13 Names, primary business activities, paid-up capital, terms of investment and information relating to Mainland investees:

Investee in Mainland China	Major business activities	Paid-up capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of the first day of the current period	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as at the last day of the current period	Net income of the investee in the current period	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company in the current period (Note 3)	Ending book value of investments in Mainland China	Accumulated amount of investment income remitted back to Taiwan as at the last day of the current period	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Jingzhou Longchen Greentech Co., Ltd	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	CNY 79,200 thousand	(2)	$-	$-	$-	$-	$(31,548)	100.00%	$(31,548)	$185,857	$-	
Hunan Longchen Green Packing Co., Ltd.	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	CNY 16,100 thousand	(2)	-	-	-	-	(82)	100.00%	(82)	70,399	-	
Nanjing Hongcheng Technology Co., Ltd	Renewable resource utilization technology research and development, information technology consulting, and recycling and wholesale of recycled materials	CNY 10,000 thousand	(2)	-	-	-	-	1,726	49%	846	22,312	-	
Shang Yang (Suzhou) Paper Packaging Co., Ltd.	Prints for packaging and decoration, color-printed paper cartons	-	(2)	185,150	-	-	185,150	-	-	-	-	-	Note 6
Rong Yang (Shanghai) Packaging Co., Ltd.	Design, manufacturing and processing of paper packaging products and similar products	-	(2)	8,879	-	-	8,879	-	-	-	-	-	Note 6
Ningbo Shang Yang Packaging Co., Ltd.	Design, manufacturing and processing of paper packaging products	-	(2)	1,492	-	-	1,492	-	-	-	-	-	Note 6
Sun Young (Chongqing) Packaging Co., Ltd.	Manufacturing and sale of cartons, pearl wool and foam, etc	-	(2)	14,633	-	-	14,633	-	-	-	-	-	Note 6
Fuyang Fuchun Resort Co., Ltd.	Golf course	-	(2)	66,984	-	(66,984)	-	-	-	-	-	-	Note 7
Kunshan Long Chen Trading Co., Ltd.	Wholesale, import and export of paper, paperboard, cartons, and packaging materials	-	(2)	2,426	-	-	2,426	-	-	-	-	-	Note 5
Kunshan Pao Long Trading Co., Ltd.	Commercial wholesale, import and export of papermaking equipment, accessories and materials	-	(2)	2,426	-	-	2,426	-	-	-	-	-	Note 5

Amount of investments in Mainland China	Approved investment amount	Limit of investments in Mainland China	The Company's accumulated investment amount in Taiwan	Income remitted back to Taiwan by subsidiary
$10,525,319	$12,405,499	(Note 3)	$-	$-

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1) Directly invest in a company in mainland China;
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China (Suzhou Mango Packaging Co., Ltd. listed as sub-subsidiary herein made such reinvestment through Long Chen Packaging Company (Cayman); Kunshan Long Chen Trading Co., Ltd. And Kunshan Pao Long Trading Co., Ltd. made such reinvestment through LongChen Paper Trading Limited; Zhejiang Fuchun Resort Tourism Development Co., Ltd. and Fuyang Fuchun Resort Co., Ltd. made such reinvestment through PAO LONG EASTERN LEISURE CAPITAL INC. Other reinvestments in companies in mainland China were made from Long Chen Paper (China) Holdings Co., Ltd.);
(3) Others

Note 2: In the "Investment income (loss) recognized by the Company in the current period" column, recognition is based on the financial statements that are audited and attested by the international accounting firm which has cooperative relationship with the accounting firm in R.O.C.

Note 3: Pursuant to Jing-Shen No. 09704604680 Letter issued by the Investment Commission, the Ministry of Economic Affairs (MOEA), the total amount of investments in companies in mainland China should not exceed sixty percent (60%) of the net worth, except the Taiwan-based subsidiaries of enterprises or multinational enterprises with the certificate of compliance with the operational headquarters' business scope issued by the Industrial Development Bureau, MOEA.
Longchen complies with such rule of the Industrial Development Bureau, MOEA. Therefore, Longchen's investments in mainland China are not limited to sixty percent (60%) of the net worth. As Longchen's operational headquarters identification would expire in December 2016, it filed an application for identification again with the MOEA in 2016. Its validity period starts from October 26, 2016 till October 25, 2019.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

Note 5: Kunshan Long Chen Trading Co., Ltd. and Kunshan Pao Long Trading Co., Ltd. invested by Longchen indirectly were winded up in Q4 of 2017. Their rights and obligations were liquidated, and the business registration was canceled. Additionally, the capital stock would be back to Long Chen Paper Trading Limited. Thus, no deduction is required.

Note 6: (1) Ningbo Shang Yang Packaging Co., Ltd. and Rong Yang (Shanghai) Packaging Co., Ltd. invested by Longchen indirectly were winded up in Q4 of 2016. Their rights and obligations were liquidated, and the business registration was canceled.
(2) The shares of Shang Yang (Suzhou) Paper Packaging Co., Ltd. and Shang Yang (Suzhou) Paper Packaging Co., Ltd. were transferred to non-related parties through the resale of full ownership to SENBO HOLDINGS LTD.
(3) The liquidated capital stock and the proceeds of sale were remitted back to Long Chen Paper (China) Holdings Co., Ltd. So no deduction was required.

Note 7: Zhejiang Fuchun Resort Tourism Development Co., Ltd. And Fuyang Fuchun Resort Co., Ltd. invested by Longchen indirectly were sold in 2016. The liquidated capital stock of US$20,110 thousand (calculated at 18.05% shareholding percentage) was remitted back to the investor in the third area (L&C CO., (B.V.I.) LTD.). This was approved by the Investment Commission (Jing-Shen-Er No. 10600034750 Letter) on March 28, 2017. The investment amount of remittance from Taiwan to mainland China was US$2 million (NT$66,894 thousand); according to the rules of the Investment Commission, no deduction was required.

Attachment 14 Business relationships and significant inter-company transactions

Number (Note 1)	Name of Trader	Counterparty	Relationship to the Trader (Note 2)	Transaction Details				
				Account	Amount		Transaction Conditions	Percentage of Total Consolidated Net Revenues or Assets (Note 3)
0	Longchen Paper & Packaging Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	1	Sales	1,273,108 thousand		Advance Payment or Monthly Settlement Within 90 Days	3.06%
0	Longchen Paper & Packaging Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	1	Sales	179,837 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.43%
0	Longchen Paper & Packaging Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	1	Sales	203,844 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.49%
0	Longchen Paper & Packaging Co., Ltd.	Long Chen Paper Japan Co., Ltd.	1	Purchase	154,277 thousand		PAYMENT AGAINST L/C AT SIGHT	0.37%
0	Longchen Paper & Packaging Co., Ltd.	Metis International INC	1	Purchase	908,824 thousand		PAYMENT AGAINST L/C AT SIGHT	2.18%
0	Longchen Paper & Packaging Co., Ltd.	L&C CO.(BVI)LTD.	1	Interest Income	257 thousand		Interest Receive Upon Expiration	—
				Other Receivables	240,992 thousand			0.33%
1	L&C CO.(BVI)LTD.	Long Chen Paper (China) Holdings CO.,LTD	1	Interest Income	257 thousand		Interest Receive Upon Expiration	—
				Other Receivables	240,992 thousand			0.33%
2	Wuxi Longchen Greentech Co., Ltd.	Suzhou Longchen Paper Co., Ltd.	3	Purchase	CNY 3,603 thousand		Prepayment or Monthly Settlement Within 90 Days	0.04%
				Interest expense	CNY 712 thousand		Interest Payment Upon Expiration	0.01%
				Accounts Payable	CNY 434 thousand			0.00%
				Other Payables	CNY 18,712 thousand			0.11%
2	Wuxi Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	2	Sales	CNY 489,072 thousand		Advance Payment or Monthly Settlement Within 90 Days	5.03%
				Purchase	CNY 209,327 thousand		Prepayment or Monthly Settlement Within 90 Days	2.15%
				Accounts Receivable	CNY 86,827 thousand			0.52%
				Accounts Payable	CNY 162,094 thousand			0.96%
2	Wuxi Longchen Greentech Co., Ltd.	Zhejiang xiasha Longchen packing Co., Ltd.	3	Sales	CNY 82,787 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.85%
				Accounts Receivable	CNY 2,688 thousand			0.02%
2	Wuxi Longchen Greentech Co., Ltd.	Wuxi Longchen Resources Co., Ltd.	1	Purchase	CNY 278,226 thousand		Prepayment or Monthly Settlement Within 90 Days	2.86%
				Accounts Payable	CNY 93,635 thousand			0.56%
2	Wuxi Longchen Greentech Co., Ltd.	Shanghai minhang longchen paper co., ltd.	3	Sales	CNY 31,934 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.33%
				Notes Receivable	CNY 3,500 thousand			0.02%
				Accounts Receivable	CNY 14,327 thousand			0.09%
2	Wuxi Longchen Greentech Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	3	Sales	CNY 3,413 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.04%
				Purchase	CNY 9,868 thousand		Prepayment or Monthly Settlement Within 90 Days	0.10%
				Accounts Receivable	CNY 358 thousand			—
				Accounts Payable	CNY 975 thousand			0.01%
2	Wuxi Longchen Greentech Co., Ltd.	Long Chen Paper Japan Co., Ltd.	3	Purchase	CNY 47,918 thousand		PAYMENT AGAINST L/C AT SIGHT	0.49%
				Accounts Payable	CNY 6,683 thousand			0.04%
2	Wuxi Longchen Greentech Co., Ltd.	Hong Kong Long Chen Paper Co., Ltd.	3	Interest expense	CNY 572 thousand		Interest Payment Upon Expiration	0.01%
				Other Payables	CNY 23,027 thousand			0.14%

Attachment 14 Business relationships and significant inter-company transactions

Number (Note 1)	Name of Trader	Counterparty	Relationship to the Trader (Note 2)	Transaction Details				Percentage of Total Consolidated Net Revenues or Assets (Note 3)
				Account	Amount		Transaction Conditions	
2	Wuxi Longchen Greentech Co., Ltd.	Suzhou Mango Packaging Co., Ltd.	3	Interest expense	CNY 162 thousand		Interest Payment Upon Expiration	—
				Other Payables	CNY 6,162 thousand			0.04%
2	Wuxi Longchen Greentech Co., Ltd.	Xiantao Longchen Greentech Co., Ltd.	3	Sales	CNY 2,706 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.03%
				Accounts Receivable	CNY 347 thousand			—
2	Wuxi Longchen Greentech Co., Ltd.	Metis International INC	3	Purchase	CNY 5,024 thousand		PAYMENT AGAINST L/C AT SIGHT	0.05%
				Accounts Payable	CNY 936 thousand			0.01%
3	Pinghu Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	2	Sales	CNY 761,037 thousand		Advance Payment or Monthly Settlement Within 90 Days	7.83%
				Purchase	CNY 207,339 thousand		Prepayment or Monthly Settlement Within 90 Days	2.13%
				Accounts Receivable	CNY 140,636 thousand			0.84%
				Accounts Payable	CNY 47,187 thousand			0.28%
3	Pinghu Longchen Greentech Co., Ltd.	Zhejiang xiasha Longchen packing Co., Ltd.	3	Sales	CNY 149,761 thousand		Advance Payment or Monthly Settlement Within 90 Days	1.54%
				Purchase	CNY 7,640 thousand		Prepayment or Monthly Settlement Within 90 Days	0.08%
				Accounts Receivable	CNY 39,933 thousand			0.24%
				Accounts Payable	CNY 1,215 thousand			0.01%
3	Pinghu Longchen Greentech Co., Ltd.	Shanghai minhang longchen paper co., ltd.	3	Sales	CNY 67,222 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.69%
				Purchase	CNY 4,522 thousand		Prepayment or Monthly Settlement Within 90 Days	0.05%
				Notes Receivable	CNY 13,000 thousand			0.08%
				Accounts Receivable	CNY 35,579 thousand			0.21%
				Accounts Payable	CNY 571 thousand			—
3	Pinghu Longchen Greentech Co., Ltd.	Metis International INC	3	Purchase	CNY 62,382 thousand		PAYMENT AGAINST L/C AT SIGHT	0.64%
				Accounts Payable	CNY 14,472 thousand			0.09%
3	Pinghu Longchen Greentech Co., Ltd.	Zhejiang Longchen Resources Co., Ltd.	1	Purchase	CNY 17,799 thousand		Prepayment or Monthly Settlement Within 90 Days	0.18%
				Accounts Payable	CNY 11,446 thousand			0.07%
3	Pinghu Longchen Greentech Co., Ltd.	Long Chen Paper Japan Co., Ltd.	3	Purchase	CNY 10,581 thousand		PAYMENT AGAINST L/C AT SIGHT	0.11%
				Accounts Payable	CNY 2,812 thousand			0.02%
3	Pinghu Longchen Greentech Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	3	Sales	CNY 4,922 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.05%
				Accounts Receivable	CNY 35 thousand			—
4	Jiangsu Longchen Greentech Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	1	Sales	CNY 194,263 thousand		Advance Payment or Monthly Settlement Within 90 Days	2.00%
				Purchase	CNY 231,014 thousand		Prepayment or Monthly Settlement Within 90 Days	2.38%
				Accounts Receivable	CNY 146,540 thousand			0.87%
				Accounts Payable	CNY 33,333 thousand			0.20%
4	Jiangsu Longchen Greentech Co., Ltd.	Suzhou Longchen Paper Co., Ltd.	1	Sales	CNY 61,461 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.63%
				Purchase	CNY 3,848 thousand		Prepayment or Monthly Settlement Within 90 Days	0.04%
				Accounts Receivable	CNY 5,020 thousand			0.03%
				Accounts Payable	CNY 618 thousand			-

Attachment 14 Business relationships and significant inter-company transactions

Number (Note 1)	Name of Trader	Counterparty	Relationship to the Trader (Note 2)	Transaction Details				
				Account	Amount		Transaction Conditions	Percentage of Total Consolidated Net Revenues or Assets (Note 3)
4	Jiangsu Longchen Greentech Co., Ltd.	Shanghai minhang longchen paper co., ltd.	1	Sales	CNY 2,633 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.03%
				Accounts Receivable	CNY 212 thousand			-
4	Jiangsu Longchen Greentech Co., Ltd.	Metis International INC	3	Other Payables	CNY 1,417 thousand			0.01%
5	Hubei Longchen Greentech Co., Ltd.	Xiantao Longchen Greentech Co., Ltd.	3	Sales	CNY 69,173 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.71%
				Notes Receivable	CNY 50,000 thousand			0.30%
				Accounts Receivable	CNY 32,795 thousand			0.19%
5	Hubei Longchen Greentech Co., Ltd.	Jingzhou Longchen Greentech Co., Ltd.	3	Purchase	CNY 850 thousand		Prepayment or Monthly Settlement Within 90 Days	0.01%
				Notes Receivable	CNY 25,636 thousand			0.15%
5	Hubei Longchen Greentech Co., Ltd.	Hubei Longchen Resources Co., Ltd.	1	Purchase	CNY 384,091 thousand		Prepayment or Monthly Settlement Within 90 Days	3.95%
				Accounts Payable	CNY 53,296 thousand			0.32%
5	Hubei Longchen Greentech Co., Ltd.	Zhejiang xiasha Longchen packing Co., Ltd.	3	Sales	CNY 2,187 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.02%
				Accounts Receivable	CNY 700 thousand			-
5	Hubei Longchen Greentech Co., Ltd.	Hong Kong Long Chen Paper Co., Ltd.	3	Interest expense	CNY 535 thousand		Interest Payment Upon Expiration	0.01%
				Other Payables	CNY 65,455 thousand			0.39%
5	Hubei Longchen Greentech Co., Ltd.	Suzhou Longchen Paper Co., Ltd.	3	Interest expense	CNY 256 thousand		Interest Payment Upon Expiration	—
				Other Payables	CNY 10,256 thousand			0.06%
5	Hubei Longchen Greentech Co., Ltd.	Suzhou Mango Packaging Co., Ltd.	3	Interest expense	CNY 176 thousand		Interest Payment Upon Expiration	—
				Other Payables	CNY 6,676 thousand			0.04%
6	Xiantao Longchen Greentech Co., Ltd.	Jingzhou Longchen Greentech Co., Ltd.	3	Sales	CNY 2,600 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.03%
				Notes Receivable	CNY 11,810 thousand			0.07%
6	Xiantao Longchen Greentech Co., Ltd.	Hubei Longchen Resources Co., Ltd.	3	Sales	CNY 2,969 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.03%
				Unearned receipts	CNY 2,074 thousand			0.01%
7	Wuhan Longchen Greentech Co., Ltd.	Jingzhou Longchen Greentech Co., Ltd.	3	Prepayment	CNY 17,130 thousand			0.10%
8	Zhejiang xiasha Longchen packing Co., Ltd.	Jingzhou Longchen Greentech Co., Ltd.	3	Purchase	CNY 2,308 thousand		Prepayment or Monthly Settlement Within 90 Days	0.02%
				Prepayment	CNY 8,651 thousand			0.05%
8	Zhejiang xiasha Longchen packing Co., Ltd.	Shanghai minhang longchen paper co., ltd.	3	Sales	CNY 1,068 thousand		Advance Payment or Monthly Settlement Within 90 Days	0.01%
				Accounts Receivable	CNY 54 thousand			—

Note 1: The information on transactions between the parent company and subsidiaries should be specified in the “Number” column. The numbers in the “Number” column should be represented as follows:
1. 0 for the parent company;
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with counterparties and they are labeled as follows:
1. The parent company to a subsidiary;
2. Subsidiary to the parent company;
3. Subsidiary to a subsidiary

Note 3: The calculation basis of the trading amount accounting for the total consolidated net revenues or assets is that the account ending balance is divided by the total consolidated assets if it is attributed to the balance sheet accounts; and the accumulated trading amount of the interim period is divided by the total consolidated net revenues if it is attributed to the profit or loss accounts.

Note 4: The important transactions in this table must be determined by the company according to the principle of materiality.

Attachment 15 Information of major shareholders

Shareholders (Note)	Shares	
	Total Shares Owned	Ownership Percentage
Baolong International Co., Ltd.	245,790,467	19.23%
Long Sheng Investment Co., Ltd.	108,924,706	8.52%
Qian Jiang Investment Co., Ltd.	96,129,508	7.52%
Yuema Engineering Co., Ltd.	93,202,900	7.29%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and pref erence shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a differenent calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Longchen Paper & Packaging Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Longchen Paper & Packaging Co., Ltd(the "Company"). which comprise the parent company only balance sheets as of December 31, 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the "Other matter-Making Reference to the Audits of Component Auditors section of our report), the accompanying parent company only financial statements present farly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for the Compay's parent company only financial statements for the year ended December 31, 2020 are stated as follows:

Major transactions with related parties

Longchen Paper & Packaging Co., Ltd. strives for creating a vertically-integrated management system throughout the whole industry chain. Subsidiaries of different nature within the group are

responsible for all the operational processes, from overseas procurement of waste paper or local waste paper recycling, to production and marketing of industrial paper and cartons. As the amounts of transactions with related parties are considerable, the corporate incomes of such subsidiaries in different countries have to be recognized in different times. Moreover, transactions with upstream-downstream related parties and the evaluation on unrealized gross margin exclusion have effect on the recognition of sales revenue, cost of goods sold and gross profit on sales. Therefore, major transactions with related parties should be considered as key review issues. The information on such transactions with related parties is provided in Footnotes VII accompanying the parent company only financial statements.

Generally, we have reviewed and audited the aforesaid matters by following the procedure below:

1. Understand and verify the design and execution effectiveness of the internal control system for the administration of transactions with related parties;
2. Understand and evaluate the rationality of assumptions and methods adopted by the management to eliminate estimated unrealized gross profit of companies of different nature;
3. Perform inspection and verification on the quantity and amount of such transactions with related parties not put into production yet;
4. Reassess whether it is appropriate to eliminate unrealized gain or loss regarding investments accounted for using the equity method; and
5. Perform analytical review procedures. In consideration of the previous actual operating results and the influence of the production capacity expansion this year, assess whether the financial information by departments is consistent with the expectation.

Other matter - Making Reference to the Audits of Component Auditors

Among the invested companies listed in the separate financial statements above, the financial statements of invested companies were audited by other auditors rather than us. Thus, the amounts listed in the financial statements of such invested companies included in our audit opinions towards the separate financial statements above were based on the audit report issued by other auditors. The investment in such invested companies accounted for using the equity method as at December 31, 2020 and 2019 was respectively NT$ (hereinafter inclusive) 16,621,630 thousand and NT$17,088,709 thousand, constituting 42.31% and 49.68% of the separate total assets. For 2020 and 2019: 1) the gains and losses of related subsidiaries, and recognized under the equity method were respectively NT$(731,385) thousand and NT$(1,179,717) thousand, constituting (68.28%) and (300.95%) of the separate pre-tax net profit margin; and 2) other comprehensive losses of subsidiaries recognized under the equity method were respectively NT$264,306 thousand and NT$(653,019) thousand, constituting 12.43% and (161.73%) of other separate net comprehensive gains and losses.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary

to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Mu Fan Wang and Hong Wen Tao.

BDO Taiwan
Republic of China
March 12, 2021

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only 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 auditor's report and the accompanying consolidated financial statements have been translated into Englilsh 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 parent company only financial statements shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Longchen Paper & Packaging Co., Ltd.

PARENT COMPANY ONLY BALANCE SHEET

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

Code	Assets	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets					
1100	Cash and cash equivalents	4. 6(1)	$91,264	0.23	$1,188,345	3.44
1110	Financial assets at fair value through profit or loss	4. 6(2)	382	-	376	-
1150	Notes receivable , net		263,380	0.67	279,639	0.81
1170	Accounts receivable,net	4. 6(3)	1,263,957	3.23	861,011	2.50
1180	Accounts receivable related parties, net	4. 6(3)	94,537	0.24	110,540	0.32
1200	Other receivables	4. 6(3). 7(2)	127,334	0.32	119,392	0.35
1210	Other receivables from related parties	6(3)	240,992	0.61	-	-
1220	Current income tax assets	6(3). 7(2)	71,699	0.18	49,943	0.15
130x	Inventories		525,348	1.34	631,271	1.84
1410	Prepayments	4. 6(4)	378,894	0.96	160,361	0.47
1470	Other current assets		22,443	0.06	60,537	0.18
11xx	Total current assets	6(5)	3,080,230	7.84	3,461,415	10.06
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	4. 6(2)	83,086	0.21	144,620	0.42
1550	Investments accounted for using equity method	4. 6(6)	22,797,378	58.03	20,769,787	60.39
1600	Property, plant and equipment	4. 6(7)	9,600,831	24.44	8,210,701	23.87
1755	Right-of-use assets	4. 6(8)	90,518	0.23	93,549	0.27
1760	Investment property, net	4. 6(9)	7,398	0.02	7,508	0.02
1840	Deferred Income tax assets	4. 6(21)	398,715	1.02	469,160	1.36
1900	Other non-current assets	6(10)	3,223,905	8.21	1,240,343	3.61
15xx	Total non-current assets		36,201,831	92.16	30,935,668	89.94
	Total assets		$39,282,061	100.00	$34,397,083	100.00

Code	Liabilities and Equity	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities					
2100	Short-term loans	4. 6(11)	$80,000	0.20	$700,000	2.04
2110	Short-term notes and bills payable	4. 6(12)	-	-	1,148,552	3.34
2150	Notes payable		-	-	89	-
2170	Accounts payable		638,138	1.62	607,330	1.77
2180	Accounts payable from related parties	7(2)	92,779	0.24	38,551	0.11
2200	Other payables		926,086	2.35	645,040	1.88
2230	Current income tax liabilities		383,584	0.98	120,246	0.35
2280	Lease liabilities - current	4. 6(8)	37,915	0.10	36,008	0.10
2300	Other current liabilities		6,693	0.02	5,025	0.01
2322	Current protion of long-term loans	4. 6(14)	410,000	1.04	1,175,000	3.42
2365	Refund liability - current	6(15)	13,936	0.04	14,818	0.04
21xx	Total current liabilities		2,589,131	6.59	4,490,659	13.06
	Non-current liabilities					
2530	Corporate bonds payable	4. 6(13)	2,500,000	6.36	2,500,000	7.27
2540	Long-term loans	4. 6(14)	8,504,688	21.66	5,152,000	14.98
	Income tax liability	4. 6(21)	59,569	0.15	-	-
2570	Deferred income tax liabilities	4. 6(21)	116,614	0.30	373,805	1.09
2580	Lease liabilities - non-current	4. 6(8)	55,448	0.14	60,038	0.17
2600	Other non-current liabilities		53,969	0.14	53,969	0.15
2640	Net defined benefit liabilities - non-current	4. 6(16)	48,120	0.12	54,277	0.16
25xx	Total non-current liabilities		11,338,408	28.87	8,194,089	23.82
2xxx	Total liabilities		13,927,539	35.46	12,684,748	36.88
	Equity					
3100	Capital stock	6(17)				
3110	Common stock		12,776,857	32.52	12,176,857	35.40
3200	Capital surplus	6(18)	4,019,363	10.23	3,684,266	10.71
3300	Retained earnings	6(19)				
3310	Legal reserve		1,688,201	4.30	1,629,967	4.74
3320	Special reserve		626,639	1.60	626,639	1.82
3350	Unappropriated earnings		5,271,064	13.41	4,756,823	13.83
3400	Other equity interest	6(20)				
3410	Exchange differences on translation of foreign operations		(1,311,493)	(3.34)	(1,549,054)	(4.50)
3420	Unrealized gain (loss) on FVTOCI		2,283,891	5.82	386,837	1.12
3xxx	Total equity		25,354,522	64.54	21,712,335	63.12
	Total liabilities and equity		$39,282,061	100.00	$34,397,083	100.00

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

Longchen Paper & Packaging Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars, Except for earnings per share)

Code	Item	Notes	2020 Amount	2020 %	2019 Amount	2019 %
4000	**Operating revenue**	4. 6(23)	$9,618,903	100.00	$9,732,951	100.00
5000	**Operating costs**	6(16)(25)	(6,795,766)	(70.65)	(7,073,170)	(72.67)
5900	**Operating margin**		2,823,137	29.35	2,659,781	27.33
5910	Unrealized gross profit on sales		(42,991)	(0.45)	(22,695)	(0.23)
5920	Realized gross profit on sales		22,695	0.24	55,651	0.57
5950	**Net operating margin**		2,802,841	29.14	2,692,737	27.67
	Operating expenses	6(16)(25)				
6100	Selling expenses		(495,460)	(5.15)	(520,680)	(5.35)
6200	General and administrative expenses		(495,295)	(5.15)	(561,156)	(5.77)
6300	Research and development expenses		(22,245)	(0.23)	(15,422)	(0.16)
6450	Expected credit recovery gain(impairment loss)		281	-	119	-
6000	Total operating expenses		(1,012,719)	(10.53)	(1,097,139)	(11.28)
6900	**Operating profit**		1,790,122	18.61	1,595,598	16.39
	Non-operating income and expenses	6(24)				
7100	Interest income		6,438	0.07	28,565	0.29
7010	Other income		10,540	0.11	18,989	0.20
7020	Other gains and losses		39,942	0.42	(85,427)	(0.88)
7050	Finance costs		(115,467)	(1.21)	(167,698)	(1.72)
7070	Share of profit of subsidiaries and associates accounted for equity method costs	4. 6(6)	(660,373)	(6.86)	(998,034)	(10.25)
7000	**Total non-operating income and expenses**		(718,920)	(7.47)	(1,203,605)	(12.36)
7900	**Profit before income tax**		1,071,202	11.14	391,993	4.03
7950	**Income tax (expenses) benefits**	4. 6(21)	(125,309)	(1.30)	141,780	1.46
8200	**Profit for the period**		945,893	9.84	533,773	5.49
	Other comprehensive income (loss)					
8310	**Items that will not be reclassified subsequently to profit or loss**					
8311	Remeasurement of defined benefit obligation	6(16)	(10,140)	(0.11)	2,618	0.03
8320	Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	6(20)	1,897,054	19.73	124,152	1.28
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	4. 6(21)	2,028	0.02	(524)	(0.01)
8360	**Items that may be reclassified subsequently to profit or loss**	6(20)				
8361	Exchange differences arising on the translation of foreign operations financial statements		286,327	2.98	(655,212)	(6.73)
8380	Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method		10,624	0.11	(7,306)	(0.08)
8399	Income tax relating to items that may be reclassified to subsequently to profit or loss	4. 6(21)	(59,390)	(0.62)	132,504	1.36
8300	**Other comprehensive income(loss),net of tax**		2,126,503	22.11	(403,768)	(4.15)
8500	**Total comprehensive income for the period**		$3,072,396	31.95	$130,005	1.34
	Earnings per share (in dollars):	4. 6(22)				
9750	Basic earnings per share		$0.77		$0.45	
9850	Diluted earnings per share		$0.77		$0.45	

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

Longchen Paper & Packaging Co., Ltd.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

			Retained earnings			Other equity items		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gain(losses) from financial assets measured at fair value through other comprechtnsive income	Total Equity
Balance at January 1, 2019	$11,676,857	$3,512,955	$1,536,498	$626,639	$4,851,789	$(1,019,040)	$309,164	$21,494,862
Appropriation and distribution ofretained earnings:								
Legal reserve	-	-	93,469	-	(93,469)	-	-	-
Cash dividends	-	-	-	-	(583,843)	-	-	(583,843)
Other capital surplus								
Changes in equity of associates accounted for using the equity method	-	(270)	-	-	-	-	-	(270)
Net income in 2019	-	-	-	-	533,773	-	-	533,773
Other comprehensive income in 2019	-	-	-	-	2,094	(530,014)	124,152	(403,768)
Total comprehensive incoment in 2019	-	-	-	-	535,867	(530,014)	124,152	(130,005)
Cash capital increase (Note 6(17))	500,000	155,000	-	-	-	-	-	655,000
Difference between the acquisition or disposal price and carrying amount of subsidiaries	-	14,583	-	-	-	-	-	14,583
Changes in ownership interests in subsidiaries	-	444	-	-	-	-	-	444
Share-based payments transactions	-	1,554	-	-	-	-	-	1,554
Disposal of investments in equity instruments designated as fair value through other comprehensive income	-	-	-	-	46,479	-	(46,479)	-
Balance at December 31, 2019	$12,176,857	$3,684,266	$1,629,967	$626,639	$4,756,823	$(1,549,054)	$386,837	$21,712,335
Balance at January 1, 2020	$12,176,857	$3,684,266	$1,629,967	$626,639	$4,756,823	$(1,549,054)	$386,837	$21,712,335
Appropriation and distribution ofretained earnings:								
Legal reserve	-	-	58,234	-	(58,234)	-	-	-
Cash dividends	-	-	-	-	(365,306)	-	-	(365,306)
Other capital surplus								
Changes in equity of associates accounted for using the equity method	-	262	-	-	-	-	-	262
Net income in 2020	-	-	-	-	945,893	-	-	945,893
Other comprehensive income in 2020	-	-	-	-	(8,112)	237,561	1,897,054	2,126,503
Total comprehensive incoment in 2020	-	-	-	-	937,781	237,561	1,897,054	3,072,396
Cash capital increase (Note 6(17))	600,000	288,000	-	-	-	-	-	888,000
Changes in ownership interests in subsidiaries	-	26,411	-	-	-	-	-	26,411
Share-based payments transactions	-	20,424	-	-	-	-	-	20,424
Balance at December 31, 2020	$12,776,857	$4,019,363	$1,688,201	$626,639	$5,271,064	$(1,311,493)	$2,283,891	$25,354,522

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

Longchen Paper & Packaging Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

Item	2020	2019
Cash flow from operating activities:		
Profit before income tax for the period	$1,071,202	$391,993
Adjustments for:		
The profit or loss items which did not affecct cash flows:		
Depreciation expense (including investment property)	486,583	456,548
Amortization expense	3,710	5,106
Excepted credit recovery gains	(281)	(119)
Net (gains) losses on financial assets and liabilities at fair value through profit and loss	(47,597)	20,903
Interest expense	94,207	143,392
Interest income	(6,438)	(28,565)
Dividend income	(2,360)	(4,999)
Compensation cost arising from share-based payments	20,424	1,554
Share of profit of subsidiaries and associates accounted for using the equity method	660,373	998,034
(Gain) losses on disposal of property, plant and equipment	(304)	42,742
Reversal of impairment loss of property, plant and equipment	-	(23,000)
Property, plant and equipment reclassified to expenses	58,594	82,093
Unrealized (gain) loss on sale	42,991	22,695
Realized (gain) loss on sale	(22,695)	(55,651)
Lease modification gain	(41)	-
Other item - donation expense	-	84,551
Subtotal	1,287,166	1,745,284
Change in operating assets and liabilities:		
Change in operating assets		
Decrease (increase) in notes receivable	16,259	153,412
Decrease (increase) in accounts receivable	(402,665)	115,053
Decrease (increase) in accounts receivable from related parties	16,003	37,306
Decrease (increase) in other receivables	(7,942)	(667)
Decrease (increase) in inventories	105,923	(16,376)
Decrease (increase) in prepayments	(141,700)	149,136
Decrease (increase) in other current assets	38,094	(51,754)
Total net change in operating assets	(376,028)	386,110
Change in operating liabilities		
Increase (decrease) in notes payable	(89)	-
Increase (decrease) in accounts payable	30,808	(142,799)
Increase (decrease) in accounts payable from related parties	54,228	38,551
Increase (decrease) in other payables	281,615	122,386
Increase (decrease) in refund liability - current	(883)	(1,469)
Increase (decrease) in other current liabilities	1,669	(904)
Increase (decrease) in net defined benefit liability - non-current	(16,297)	(3,246)
Total net change in operating liabilities	351,051	12,519
Total net change in operating assets and liabilities	(24,977)	398,629
Total adjustments	1,262,189	2,143,913
Cash generated from operating activities	2,333,391	2,535,906
Interests received	6,181	30,639
Dividends received	600,454	1,227,523
Interests paid	(91,788)	(135,976)
Income tax paid	(68,266)	(620,349)
Net cash provided by operating activities	2,779,972	3,037,743
Cash flow from investing activities:		
Decrease (increase) in other receivables from related parties'	(240,735)	1,609,920
Disposal (acquisition) of financial assets at fair value through profit or loss	109,125	3,560
Acquisition of Investments accounted for using equity method	(1,085,676)	(1,211,080)
Disposal of Investments accounted for using equity method	-	81,887
Acquisition of property, plant and equipment	(965,177)	(492,170)
Disposal of property, plant and equipment	15,719	4,525
Decrease (increase) in other non-current assets - prepayments for equipment	(2,996,686)	(1,249,018)
Decrease (increase) in other non-current assets - refundable deposits	(6,987)	2,442
Decrease (increase) in other non-current assets - others	(6,551)	(5,184)
Net cash used in investing activities	(5,176,968)	(1,255,118)
Cash flow from financing activities:		
Increase (decrease) in short-term loans	(620,000)	(1,080,000)
Increase (decrease) in short-term notes and bills payable	(1,148,552)	(150,879)
Payments of long-term loans	7,015,688	2,367,000
Repayments of long-term loans	(4,428,000)	(1,830,000)
Repayment of the principal portion of lease liabilities	(41,915)	(33,733)
Cash dividends paid	(365,306)	(583,843)
Cash capital increase	888,000	655,000
Net cash provided by (used in) financing activities	1,299,915	(656,455)
Net increase (decrease) in cash and cash equivalents	(1,097,081)	1,126,170
Cash and cash equivalents at the beginning of the year	1,188,345	62,175
Cash and cash equivalents at the end of the year	$91,264	$1,188,345

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

Longchen Paper & Packaging Co., Ltd.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
Period: 2019 and 2020
(Expressed in thousand of New Taiwan dollars, unless otherwise indicated)

1. General

Longchen Paper & Packaging Co., Ltd. (the "Company") was incorporated on March 18, 1978 in accordance with the Company Act of The Republic of China. The Company's primary business activities are manufacturing, processing and trading of paper raw materials; manufacturing, printing, processing and trading of corrugated containers; and recycling/renewal of energy and resources, including turnkey design, trial-run and operation of cogeneration and incinerator systems.

Shares of the Company have been listed for trading on Taiwan Stock Exchange Corporation since November 1985. The Company has 6 plants and 1 office. The plants are located in Nankan, Longtan, Shengang, Erlin, Yunlin and Luzhu, whereas the administrative office is located at 10F, No. 337, FuXingBei North Road, Taipei City.

2. The date of authorization for issuance of the parent company only financial statements and procedures for authorization

This parent company only financial statement was approved and authorized during the board of directors meeting dated March 12, 2021.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to the "International Financial Reporting Standards" (IFRSs) as endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective Date announced by the International Accounting Standards Board (IASB)
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020

New Standards, Interpretations and Amendments	Effective Date announced by the International Accounting Standards Board (IASB)
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	January 1, 2020
Annual improvements to IFRSs 2015-2017 cycle	June 1, 2020 (Note)

Note：Earlier application from January 1, 2020 is allowed by FSC.

The above standards and interpretations have no significant impact on the Company's financial condition or business performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC, but not yet adopted by the Company and its subsidiaries

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective Date announced by the International Accounting Standards Board (IASB)
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ' Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

After making assessment of the above standards and interpretations by the Company, there is no significant impact on the Company's financial position and business performance.

(3) Effect of IFRSs issued by the IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by the IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date announced by the International Accounting Standards Board (IASB)
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023

New Standards, Interpretations and Amendments	Effective Date announced by the International Accounting Standards Board (IASB)
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018 - 2020	January 1, 2022

The Company's assessment will continue concerning the effect of the above standards and interpretations on the Company's financial position and business performance. The details of such assessment will be disclosed after it is completed.

4. Summary of significant accounting policies

Below is a summary of significant accounting policies used for the preparation of parent company only financial statements. Unless otherwise stated, the following policies were applied consistently in all reporting periods.

(1) Statement of compliance

This parent company only financial report has been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and FSC-approved IFRS, IAS and interpretations thereof (collectively referred to as IFRSs below).

(2) Basis of preparation

A. This parent company only financial report was prepared based on historical cost except for the following key items.
   (a) Financial assets and liabilities at fair value through profit and loss. (including derivatives)
   (b) Defined benefit liabilities, which are recognized by deducting the present value of defined benefit obligations from pension plan assets.

B. Preparation of IFRSs-compliant financial report involves use of critical accounting estimates, and the management is required to exercise some judgment when applying the Company's accounting policies. Please refer to Note 5 for highly complex and significant assumptions and estimates made in relation to the parent company only financial report.

(3) Foreign currency transaction

All items listed in the parent company only financial report have been measured using the currency of the main economic environment where the Company operates in (i.e. the functional currency). This parent company only financial report is presented using the Company's functional currency – "NTD".

A. Foreign currency transaction and balance

(a) Foreign currency transactions are converted into the functional currency using spot exchange rate as of the transaction date. Differences arising from conversion of such transactions are recognized in current profit and loss.

(b) Balances of monetary assets and liabilities denominated in foreign currencies are converted using spot exchange rate as of the balance sheet date. Differences arising from exchange rate fluctuation are recognized as current profit or loss.

(c) For non-monetary assets and liabilities denominated in foreign currencies, those that are carried at fair value through profit and loss will have balances converted using spot exchange rate as of the balance sheet date, and any exchange differences arising from the adjustment will be recognized in current profit and loss; those that are carried at fair value through other comprehensive income will have balances converted using spot exchange rate as of the balance sheet date, and any exchange differences arising from the adjustment will be recognized in other comprehensive income; those that are not carried at fair value will have balances converted using the historical exchange rate when the transaction was initiated.

(d) All gains and losses on exchange are presented as "Other gains and losses" in the income statement.

B. Currency conversion for foreign operations

(a) For entities, associated companies and joint ventures that have functional currency different to the presentation currency, performance results and financial positions are converted into the presentation currency using the following methods:
   i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
   ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;
   iii. All resulting exchange differences are recognised in other comprehensive income.

(b) In a partial disposal or sale of foreign operation, associated company or joint venture, exchange differences previously recognized in other comprehensive income are reclassified proportionally into current profit and loss and are treated as part of the gain or loss on sale. However, if the Company still retains partial equity ownership over the former associated company or joint venture but loses significant influence or joint control over them, the foreign operation is accounted as if all equity ownership has been disposed.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

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

A. Assets that satisfy any of the following criteria are classified as current assets; assets that are not classified as current are classified as non-current assets:
(a) Assets that are expected to be realized, or intended to be sold or consumed, over the normal operating cycle.
(b) Assets that are held mainly for the purpose of trading.
(c) Assets that are expected to be realized within 12 months after balance sheet date.
(d) Cash or cash equivalents, except those that will be swapped or used to repay liabilities at least 12 months from the balance sheet date, and those with restricted uses.

B. Any of the following criteria are classified as current liabilities; liabilities that are not classified as current are classified as non-current liabilities:
(a) Liabilities that are expected to be settled over the normal operating cycle.
(b) Liabilities arising mainly from trading activities.
(c) Liabilities that are due to be settled within 12 months after the balance sheet date.
(d) Liabilities where the repayment terms can not be extended unconditionally more than 12 months after the balance sheet date. Classification of liability is unaffected even if there are terms that give counterparties the option to be repaid in the form of equity instruments.

(5) Cash and cash equivalents

Cash equivalent refers to reserve cash, bank deposit and short-term and highly liquid investments that are readily convertible into known amounts of cash, and are prone to insignificant risk of changes in value.

(6) Financial instruments

A. Financial assets

Regular transactions of financial asset are recognized on or removed from balance sheet using trade date accounting.

(a) Financial assets at fair value through profit and loss

Financial assets that are not carried at cost after amortization or financial assets that are carried at fair value through other comprehensive income.

They are recognized at fair value at initiation with transaction costs recognized through profit and loss at the time of occurrence. Subsequent assessments are measured at fair value with gains or losses recognized through profit and loss.

Dividend income is recognized in profit and loss when the entitlement to receive dividend has been established, when economic benefits relating to dividends are very likely to be realized, and that the amount of dividend can be measured reliably.

(b) Accounts and notes receivable

Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

However, short-term accounts and notes receivable that bear no interest are subsequently measured at the original invoice amount as the effect of discounting is insignificant.

B. Impairment on financial assets

Debt instruments at fair value through other comprehensive income and financial assets carried at cost after amortization are evaluated on every balance sheet date by taking into account all reasonable and verifiable information (including prospective information). Assets that exhibit no significant increase in credit risk after initial recognition have loss reserves measured based on 12-month expected credit loss; those that exhibit significant increase in credit risk after initial recognition have loss reserves measured based on expected credit loss over the remaining duration. Accounts receivable or contractual assets that do not include significant financial components have loss reserves measured based on expected credit loss over the remaining duration.

C. Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

(a) The contractual rights to receive the cash flows from the financial asset expire.

(b) The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

(c) The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

D. Financial liabilities and equity instruments

(a) Financial liabilities at fair value through profit or loss:

i. Financial liabilities are classified in this category of held for trading if acquired principally forthe purpose of repurchasing in the short-term. Derivatives are also categorised as financialliabilities held for trading unless they are designated as hedges.

ii. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(b) Loans

Refers to long-term and short-term funding borrowed from banks and other lenders. Loans are recognized at fair value less transaction costs at initiation. Any subsequent differences between proceeds net of transaction cost and the redemption value are recognized as interest expenses in profit and loss using the effective interest rate method throughout the duration.

Expenses paid for setting up loan limits are treated as transaction cost if the Company is very likely to utilize part or all of the limits, and are recognized on a deferred basis as an adjustment to the effective interest rate at the time of utilization. If the Company is unlikely to utilize part or all of the limits, these expenses are recognized as prepayments and amortized over the duration of the limit instead.

(c) Accounts and notes payable

Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(d) Corporate bonds payable

Corporate bonds issued by the Company are recognized at fair value less transaction costs at initiation. Any differences between proceeds net of transaction cost and the redemption value are recognized as additions or deductions to corporate bond payable. These differences are subsequently amortized using the effective interest method and recognized in profit and loss as "Financial cost" throughout the duration.

E. Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

Where there has been a renegotiation or modification of the terms of an existing financial liability and resulted in an insignificant discrepancy which is less than ten percent of the estimated cash flows, the carrying amount of the liability is recalculated based on the modified cash flows discounted at the original effective interest rate. The gain or loss arising from the carrying amount after modification less the initial recognition of the financial liability is recognised in profit or loss.

F. Offset of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other and reported in the balance sheet in net amount only when the Company is legally entitled to do so and has the intention to settle assets and liabilities in net amount or realize them both at the same time.

(7) Inventory

The basis of accounting for inventories is the cost of an acquisition. The perpetual inventory system is adopted. The costing of inventories is on the weighted average basis. Inventories are stated at the lower of cost or net realizable value. Except inventories of the same class, the comparison between cost and net realizable value is based on individual items. Net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale under normal conditions.

(8) Investments accounted for using equity method

A. A subsidiary refers to an entity in which the Company exercises control. The Company is considered to exercise control if it is exposed or entitled to variable returns generated by the entity and has the power to influence such return.

B. Any transactions and unrealized profits/losses between the Company and subsidiaries have been eliminated. The subsidiaries have made the necessary adjustments to align their accounting policies with that of the Company.

C. Share of profits/losses from subsidiary after acquisition is recognized in current profit and loss; share of other comprehensive income after acquisition is recognized in other comprehensive income. If share of losses on a subsidiary equals or exceeds the Company's equity ownership, the Company will continue recognizing additional losses at the current shareholding percentage.

D. Transfers of equity ownership in a subsidiary with non-controlling shareholders that do not result in a loss of control are accounted as equity transactions, and treated as transactions between business owners. Difference between the adjusted amount of non-controlling equity and the fair value of consideration paid/received is directly recognized as equity.

E. When the Company loses control in a subsidiary, remaining investments in the former subsidiary are remeasured at fair value and presented as the initial fair value of the reclassified financial asset or the cost of the reclassified associated company or joint venture. Differences between the fair value and the book value are recognized in current period profit and loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted on the same basis as if the Company had directly disposed the relevant assets or liabilities. In other words, if gains or losses previously recognized in other comprehensive income are to be reclassified into profit and loss upon disposal of relevant assets or liabilities, such gains or losses shall be reclassified into profit and loss when the Company loses control in the subsidiary.

F. Associated company refers to an entity in which the Company exercises significant influence but no control, which generally means 20% direct or indirect voting interest or above. The Company accounts for associated companies using the equity method. Value at initial acquisition is accounted at cost.

G. Share of profits/losses from associated company after acquisition is recognized in current profit and loss; share of other comprehensive income after acquisition is recognized in other comprehensive income. If the Company's share of losses in an

associated company equals to or exceeds its equity interest in the associated company (including any other non-guaranteed receivables), the Company will not recognize the extra losses unless the Company has a legal obligation or constructive obligation to pay, or has paid liabilities, on behalf of the associated company.

H. If an associated company undergoes a change of equity that has no impact on profit and loss, other comprehensive income and shareholding percentage, the Company recognizes the changes in equity that are attributable to the Company and have the shares of associates as "Capital Reserves" in the shareholding ratio.

I. Unrealized gains arising from transactions between the Company and an associated company are eliminated proportionally based on ownership percentage. Unrealized losses are also eliminated unless there is evidence to suggest impairment in the transferred assets. All associated companies have made the necessary adjustments to align their accounting policies with that of the Company.

J. In the event that an associated company issues new shares that the Company decides not to subscribe/acquire proportionally, and therefore result in a change of shareholding percentage while retaining significant influence, the change in net worth is adjusted into “Capital reserve” and “Equity-accounted investor”. If ownership percentage reduces as a result, all gains/losses relating to the reduction of ownership percentage and gains/losses previously recognized through other comprehensive income that need to be reclassified into profit and loss upon disposal of asset or liability shall be reclassified proportionally by the percentage of ownership reduction, in addition to the above adjustments.

K. In the event that the Company loses significant influence in an associated company, remaining investments in the former associated company shall be re-measured at fair value, and the difference between the fair value and book value of investment is recognized in current profit and loss.

L. If the Company disposes an associated company in a manner that causes it to lose significant influence, all amounts previously recognized in other comprehensive income in relation to the associated company are accounted on the same basis as if the Company had directly disposed the relevant assets or liabilities. In other words, if gains or losses previously recognized in other comprehensive income are to be reclassified into profit and loss upon disposal of relevant assets or liabilities, such gains or losses shall be reclassified into profit and loss when the Company loses significant influence in the associated company. If the Company still retains significant influence in the associated company, the above amounts previously recognized in other comprehensive income are reclassified proportionally in the manner mentioned above.

M. When the Company disposes an associated company, the Company reclassifies all capital reserves on the associated company into profit and loss if it loses significant influence, or proportionally into profit and loss if it retains significant influence.

N. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the amount of current profit and loss and other comprehensive income attributable to parent company shareholders should be consistent between parent company only and consolidated financial reports; the amount of equity attributable to parent company shareholders should also be consistent between parent company only and consolidated financial reports.

(9) Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost and presented net of accumulated depreciation and cumulative impairment. The abovementioned cost includes the cost of uninstalling, removing and restoring property, plant and equipment at the given location, and any interest costs incurred on construction-in-progress. Significant compositions of property, plant, and equipment are depreciated separately. When making regular replacements for major component of property, plant and equipment, the Company treats the replacement as a separate asset and recognizes depreciation based on the specified useful years and depreciation method. Book values of replaced assets are removed from balance sheet in accordance with IAS 16 – "Property, plant and equipment". Major repair costs that satisfy the recognition criteria are treated as replacement costs and recognized as part of the book value of property, plant and equipment. All other repair and maintenance expenditures are recognized through profit and loss.

Depreciation is provided on a straight-line basis over the useful lives mentioned below:

Buildings	5~50 years
Machinery	4~25 years
Transport equipment	1~6 years
Other equipment	1~15 years
Lease improvements	Depreciation is provided over the lease tenor or useful life, whichever the shorter

The Company removes property, plant and equipment or any of its major components from balance sheet and recognizes differences through profit and loss when it disposes the asset or expects no further inflow of economic benefits from utilization or disposal of the asset.

Residual value, useful life and depreciation method of property, plant and equipment are evaluated on every balance sheet date. If the expected value differs from previous estimates, the difference is treated as a change of accounting estimate.

(10) Leasing arrangements －right-of-use assets/ lease liabilities effective 2019

As a Lessee

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
   (a) Fixed payments, less any lease incentives receivable;
   (b) Variable lease payments that depend on an index or a rate;
   (c) Amounts expected to be payable by the lessee under residual value guarantees;
   (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
   (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

   The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
   (a) The amount of the initial measurement of lease liability;
   (b) Any lease payments made at or before the commencement date;
   (c) Any initial direct costs incurred by the lessee; and
   (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

   The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

As a Lessor

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(11) Investment Property

Investment properties are measured at cost at initiation, which includes the transaction costs required for acquiring the asset. The book value of investment property includes any cost of repair and any addition to existing investment property that meets the recognition criteria, but excludes general, routine maintenance expenses. Investment properties are measured using the cost approach at initiation and accounted according to IAS 16 – "Property, Plant and Equipment". However, this excludes assets that meet the criteria to be classified as pending sale (or Company p of assets pending sale) under IFRS 5 – "Non-current Assets Held for Sale and Discontinued Operations".

The calculation of depreciation should be based on the estimated service life of the following assets by straight-line method:

Buildings	32 years

Investment properties are removed from balance sheet with gains or losses recognized through profit and loss if they are disposed, never to be used, or are no longer expected to generate future economic benefits through disposal.

Assets are transferred into and out of the investment property category depending on their actual uses.

(12) Borrowing costs

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(13) Intangible assets

Intangible assets that are acquired separately are measured at cost at initiation. After initial recognition, book value of intangible assets is subsequently presented at cost less accumulated amortization and impairment. Intangible assets generated internally that do not meet the recognition criteria are not capitalized, but expensed through profit and loss at the time occurred.

Intangible assets are distinguished into those with finite useful lives and those with indefinite useful lives.

Finite-life intangible assets are amortized over the number of useful lives, and subjected to impairment tests if there are signs to suggest impairment. The term and method of amortization for finite-life intangible assets are re-examined at the end of each financial year. If an asset's expected useful life differs from the previous estimate or if there is a change to how future economic benefits are realized, the Company will adjust the term and method of amortization and account for the adjustment as a change of accounting estimate.
Indefinite-life intangible assets are not amortized, but are subjected to impairment tests on a yearly basis either on a parent company only basis or as part of the cash-generating unit. Indefinite-life intangible assets are evaluated each year to determine whether there are events or circumstances that continue to support the assets' indefinite-useful-life classification. If the changes from indefinite useful life to finite useful life happens, the accounting impact are reocognized prospectively.

Gains or losses arising from the removal of intangible assets are recognized through profit and loss.

A. Intangible assets under development - research and development costs

Research costs are expensed when incurred. Individual projects are recognized as intangible assets when they progress into a stage that meets the following criteria:
(a) The intangible asset under development has achieved technical feasibility that enables it to be used or sold in the future.
(b) The Company has the intention to complete the asset and the capability to use or sell the asset.
(c) The asset will generate economic benefit in the future.
(d) The Company has adequate resource to complete the asset.
(e) Expenditures in the development stage can be measured reliably.

Research and development expenditures are capitalized at initiation using the cost approach, meaning that book value is determined as cost less accumulated amortization and cumulative impairment. This category of assets are subjected to annual impairment tests during the development stage, and are amortized over the duration in which they are expected to generate future benefits, starting from the time development is completed and that the project reaches its usable state.

B. Computer software

Cost of computer software is amortized on a straight-line basis over the estimated useful life.

C. Patent

Patents are amortized over the number of years granted by relevant government agencies.

D. Trademark

Trademarks acquired on a parent company only basis are recognized at acquisition cost. Trademarks are finite-life assets, and are amortized on a straight-line basis over the estimated useful life.

(14) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use.

Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(15) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured as non-discounted amounts expected to be paid in the future, and are recognized as expenses when relevant service is rendered.

B. Pension

(a) Defined contribution plan

For defined contribution plan, the contributions payable to pension fund are recognized as pension costs in the year occurred on an accrual basis. Prepaid contributions that are refundable in cash or can be offset against future payments are recognized as assets.

(b) Defined benefit plan

i. Net obligations under a defined benefit plan are calculated by discounting employees' future benefits earned from current or previous services rendered, and by deducting the fair value of plan assets from the present value of defined benefit obligations as of the balance sheet. Net defined benefit obligations are calculated by actuaries on a yearly basis using the projected unit credit method. The discount rate is determined in reference to the market yield rate of a high-quality corporate bond of equivalent currency and tenor as the defined benefit plan as of the balance sheet date. In countries where transactions of high-quality corporate bonds are scarce, the market yield of government bond (as of the balance sheet date) is used instead.

ii. Remeasurement of defined benefit plan is recognized in other comprehensive income in the period occurred, and presented under retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Employee/director/supervisor remuneration

Employee/director/supervisor remuneration are recognized as expense and liability when the Company becomes legally obligated or is deemed obligated to pay, and that the amount can be reasonable estimated. Any differences between the amount estimated and the amount resolved/paid are treated as a change of accounting estimate. Where employee remuneration is paid in shares, the number of shares to be distributed is calculated based on the closing share price one day before the board of directors resolution date.

(16) Revenue recognition

A. Sales of goods

The Company is specialized in the manufacturing and distribution of Containerboard, paperboard and cartons to downstream manufacturers. The sales revenue should be recognized when the control over products is transferred to downstream manufacturers; specifically, products are delivered to downstream manufacturers, who, therefore, will have the discretionary power to decide the marketing channels and prices of products; and the Company does not fail to perform its obligations, which may prevent downstream manufacturers from accepting such products. Once products are delivered to the designated place, the risks of obsolescence and loss thereof will be transferred to downstream manufacturers, who accept products subject to the sales contracts; or if any objective evidence supports that all acceptance criteria are satisfied, it can be considered that commodity delivery is completed.

The sales revenue of Containerboard, paperboard and cartons should be recognized at the contract price less the estimated price reduction. The calculation of the price reduction for downstream manufacturers is generally based on the international market price of pulp in the month of sale. The Company estimates the price reduction by the expectancy method according to the previous experience. The amount of recognized revenue is subject to the revenue, for which no significant reversal will probably occur in the future, and the estimation should be updated on each balance sheet date. The estimated price reduction payable to customers relating to sale as at the balance sheet date is recognized as refund liability. The collection terms for sales expire within 30-180 days upon shipment, which is consistent with the market practice. Thus, it is determined that no significant financing component is included in contracts.

The accounts receivable should be recognized when the commodities are delivered to customers. Since then, the Company will have the unconditional entitlement to the contract price and can receive the consideration from customers after that.

B. Financing component

For any contracts between the Company and downstream manufacturers, no interval from the transfer of commodities or services to downstream manufacturers as promised to downstream manufacturers' payment exceeds one year. Therefore, the Company does not adjust any transaction value to reflect the time value of money.

C. Costs of acquisition of contracts with customers

The incremental costs incurred to the Company for acquiring contracts with customers are recoverable as expected. However, the term of related contracts remains valid within one year. Thus, such costs are recognized as expenses when they are incurred.

(17) Transaction of Share-based Payments

Share-based payments to employees are measured at fair value as of the vesting date. These payments are recognized as employment cost with a corresponding increase in equity in the period when employees become entitled to receive them unconditionally. The amount of remuneration is continually adjusted as service conditions and non-market value vesting conditions are met, and the final amount recognized is determined by the fulfillment of service conditions and non-market value vesting conditions on the vesting date.

Non-vesting conditions of share-based payment have been reflected in fair value assessment on the vesting date, and no adjustment was required for the differences between expected and actual results.

Should the Company decide to reserve part of its cash issue for subscription by employees, the vesting date is determined as the day when the Company is able to confirm number of shares to be subscribed by employees.

(18) Government subsidies

Government subsidies are recognized at fair value when the Company has reasonable assurance towards fulfilling the government's subsidy criteria and receiving the subsidy. For government subsidies that are aimed to reimburse expenses incurred, the Company will recognize government subsidies through current profit and loss in a systematic manner in the period when the relevant expenses are incurred.

(19) Income tax

A. Income tax expenses include current and deferred income tax. Income taxes are recognized in profit and loss, except for certain items that must be recognized in other comprehensive income or presented directly as equity item.

B. The Company calculates current income tax based on statutory tax rate applicable at countries of operation and where it generates taxable income as of the balance sheet date. The management regularly assesses income tax filing based on applicable income tax laws, and estimates income tax liabilities for the estimated amount of tax payable to the authority. Undistributed earnings are subject to additional income tax according to the Income Tax Act. This additional tax is recognized in the year after earning is made, when the earnings appropriation resolution is passed during the shareholder meeting and the amount of earnings retained can be ascertained.

C. Deferred income tax is accounted using the balance sheet method, and recognized on taxable temporary differences between the taxable basis and book value of assets and liabilities shown in the balance sheet. Deferred income tax liabilities arising from initial goodwill are not recognized. Existing deferred income taxes on transacted assets or liabilities (excluding corporate M&A) are not recognized if they do not affect accounting profit or taxable income (taxable loss) at the time of transaction. Temporary differences arising from investment in subsidiaries are not recognized as income tax asset/liability if the Company is able to control the timing at which temporary difference is reversed and that the temporary difference is unlikely to be reversed in the foreseeable future. Deferred income taxes are calculated using the tax rate (and tax law) applicable on the day deferred income tax assets/liabilities are expected to be realized/settled, based on prevailing laws as of the balance sheet date.

D. Deferred income tax assets are recognized to the extent that temporary differences are likely to offset future taxable income. Unrecognized and recognized deferred income tax assets are re-assessed on each balance sheet date.

E. The Company will offset current income tax asset against current income tax liability and settle on a netted basis or realize both at the same time only if it has the intent and is legally entitled to do so. The Company will offset deferred income tax assets against deferred income tax liabilities and settle on a netted basis or realize both at the same time only if it has the intent and is legally entitled to do so, and that the deferred income tax assets/liabilities are attributable to the same tax authority and the same taxpayer, or different taxpayers with mutual intent to settle on a netted basis.

F. Unused tax credits arising from equipment or technology purchase, research and development expenditure, and equity investment that are deferred until later periods can be recognized as deferred tax assets, to the extent that the Company is very likely to earn taxable income to offset the unused credits in the future.

(20) Earnings per common share

Basic earnings per share are calculated by dividing the amount of profits attributable to common shareholders with the weighted average number of outstanding common shares for the given period. Diluted earnings per share is calculated after adjusting the effect of potentially dilutive common shares to income attributed to common shareholders based on the weighted average number of outstanding common shares. The Company's dilutive potential ordinary shares include the estimated figure of employee bonuses.

(21) Dividend distribution

Dividends to Company's shareholders are recognized in financial statement in the year the shareholder meeting resolution is passed. Cash dividends pending payment are recognized as liability.

(22) Segment information

The Company's segment information is prepared in a manner consistent with what the decision makers rely on for internal management. The decision maker is responsible for allocating resources to the various segments and evaluating performance, and the board of directors has been identified as the Company's decision maker.

5. Main source of uncertainty for major accounting judgments, estimates and assumptions

The management had exercised judgment to determine the accounting policies to adopt when the parent company only financial report was prepared, and made accounting estimates and assumptions based on prevailing circumstances and reasonable expectations toward future events as of the balance sheet date. The significant accounting estimates and assumptions made can differ from the actual result, which the management will continually evaluate and adjust based on historical experience and other factors. These estimates and assumptions may result in significant adjustments to the book value of assets and liabilities in the next financial year. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgments adopted for accounting policies

Investment property

Some of the real estate properties are held by the Company for rental income and capital gain, whereas others are held for self-occupation. Any parts that can be sold individually are separated between investment property and property, plant and equipment.

(2) Significant accounting estimates and assumptions

A. Revenue recognition

For any return/refund liability related to sales revenue, possible product return should be estimated according to the previous experience and other known reasons. Such liability should be recognized as decrease in sales revenue for the current period of product sale. The Company shall regularly inspect the reasonability of such estimation. The Company recognized NT$13,936 thousand as refund liability related to product return as at December 31, 2020.

B. Realizability of deferred income tax assets

Deferred income tax assets are recognized under the condition that the Company is very likely to generate taxable income to realize the assets in the future. When assessing realizability of deferred income tax assets, the management is required to make a number of significant accounting judgments and estimates including: future sales growth, profit margin, available income tax credit, and tax plan. Any changes in the global economic, industrial or regulatory environment may cause significant adjustments to deferred income tax asset in the future. As at December 31, 2020, the Company had deferred income tax assets outstanding at NT$398,715 thousand.

C. Valuation of inventory

Due to the fact that inventory is presented at the lower of cost or net realizable value, the Company is required to exercise judgment and make estimates in order to determine the net realizable value of inventory as of the balance sheet date. Inventory as of the balance sheet may be susceptible to normal wear, obsolescence, or loss of market value due to rapidly changing technologies. The Company estimates the above losses and reduces inventory cost down to the net realizable value. This inventory valuation is made by estimating product demand within a specific period of time in the future, which may give rise to significant changes. Book value of the Company's inventory as of December 31, 2020 totaled NT$525,348 thousand.

D. Calculation of net defined benefit liabilities

When calculating present value of defined benefit obligations, the Company is required to exercise judgments and make estimates in order to determine actuarial assumptions as of the balance sheet date. These assumptions include the discount rate and future salary growth. Any changes in actuarial assumptions may cause significant impacts on the Company's defined benefit obligations. Book value of the Company's net defined benefit liability as of December 31, 2020 totaled NT$48,120 thoudand.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$-	$2
Petty cash	1,097	1,097
Bank deposit	90,167	1,187,246
Total	$91,264	$1,188,345

A. The Company transacts with a variety of financial institutions with high credit quality for the purpose of dispersing credit risk, so it is expected that the probability of counterparty default is low.

B. Information relating to exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Company, please refer to note 12(2).

(2) Financial assets at fair value through profit and loss

Current:	December 31, 2020	December 31, 2019
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$179	$179
Valuation adjustment	203	197
Total	$382	$376

Non-current:	December 31, 2020	December 31, 2019
Financial assets designated as at fair value through profit or loss		
Unlisted stocks	$8,756	$8,756
Private funds	75,032	184,157
Valuation adjustment	(702)	(48,293)
Total	$83,086	$144,620

A. Mounts recognised in profit or loss in relation to financial assets at fair value through profit or loss were listed below:

	2020	2019
Financial assets mandatorily measured at fair value through profit or loss	$6	$84
Financial assets designated as at fair value through profit or loss	47,591	(20,987)
Total	$47,597	$(20,903)

B. Information relating to credit risk of financial assets at fair value through profit or loss., please refer to note 12(2).

(3) Receivables

A. Receivables and overdue receivables

	December 31, 2020	December 31, 2019
Notes receivable	$268,655	$284,914
Allowance for doubtful accounts	(5,275)	(5,275)
Subtotal	263,380	279,639
Notes receivable - related parties	-	-
Total	$263,380	$279,639

	December 31, 2020	December 31, 2019
Accounts receivable	$1,276,042	$873,377
Allowance for doubtful accounts	(12,085)	(12,366)
Subtotal	1,263,957	861,011
Accounts receivable - related parties	94,537	110,540
Total	$1,358,494	$971,551

	December 31, 2020	December 31, 2019
Overdue receivables (presented as other non-current assets)	$321	$321
Allowance for doubtful accounts	(321)	(321)
Total	$-	$-

(a) The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2020	December 31, 2019
Not past due	$1,539,931	$1,268,673
Up to 30 days	99,243	46
31 to 90 days	-	30
91 to 180 days	-	82
Over 181 days	381	321
Total	$1,639,555	$1,269,152

The above aging analysis was based on past due date.

(b) Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company’s notes and accounts receivable were both its book value. Information on financial assets at fair value through profit or loss, please refer to note 12(2).

B. Other receivables

	December 31, 2020	December 31, 2019
Other receivables	$8,768	$826
Other receivables - dividends	118,554	118,554
Other receivables - others	12	12
Allowance for doubtful accounts	(-)	(-)
Subtotal	127,334	119,392
Other receivables - related parties	240,992	-
Total	$368,326	$119,392

Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were both its book value.

(4) Inventories

	December 31, 2020	December 31, 2019
Raw materials and supplies	$436,910	$517,740
Work in progress	9,529	9,058
Finished goods	81,646	107,210
Allowance for inventory valuation loss	(2,737)	(2,737)
Total	$525,348	$631,271

Changes in allowance for inventory valuation loss were as follows: :

	2020	2019
Balance on January 1	$2,737	$2,737
Less: Loss (recovery) of net realizable value in the current period	-	-
Balance on December 31	$2,737	$2,737

The cost of inventories recognised as expense for the year were as follows:

	2020	2019
Unallocated manufacturing overhead due to the actual production being lower than the normal capacity	$68,283	$14,810
Income from sale of scraps	(2,778)	(3,830)
Loss on physical counts	(22)	-
Cost of power sold	56,521	70,598
Total	$122,004	$81,578

(5) Other current assets

	December 31, 2020	December 31, 2019
Other financial assets - Current - Restricted deposits (within one year)	$-	$45,001
Other current assets	22,443	15,536
Total	$22,443	$60,537

For restricted deposits (within one year) for which collaterals have been provided as bank loans, please refer to note 8.

(6) Investments accounted for using equity method

	December 31, 2020		December 31, 2019	
Investee's name	Amount	Shareholding percentage	Amount	Shareholding percentage
L&C CO., (BVI) LTD.	$16,630,111	100.00	$16,559,488	97.10
Long Chen Investment Developing Co., Ltd	1,386,050	99.57	975,430	99.57
Long Chen Paper Japan Co., Ltd.	220,205	100.00	204,137	100.00
Long Sheng Investment Co., Ltd.	1,719,722	46.86	1,264,337	46.86
Long Hwa Developing Investment Co., Ltd.	627,389	22.84	472,725	22.84
Yuema Engineering Co., Ltd.	563,295	21.41	346,841	21.41
Yuema International Co., Ltd.	202,063	22.63	133,102	22.63
Yuma Investment Co., Ltd.	5,065	20.95	6,299	20.95
Baolong International Co., Ltd.	1,443,478	25.95	807,428	25.95
Total	$22,797,378		$20,769,787	

A. Subsidiaries

(a) Investments in subsidiaries are presented as “Equity-accounted investments” in the parent company only financial report, with necessary valuation adjustments made. For information relating to the Company's subsidiaries, please refer to Note 4(3) of the 2020 consolidated financial statements.

(b) The Management, Utilization, and Taxation of Repatriated Offshore Funds Act was adopted in August, 2019. L&C CO., (BVI) LTD. made board’s resolution to distribute its earnings as cash dividends of NT$1,928,181 thousand (USD 60,828 thousand) in October, 2019. The cash dividends were paid by two distributions. In 2020 and 2019, L&C CO., (BVI) LTD. distributed its earning of NT$596,845 thousand(USD 19,837 thousand) and NT$1,226,610 thousand (USD 40,217 thousand), respectively. The Company received cash dividends of NT$ 578,504 thousand and NT$1,188,916 thousand and obtained the approval from the Ministry of Finance, respectively. The Company used preferential tax rate for the above cash diviends and reversed deferred tax liabilities of NT$ 115,701 thousand and NT$237,783 thousand, respectively.

(c) The Company made board’s resolution to join the capital increase of L&C CO., (BVI) LTD. by NT$ 600,000 thousand((USD 22,000 thousand) and NT$956,660 thousand (USD 31,000 thousand) in Oct, 2020 and November, 2019, respectively. The stock price of the above capital increase were issued by USD 1.87 and USD 1.83 and the issuing shares of the above capital increase were 11,765 thousand and 16,940 thousand,respectively. The Company’s ownership of L&C CO., (BVI) LTD.

was from 97.10% to 97.22% because of the above capital increase. In 2020,the Company purchased 1.23% and 1.55% shares of L&C CO., (BVI) LTD by NT$ 181,878 thousand and NT$ 230,298 thousand from Long Chen Investment Developing Co., Ltd. and Long Sheng Investment Co., Ltd., respectively. The Company performed the related reorganization of the group structure through the above transactions. The related gain(loss) should not be recognized. Finally, in the end of 2020, the Company's ownership of L&C CO., (BVI) LTD. was up to 100.00%

(d) In March, 2019, the Company and its subsidiaries changed the group structure through stocks transactions. Hong Kong Long Chen Paper Co., Ltd. which is owned by Long Chen Paper (China) Holdings Co., Ltd.sold its all stocks of Metis International,Inc. and Long Chen Paper Japan Co., Ltd. at NT$77,350 thousand (USD 2,505 thousand) and NT$25,154 thousand (JPY 90,030 thousand), respectively. In August, 2019, Long Chen Paper Japan Co., Ltd. increased its capital by NT$151,916 thousand (JPY 511,500 thousand). In September, 2019, the Company sold all above stocks of Metis International, Inc. to Long Chen Paper Japan Co., Ltd. at NT$81,887 thousand (USD 2,625 thousand). The above stocks transactions were recognized as the group reorganization and the related transaction gains and losses couldn't be recognized. In the end of 2019, the Company's ownership of Long Chen Paper Japan Co., Ltd. was 100%.

B. Associated companies

(a) In 2019, the Company completed the liquidation procedure for companies not listed in TWSE/TPEx regarding the equity instruments of financial assets at fair value through other comprehensive income held by associates. Consequently, other related equity (i.e. carrying amount of unrealized gain or loss on FVTOCIFA) were decreased, and the retained earnings were increased by NT$46,479 thousand, respectively.

(b) The Company granted its stocks of invetsed company, Long Hwa Developing Investment Co., Ltd., to Longchen Circular Economy Environmental at NT$84,551 thousand by 7,340 thousand shares. In the end of 2019, the Company's ownership of Long Hwa Developing Investment Co., Ltd. was descreased from 26.84% to 22.84%.

(c) As of December 31, 2020 and 2019, the carrying amount of the Company's individually immaterial associates amounted to NT$4,561,012 thousand and NT$3,030,732 thousand, respectively.

(d) The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below:

	December 31, 2020	December 31, 2019
Income tax expense	$28,567	$31,122
Profit for the period from continuing operations	$180,009	$343,951
Other comprehensive (loss) income, net of tax	5,304,260	319,015
Total comprehensive income	$5,484,269	$662,966

C. Share of gain from subsidiaries and associated companies accounted using the equity method:

Name of investee	2020	2019
L&C CO., (BVI) LTD.	$(723,934)	$(1,153,883)
Long Chen Investment Developing Co., Ltd	(3,514)	20,139
Metis International, Inc.	-	19,403
Long Chen Paper Japan Co., Ltd.	21,015	22,348
Long Sheng Investment Co., Ltd.	3,888	21,725
Long Hwa Developing Investment Co., Ltd.	866	7,941
Yuema Engineering Co., Ltd.	(1,975)	4,850
Yuema International Co., Ltd.	20,316	27,010
Yuma Investment Co., Ltd.	(1,234)	951
Baolong International Co., Ltd.	24,199	31,482
Total	$(660,373)	$(998,034)

For the years ended December 31, 2020 and 2019, the share of profit of subsidiaries, associates and joint ventures under equity method were NT$660,373 thousand and NT$998,034 thousand, respectively. Share of profits from investees that did not have financial reports audited by the primary CPA amounted to NT$(731,385) thousand in 2020 and NT$(1,179,717) thousand in 2019. As of December 31, 2020 and 2019, outstanding balances of the above long-term equity investments totaled NT$16,621,630 thousand and NT$17,088,709 thousand, respectively.

D. The fair value of the Company's joint ventures with quoted market prices is as follows:

	December 31, 2020	December 31, 2019
Baolong International Co., Ltd.	$703,292	$554,406

E. The Company is the single largest shareholder of Baolong International Co., Ltd. with a 25.95% equity interest. Based on the previous experience of directors and shareholders' meeting , the Company didn't control 50% directors so it indicates that the Company has no current ability to direct the relevant activities. For the other invested companies,, the Company is not the single largest shareholder what has no control, but only has significant influence, over the investee.

(7) Property, plant and equipment

	Land and land improvements	Buildings	Machinery	Transport equipment	Lease improvements	Other equipment	Construction in progress	Total
Cost:								
January 1, 2020	$2,114,397	$2,240,160	$8,452,100	$111,186	$9,767	$105,495	$465,527	$13,498,632
Additions	1,800	42,164	462,474	3,890	-	1,780	453,069	965,177
Disposals	-	(14,276)	(279,599)	(5,723)	-	(1,153)	-	(300,751)
Other changes	-	452,934	526,590	2,900	-	333	(97,177)	885,580
December 31, 2020	$2,116,197	$2,720,982	$9,161,565	$112,253	$9,767	$106,455	$821,419	$15,048,638
January 1, 2019	$2,022,165	$2,430,069	$8,331,184	$113,259	$9,767	$108,033	$119,325	$13,133,802
Additions	87,552	8,848	54,834	11,395	-	1,005	328,536	492,170
Disposals	-	(243,654)	(55,472)	(13,738)	-	(3,543)	-	(316,407)
Other changes	4,680	44,897	121,554	270	-	-	17,666	189,067
December 31, 2019	$2,114,397	$2,240,160	$8,452,100	$111,186	$9,767	$105,495	$465,527	$13,498,632
Depreciation and impairment loss:								
January 1, 2020	$7,638	$900,635	$4,196,181	$80,871	$9,767	$92,839	$-	$5,287,931
Depreciation	397	64,832	363,931	10,360	-	5,692	-	445,212
Reversal of impairment loss	-	-	-	-	-	-	-	-
Disposals	-	(12,055)	(266,694)	(5,434)	-	(1,153)	-	(285,336)
December 31, 2020	$8,035	$953,412	$4,293,418	$85,797	$9,767	$97,378	$-	$5,447,807
January 1, 2019	$7,242	$1,032,440	$3,936,315	$83,761	$9,767	$90,338	$-	$5,159,863
Depreciation	396	66,775	336,150	10,848	-	6,039	-	420,208
Reversal of impairment loss	-	-	(23,000)	-	-	-	-	(23,000)
Disposals	-	(198,580)	(53,284)	(13,738)	-	(3,538)	-	(269,140)
December 31, 2019	$7,638	$900,635	$4,196,181	$80,871	$9,767	$92,839	$-	$5,287,931
Book value:								
December 31, 2020	$2,108,162	$1,767,570	$4,868,147	$26,456	$-	$9,077	$821,419	$9,600,831
December 31, 2019	$2,106,759	$1,339,525	$4,255,919	$30,315	$-	$12,656	$465,527	$8,210,701

A. Some of the property, plant and equipment have been placed as collaterals to secure bank borrowings. For details, please refer to Note 8.

B. Amount of borrowing costs capitalised as part of intangible assets and the range of the interest rates for such capitalisation were as follows:

Item	2020	2019
Amount capitalised	$44,368	$11,034
Range of the interest rates for capitalisation	1.17%~1.58%	1.15% - 1.58%

C. The Company's machinery equipment mainly comprises corrugation machines, printing / cutting machines, paper machines, and anaerobic wastewater treatment, which are depreciated over 15, 9, 25 and 15 years, respectively.

D. Some of the Company's lands are agricultural lands, which are temporarily held under the names of third parties due to their inability to be transferred. The Company has obtained certificates of entitlement on the lands and arranged for third-party owners to sign affidavits as a form of security.

(8) Leasing arrangements - lessee

A. The Company leases various assets including land, buildings and Transportion equipment. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. For short-term leases (ex. land, building and transportation equipments) with a lease term of 12 months or less and low-value assets, the Company didn't capitalize them as right-of-use assets.

C. The carrying amount of right-of-use assets and the depreciation charge were as follows:

	December 31, 2020	December 31, 2019
Carrying amount		
Land	$4,918	$6,239
Building	21,269	28,737
Transportion equipment	64,331	58,573
Total	$90,518	$93,549
Addition	$43,281	$18,684
Disposal	$(5,051)	$(398)
Depreciation		
Land	$1,321	$1,321
Building	7,788	7,616
Transportion equipment	32,152	27,293
Total	$41,261	$36,230

D. Leased Liability

	December 31, 2020	December 31, 2019
Carrying amount		
Current	$37,915	$36,008
Non-current	55,448	60,038
Total	$93,363	$96,046

(a) The related income impact of lease contract were as follows

The items of related income were as follows	2020	2019
Interest expense	$1,043	$1,172
Short-term leases	$10,430	$15,952
Low-value leases	$1,461	$1,275
Lease modification losses	$41	$-

(b) The cash flow out of lease in 2020 and 2019 was NT$41,915 thousand and NT$33,733 thousand, respectively.

(9) Investment property

	Land	Buildings	Total
Cost:			
January 1, 2020	$4,493	$5,953	$10,446
December 31, 2020	$4,493	$5,953	$10,446
January 1, 2019	$4,493	$5,953	$10,446
December 31, 2019	$4,493	$5,953	$10,446
Depreciation and impairment:			
January 1, 2020	$-	$2,938	$2,938
Depreciation	-	110	110
December 31, 2020	$-	$3,048	3,048
January 1, 2019	$-	$2,828	$2,828
Depreciation	-	110	110
December 31, 2019	$-	$2,938	$2,938
Book value:			
December 31, 2020	$4,493	$2,905	$7,398
December 31, 2019	$4,493	$3,015	$7,508

A. Rent income and direct expenses associated with investment property:

	2020	2019
Rent income from investment property	$-	$-
Less: Direct expenses incurred in relation to current rent income generated from investment property	(110)	(110)
Total	$(110)	$(110)

B. The Company did not perform fair value measurement for the fair values of investment properties held. Instead, the Company merely disclosed fair value information using level 3 input. Fair values of the Company's investment properties as of December 31, 2020 and 2019, were NT$10,421 thousand and NT$11,761 thousand, respectively. The abovementioned fair values were established based on the latest deal prices of similar real estate located near the investment properties.

(10) Other non-current assets

	December 31, 2020	December 31, 2019
Prepayments for equipment	$3,192,796	$1,219,062
Refundable deposits	25,769	18,782
Other non-current assets- others	5,340	2,499
Total	$3,223,905	$1,240,343

(11) Short-term loans

	December 31, 2020	December 31, 2019
Loan on credit	$80,000	$700,000
Interest rate for the end-of-period balance	1.05%~1.12%	1.050%-1.30%
Unused limit	$1,604,000	$2,190,000

(12) Short-term notes and bills payable

	December 31, 2020	December 31, 2019
Commercial paper	$-	$1,500,000
Commercial paper discount	-	(1,448)
Total	-	$1,148,552
Interest rate for the end-of-period balance	-%	1.153%-1.232%

(13) Corporate bonds payable

	December 31, 2020	December 31, 2019
Domestic first secured ordinary corporate bonds in 2018	$2,500,000	$2,500,000
Less: the portion due within one year	-	-
Ending corporate bonds payable	$2,500,000	$2,500,000

In order to revitalize the working capital, repay debts and improve the financial structure, the board of directors decided to raise money for offering the domestic secured ordinary corporate bonds, which was approved by the Taipei Exchange on August 16, 2018 and completed on August 23, 2018.

Major conditions on the issuance of this corporate bond:

A. Grant period: as of August 23, 2018 till August 23, 2023, i.e. five years in total;
B. Total amount of issuance: NT$2,500,000 thousand , i.e. NT$1,000 thousand per coupon, at par value;
C. Coupon rate: 0.85% of fixed annual rate;
D. Interest calculation and payment: annual payment with a coupon rate as of the issue date; simple interest is payable annually;
E. Principal repayment schedule: repay on the expiry date five years later as of the issue date.

(14) Long-term loans

A. Statement of long-term loans:

Nature of loan	Lender	Contract term	December 31, 2020	December 31, 2019	Repayment terms
Secured loan	First Commercial Bank (the 12th syndicated loan)	From March 2016 to March 2021	$-	$3,210,000	Please refer to Footnotes 6(14)B for details.
Secured loan	First Commercial Bank (the 19th syndicated loan)	From November 2019 to November 2026	2,129,000	594,000	Please refer to Footnotes 6(14)B for details.
Secured loan	First Commercial Bank (the 21th syndicated loan)	From June 2020 to June 2025	1,600,000	-	Please refer to Footnotes 6(14)B for details.
Commerical paper payable	First Commercial Bank (the 21th syndicated loan)	From June 2020 to June 2025	2,397,088	-	Please refer to Footnotes 6(14)B for details.
Secured loan	Yuanta Bank	From October 2019 to October 2026	665,600	33,000	Credit circulation, monthly interest payment, principal repayment at expiry date.
Unsecured loan	JihSun Commercial Bank	From May 2019 to May 2021	300,000	300,000	Credit circulation, monthly interest payment, principal repayment at expiry date.

Nature of loan	Lender	Contract term	December 31, 2020	December 31, 2019	Repayment terms
Unsecured loan	Mizuho Bank	From June 2020 to June 2022	450,000	-	Credit circulation, monthly interest payment, principal repayment at expiry date.
Unsecured loan	Mizuho Bank	From July 2018 to July 2020	-	450,000	Credit circulation, monthly interest payment, principal repayment at expiry date.
Unsecured loan	Far Eastern International Bank	From June 2018 to June 2021	375,000	500,000	Credit circulation, monthly interest payment, principal repayment at expiry date.
Unsecured loan	The Export-Import Bank of the Republic of China	From April 2017 to April 2022	90,000	150,000	The principal for the first installment should be repaid on the date when a loan has been issued for the first time since 18 months ago, and subsequent principal repayment should be made per six months, i.e. 10 installments. The interest should be paid on the following day (i.e. the 21st day) after the loan has been issued for the first time, and subsequent interest should be paid on a monthly basis.
Unsecured loan	The Export-Import Bank of the Republic of China	From March 2019 to March 2021	100,000	100,000	Credit circulation, monthly interest payment, (The interest should be paid on the following day (i.e. the 21st day)) principal repayment at expiry date.
Unsecured loan	E.SUN BANK	From June 2019 to June 2021	-	200,000	Monthly interest payment, principal repayment at expiry date.
Unsecured loan	Taiwan Cooperative Bank	From May 2019 to May 2021	-	200,000	Monthly interest payment, principal repayment at expiry date.
Unsecured loan	Yuanta Bank	From May 2019 to May 2021	400,000	400,000	Monthly interest payment; disbursement and repayment at any time within the validity period of the limit; maximum load term no longer than 90 days.
Secured loan	Yuanta Bank	From Decmber 2019 to May 2026	210,000	40,000	The principal for the first installment should be repaid on the date when a loan has been issued for the first time 3 years ago, and subsequent principal repayment should be made on a monthly basis after the loan has been issued for the first time, and subsequent interest should be paid on a monthly basis.
Unsecured loan	Taiwan Cooperative Bank	From Decmber 2020 to January 2021	198,000	-	Monthly interest payment, principal repayment at expiry date.
Unsecured loan	Entie Commercial Bank	From December 2018 to December 2020	-	150,000	Monthly interest payment; scheduled principal repayment by installment; maximum load term no longer than 90 days.
Long-term loans due within one year			(410,000)	(1,175,000)	
Total			$8,504,688	$5,152,000	
Interest rate collars of ending balance			0.845%~1.7895%	1.10%-1.7895%	
Limit not used			$1,350,000	$3,791,000	

B. Key terms of the abovementioned syndicated loan contracts

Summary	The 19th syndicated loan	The 21th syndicated loan
Lead arranger / management bank	First Commercial Bank Ltd.	First Commercial Bank Ltd.
Bank syndicate	5 lenders including First Commercial Bank Ltd.	11 lenders including First Commercial Bank Ltd.
Credit limit	Facilitate A: Medium (secured) borrowing; NT$530,100 thousand credit limit; non- circulating. Facilitate B1: Medium (secured)borrowing; NT$1,402,200 thousand credit limit; non- circulating. Facilitate B2: Medium borrowing; NT$461,700 thousand credit limit; non- circulating. Facilitate C: Medium borrowing; NT$532,000 thousand credit limit; non- circulating.	Facilitate A: Medium (secured) borrowing; NT$1,600,000 thousand credit limit; non- circulating. Facilitate B: Medium borrowing; NT$2,400,000 thousand credit limit; non- circulating(The combined credit limit of Facilitate B and C is amounted to NT$2,400,000 thousand.) Facilitate C: Medium commercial paper: NT$2,400,000 thousand credit limit; non- circulating.
Utilization	Facilitate A: NT$452,000 thousand Facilitate B1: NT$1,257,000 thousand Facilitate B2: NT$140,000 thousand Facilitate C: NT$280,000 thousand	Facilitate A: NT$1,600,000 thousand Facilitate B: NT$0 thousand Facilitate C: NT$2,400,000 thousand
Loan tenor	Facilitate A: 7 years from the first drawdown Facilitate B1: 7 years from the first drawdown Facilitate B2: 7 years from the first drawdown Facilitate C: 7 years from the first drawdown 2019.11.15-2026.11.15	Facilitate A: 5 years from the first drawdown Facilitate B: 5 years from the first drawdown Facilitate C: 5 years from the first drawdown 2020.6.16-2025.6.16
Interest rate	Facilitate A: 1.5000% Facilitate B1: 1.5000% Facilitate B2: 1.3105% Facilitate C: 1.5000%	Facilitate A: 1.7895% Facilitate B: -% Facilitate C: 1.080%-1.091%
Collateral	Land of Erlin Ln located in Changhua.	Land and related plant located in Taoyuan.
Commitments	Current ratio ≧ 100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio ≦ 230% (2019.1.1-2020.12.31) Leverage ratio ≦ 220% (2021.1.1-2021.12.31) Leverage ratio ≦ 210% (2022.1.1-2022.12.31) Leverage ratio ≦ 200% (2023.1.1 and after) Interest coverage ratio ≧ 250% Tangible net worth ≧ NT$15 billion Financial ratios are based on semi-annual and annual consolidated financial reports. If the Company is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lenders.	Current ratio ≧ 100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio ≦ 230% (2020.1.1-2020.12.31) Leverage ratio ≦ 220% (2021.1.1-2021.12.31) Leverage ratio ≦ 210% (2022.1.1-2022.12.31) Leverage ratio ≦ 200% (2023.1.1 and after) Interest coverage ratio ≧ 250% Tangible net worth ≧ NT$15 billion Financial ratios are based on semi-annual and annual consolidated financial reports. If the Company is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lenders.
Repayment terms	The first principal repayment is due2.6 years after the first drawdown, whereas subsequent repayments occur once every 1 months. Balances outstanding at the end of the drawdown period scheduled to be repaid over 55 equal installments.	Facilitate A: The first principal repayment is due 2 years after the first drawdown, whereas subsequent repayments occur once every 6 months. Balances outstanding at the end of the drawdown period scheduled to be repaid over 7 equal installments. Facilitate B and C: The principal repayment is made in the expirary date of the loan.

C. Some of the Company's other financial assets and property, plant and equipment have been placed as collaterals to long-term borrowings. Please refer to Note 8.

(15) Refund liability - current

Sales return and discount

The Company estimates sales return and discount based on historical experience and other known factors. Returns and discounts are presented as contra items to operating revenues when merchandise is sold. Estimate the refund liability related to product return.

	January 1, 2020	Additions in current period	Reversals in current period	December 31, 2020
Sales return and discount - current	$14,818	$164,060	$164,942	$13,936

	January 1, 2019	Additions in current period	Reversals in current period	December 31, 2019
Sales return and discount - current	$16,287	$150,349	$151,818	$14,818

(16) Pension

A. Determination of the retirement benefits plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contribute monthly an amount equal to 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) Amounts recognized in the parent company only balance sheet were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$146,109	$152,938
Fair value of plan assets	(97,989)	(98,661)
Net defined benefit liabilities - non-current	$48,120	$54,277

(c) Changes in present value of defined benefit obligation were as follows :

	2020	2019
Balance at January 1	$152,938	$154,074
Current service cost	2,969	3,269
Interest costs	1,529	1,695
Remeasurements		
Acturial losses (gains)-Change in financial assumptions	1,427	3,229
Acturial losses (gains)-Experience adjustments	11,640	(2,948)
Benfit paid by the plan	(24,394)	(6,381)
Balance at December 31	$146,109	$152,938

(d) Changes in the fair value of plan assets were as follows:

	2020	2019
Fair value of plan assets on January 1	$98,661	$93,933
Interest income	1,022	1,071
Remeasurement		
Return on plan assets (excluding net interests on net defined benefit liabilities)	2,927	2,899
Contribution by employer	19,773	7,139
Benefits paid from plan assets	(24,394)	(6,381)
Fair value of plan assets as of December 31	$97,989	$98,661

(e) Changes in net defined benefit liability were as follows:

	2020	2019
Net defined benefit liability as of January 1	$54,277	$60,141
Defined benefit costs recognized in profit and loss	3,476	3,893
Contribution by employer	(19,773)	(7,139)
Defined benefit costs recognized in other comprehensive income	10,140	(2,618)
Net defined benefit liability as of December 31	$48,120	$54,277

(f) Details of pension expense (income) recognized in the statement of comprehensive income were as follows:

	2020	2019
Current service costs	$2,969	$3,269
Interest cost of defined benefit obligation	1,529	1,695
Interest income on plan assets	(1,022)	(1,071)
Pension cost for the current period	$3,476	$3,893

Presentation of the above expenses in the parent company only statement of comprehensive income, by cost and expense categories were as follows:

	2020	2019
Operating costs	$2,557	$2,830
Selling expenses	212	293
General and administrative expenses	707	770
	$3,476	$3,893

(g) Remeasurement of defined benefit plan recognized in other comprehensive income were as follows:

	2020	2019
Remeasurement		
Return on plan assets (excluding net interests on net defined benefit liability)	$(2,927)	$(2,899)
Change in financial assumption	1,427	3,229
Experience adjustments	11,640	(2,948)
Recognized in other comprehensive income	$10,140	$(2,618)

(h) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020, and December 31, 2019, is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(i) Actuarial assumptions for the pension calculation were as follows:

	2020	2019
Discount rate	1.00%	1.00%
Rate of future salary increase	1.00%	1.00%

The mortality is estimated according to the "Taiwan Standard Ordinary Experience Mortality Table" (TSO).

The following shows impact of changes in actuarial assumption on the present value of defined benefit obligations:

	Discount rate		Rate of future salary increase	
December 31, 2020	0.25% increase	0.25% decrease	1.00% increase	1.00% decrease
Defined benefit obligations	$(1,779)	$1,828	$7,506	$(6,879)
December 31, 2019				
Defined benefit obligations	$(2,307)	$2,377	$9,887	$(8,962)

The above sensitivity analysis assumes changes to one variable at a time while keeping all other variables constant. In reality, however, multiple assumptions may change at the same time and are related to each other. The sensitivity analysis was conducted using the same method as how net defined benefit liabilities - net are presented in the balance sheet.

Methodology and assumption for current period's sensitivity analysis are consistent with those of the previous period.

(j) The Company expects to make contributions totaling NT$19,772 thousand to the pension plan within the one year after December 31, 2020.

(k) As at December 31, 2020, the pension plan had an average duration of 5.6 years.

B. Defined contribution plan

Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2020 and December 31, 2019, were NT$32,246 thousand and NT$31,054 thousand, respectively.

Presentation of the above expenses in the parent company only statement of comprehensive income, by cost and expense categories was as follows.

	2020	2019
Operating costs	$20,505	$20,394
Selling expenses	4,229	4,202
General and administrative expenses	6,735	5,928
Research and development expenses	777	530
	$32,246	$31,054

(17) Capital stock and capital increase

A. Detailed breakdown of share capital:

	December 31, 2020	December 31, 2019
Authorized shares (thousand)	1,500,000	1,500,000
Authorized capital	$15,000,000	$15,000,000
Shares issued and fully paid up (thousand)	1,277,686	1,217,686
Issued share capital	$12,776,857	$12,176,857

The outstanding share capital above consists entirely of common shares, which have been approved for issue.

B. The Company’s board of directors decided to issue 60,000,000 common shares in the form of proceeds from new issues on August 14, 2020, with the par value of NT$10 per share, the issue price of NT$14.8 per share. As a result, NT$600,000 thousand was raised in total, and the premium of NT$288,000 thousand was reclassified as capital reserves - share premium. Such fund was necessary to refund bank loans and improve the financial structure. The details of capital increase are provided below:

Base date of capital increase	Nature	Increased amount	Number of shares for capital increase	Number of competent authority's approval
November 13, 2020	Proceeds from new issues	NT$600,000 thousand	60,000 thousand shares	Jin-Guan-Zheng-Fa No. 1090358324

In 2010, the Company allocated ten percent (10%) of the number of shares issued this time as employee stock options because of the aforesaid proceeds from new issues, and the fair value thereof was evaluated on the grant date. The retained compensation cost from employee stock ownership was NT$20,424 thousand as at December 31, 2020. After completion of the proceeds from new issues, the “capital reserves - employee stock ownership” originally recognized was reclassified as “capital reserves - share premium” (NT$20,424 thousand).

C. The Company's board of directors decided to issue 50,000,000 common shares in the form of proceeds from new issues on August 12, 2019, with the par value of NT$10 per share, the issue price of NT$13.1 per share. As a result, NT$655,000 thousand was raised in total, and the premium of NT$155,000 thousand was reclassified as capital reserves - share premium. Such fund was necessary to refund bank loans and improve the financial structure. The details of capital increase are provided below:

Base date of capital increase	Nature	Increased amount	Number of shares for capital increase	Number of competent authority's approval
November 12, 2019	Proceeds from new issues	NT$500,000 thousand	50,000 thousand shares	Jin-Guan-Zheng-Fa No. 1080330793

In 2019, the Company allocated ten percent (10%) of the number of shares issued this time as employee stock options because of the aforesaid proceeds from new issues, and the fair value thereof was evaluated on the grant date. The retained compensation cost from employee stock ownership was NT$1,554 thousand as at December 31, 2019. After completion of the proceeds from new issues, the "capital reserves - employee stock ownership" originally recognized was reclassified as "capital reserves - share premium" (NT$1,554 thousand).

(18) Capital surplus

	December 31, 2020	December 31, 2019
Share premium	$2,302,968	$2,014,968
Premium from corporate bond conversion	767,352	767,352
Treasury stock	494,993	494,993
Difference between actual and book value of equity of subsidiaries acquired/disposed	342,579	342,579
Change of equity interest in subsidiaries	20,539	(5,872)
Net change of equity interest in associated companies	10,227	9,965
Equity component of convertible corporate bonds payable - knock-out option	450	450
Employee option	65,295	44,871
Expried employee option	14,960	14,960
Total	$4,019,363	$3,684,266

Pursuant to the Company Act, the amount of premiums received on shares issued above the face value plus any capital reserves arising from gifts received may be used to reimburse previous losses. If the Company has not accumulated losses, this amount may be distributed to shareholders in the form of cash or new shares based on shareholders' exiting ownership percentage. Furthermore, according to the Securities and Exchange Act, the amount of capital reserves converted into share capital is capped at 10% of paid up capital per year. Companies may not, however, utilize capital reserves to offset losses when there is still positive balance in the earning reserves.

(19) Retained earnings

A. Legal reserve

Pursuant to The Company Act, companies are required to make legal reserve provisions at 10% of after-tax profit until the balance of legal reserves equals paid-up capital. The legal reserve can only be used to reimburse losses. If a company has no cumulative losses, where legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

B. Special reserve

Pursuant to the rules imposed by the Securities and Futures Bureau, Financial Supervisory Commission, TWSE/TPEX listed companies are required not only to make provisions for legal reserve according to legal requirements, but also to make provisions for special reserve from current year's after-tax earnings and undistributed earnings from previous years for any change in other equity items occurred during the year, such as unrealized gains/losses on available-for-sale financial assets, cumulative translation adjustments etc, as specified in Article 41 of the Securities and Exchange Act. Contra equity items accumulated from previous periods require provision for special reserve of equivalent amount from undistributed earnings. This special reserve is unavailable for distribution. If contra equity items are reversed on a later date, a company may distribute the amount of reversal back to shareholders.

Pursuant to Letter No. Jin-Guan-Zheng-Fa-1010012865 issued by the Financial supervisory Commission on April 6, 2012, companies may opt for the exemptions specified in IFRS 1 to convert shareholders' equity items - unrealized gain on revaluation and cumulative translation adjustments (gains) into retained earnings during first-time adoption of IFRSs, and make provision for the same amount of special reserve at the same time. However, if a company generates insufficient amount of incremental retained earnings on the conversion date to meet the provision requirement for first-time IFRSs adoption, the company may simply make provisions for the amount of additional retained earnings that are generated from the adoption of IFRSs. The amount of special reserve previously provided can be reversed proportionally back into retained earnings when the Company utilizes, disposes or reclassifies the asset. Where the above asset is an investment property, reserves for the land portion are reversed at the time the land is disposed or reclassified; reserves for non-land portions are reversed over the duration of use.

C. Dividend policy

Article 23 of the Articles of Incorporation outlines the Company's special reserve and dividend policies as follows:

(a) The Company's dividend policy has been established to accommodate current and future development plans after taking into consideration the investment environment, capital requirement, domestic/foreign competition, and shareholders' interests. No less than 20% of distributable earnings shall be paid as dividend per year. Dividends can be paid in cash or in shares, with cash dividends amounting to no less than 50% (inclusive) of total dividends. Dividends can be entirely paid in shares in years when the Company has capital requirement for investment projects such as new factory construction, factory renewal, or expansion.

(b) The Company's annual earnings net of income tax and loss reimbursement are subject to the following provisions in the stated priority:
   i 10% provision for legal reserve.
   ii. Provision or reversal of special reserve, as stipulated by law.
   iii. The remainder plus undistributed earnings carried from previous years are available to shareholders, for which the board of directors will propose an earnings appropriation plan to be resolved during shareholder meeting.

D. Earnings appropriation plan

(a) The Company's 2019 and 2018 earnings appropriations were resolved during annual general meetings held on June 2, 2020 and June 12, 2019, respectively. It is the same as the board resolution on March 13,2020 and March 18, 2019. The dividends distributed are as follows:

	2019		2018	
	Amount	Dividends per share (NT$)	Amount	Dividends per share (NT$)
Legal reserve	$58,234		$93,469	
Cash dividend	365,306	$0.3	583,843	$0.5
Total	$423,540		$677,312	

(b) Appropriation of 2020 earnings has been proposed and passed by the board of directors during the meeting held on March 12, 2021; details are as follows:

	Earnings appropriation plan	Dividends per share (NT$)
Legal reserve	$93,778	
Cash dividend	766,612	$0.6
Total	$860,390	

Appropriation of 2020 earnings is still pending for shareholders' resolution in the annual general meeting scheduled on June 17, 2021.

(c) For details of employee bonus and remuneration to directors and supervisors, please referred to note 6 (25).

(20) Other equity interest

	Translation differences arising from foreign operations	Investment in equity instruments	Total
		Unrealized gain or loss on FVTOCIFA	
Balance as at January 1, 2020	$(1,549,054)	$386,837	$(1,162,217)
Valuation adjustment			
-accounted associated companies and joint ventures	-	1,897,054	1,897,054
Translation differences			
- the Company	286,327	-	286,327
- accounted associated companies and joint ventures	10,624	-	10,624
- the tax impact	(59,390)	-	(59,390)
Balance as at December 31, 2020	$(1,311,493)	$2,283,891	$972,398
Balance as at January 1, 2019	$(1,019,040)	$309,164	$(709,876)
Valuation adjustment			
-accounted associated companies and joint ventures	-	124,152	124,152
Translation differences			
- the Company	(655,212)	-	(655,212)
- accounted associated companies and joint ventures	(7,306)	-	(7,306)
- the tax impact	132,504	-	132,504
- disposal of equity instruments at fair value through other comprehensive income (FVTOCI)	-	(46,479)	(46,479)
Balance as at December 31, 2019	$(1,549,054)	$386,837	$(1,162,217)

(21) Income tax

A. Components of income tax expenses:

(a) Income tax recognized as current profit and loss

	2020	2019
Current income tax expenses:		
Income tax from current income	$359,611	$302,655
Overvalued/undervalued income tax for the preceding year	1,866	2,495
Deferred income tax expenses:		
Generation and reversal of temporary difference	(244,108)	(459,661)
Surtax on undistributed earnings	7,940	12,731
Income tax expenses	$125,309	$(141,780)

(b) Income tax recognized as other comprehensive income

	2020	2019
Items not reclassified into profit and loss:		
Losses on remeasurements of defined benefit plans	$(2,028)	$524
Items likely to be reclassified into profit and loss:		
Exchange differences on translation of foreign financial statements (EXDF)	59,390	(132,504)
Income tax related to the components of other comprehensive income	$57,362	$(131,980)

B. Adjustment of relationship between income tax expenses and accounting profit were as follows:

	2020	2019
Pre-tax profit	$1,071,202	$391,993
Income tax of pre-tax profit calculated at statutory tax rate	214,240	78,399
Effects of income tax with some items excluded as per the tax act	(5,270)	(18,989)
Overvalued/undervalued income tax amount for the preceding year	1,866	2,495
Effects of overvalued/undervalued deferred income tax assets/liabilities	(93,467)	(216,416)
Surtax on undistributed earnings	7,940	12,731
Income tax expenses(benefits)	$125,309	$(141,780)

C. Amount of deferred income tax assets/liabilities from temporary difference were as follows:

	2020			
	January 1	Recognition into loss (gain)	Recognition into other comprehensive loss (gain)	December 31
Deferred Income Tax Assets				
Unrealized gross margin from sale	$4,539	$(4,059)	$-	$8,598
Unrealized sales discounts and allowances	2,964	177	-	2,787
Unrealized foreign exchange gains	4,953	4,840	-	113
Depreciation ultralimit of property, plant and equipment	4	1	-	3
Ultralimit amount of loss from doubtful account	1,532	56	-	1,476
Loss from unrealized overseas investments	42,152	12,068	-	30,084
Allowance for reduction of inventory to market	547	-	-	547
Losses on remeasurements of defined benefit plans	25,205	-	(2,028)	27,233
Loss (gain) from exchange differences on translation of foreign financial statements (EXDF)	387,264	-	59,390	327,874
Subtotal	469,160	13,083	57,362	398,715
Deferred income tax liabilities				
Overseas interests recognized under the equity method	373,805	(257,191)	-	116,614
Subtotal	373,805	(257,191)	-	116,614
Total	$(95,355)	$(244,108)	$57,362	$(282,101)

	2019			
	January 1	Recognition into loss (gain)	Recognition into other comprehensive loss (gain)	December 31
Deferred Income Tax Assets				
Unrealized gross margin from sale	$11,130	$6,591	$-	$4,539
Unrealized sales discounts and allowances	3,257	293	-	2,964
Unrealized foreign exchange gains		(4,953)	-	4,953
Depreciation ultralimit of property, plant and equipment	5	1	-	4
Ultralimit amount of loss from doubtful account	1,556	24	-	1,532
Loss from unrealized overseas investments	37,954	(4,198)	-	42,152
Allowance for reduction of inventory to market	547	-	-	547
Impairment losses on property, plant and equipment	3,600	3,600	-	-
Losses on remeasurements of defined benefit plans	25,729	-	524	25,205
Loss (gain) from exchange differences on translation of foreign financial statements (EXDF)	254,760	-	(132,504)	387,264
Subtotal	338,538	1,358	(131,980)	469,160
Deferred income tax liabilities				
Unrealized foreign exchange losses (gains)	809	(809)	-	-
Overseas interests recognized under the equity method	834,015	(460,210)	-	373,805
Subtotal	834,824	(461,019)	-	373,805
Total	$496,286	$(459,661)	$(131,980)	$(95,355)

D. In accordance with the current applicable tax act was as follows:

The profit-seeking enterprise income tax rate was 20% in 2020 and 2019. The Company assessed the impact of such change in the tax rate on income tax. Besides, the tax rate applicable to the undistributed earnings was 5%.

E. Based on the update tax regulation issued by the Ministry of Fiance(MOF), the Company can make installments for 2019 income tax and additional income tax for 2018 undistributed earning of NT$119,139 thousand because of the impact of Covid-19. The Company applied the above incentive, get the approval from the tax bureau and made 36 installments for the tax. The above tax installments over one year is amounted to NT$59,569 thousand and recognized in income tax liabilities- noncurrent.

F. The updated content of Statute for Industrial Innovation was as follows:

(a) To encourage profit-seeking enterprises to use their earnings to make substantial investment or upgrade production technology or the quality of products or services, if a company or limited partnership uses a certain amount of its undistributed earnings to construct or purchase buildings, software or hardware equipment, or technology for use in production or operation as needed for operation of its business or ancillary business within three years from the year after such earnings are derived, such investment amounts may be deducted from the undistributed earnings in calculation of the current year's undistributed earnings for assessment of additional profit-seeking enterprise income tax leviable on undistributed earnings from the year 2018.

(b) For the purpose of optimizing industrial structure and encouraging domestic industries to upgrade to smart technology and make multiple innovations and applications, where a company or limited partnership has not committed a severe violation of any environmental protection, labor, or food safety or sanitation laws in the past three years, and has invested in brand-new smart machines for its own use between January 1, 2019 and December 31, 2021, or has invested in brand-new hardware, software, technology or technical services introducing 5th-generation mobile networks between January 1, 2019 and December 31, 2022. The Company purchased smart technology equipment of NT$523,751 thousand which was subject to the tax credit of NT$26,187 thousand.

G. The Company used the Management, Utilization, and Taxation of Repatriated Offshore Funds Act and repatriated offshore funds in 2019. The content of repatriating offshore funds is referred to note 6(6).

H. For the Company's application for profit-seeking enterprise income tax settlement for the preceding year, the taxing authority determined a period ended 2018.

(22) Earnings per share

	2020	2019
Basic earnings per share		
Current net income attributable to the Company	$945,893	$533,773
Weighted average outstanding common shares	1,225,719	1,174,535
Basic earnings per share (unit: NTD)	$0.77	$0.45
Diluted earnings per share		
Net income attributable to common share holders of the Company	$945,893	$533,773
Weighted average outstanding common shares	1,225,719	1,174,535
Dilutive effect of potential common shares (Note)		
Effects of employee remuneration	1,051	795
Weighted average outstanding common shares	1,226,770	1,175,330
Diluted earnings per share (unit: NTD)	$0.77	$0.45

Note: As the Company is a listed company, the number diluted shares for employee bonus is calculated respectively based on the closing price of the preceding day of the balance sheet date and the board resolution.

(23) Income from customers' contracts

	2020	2019
Income from sale of merchandise	$9,929,696	$9,952,771
Less: sales return and discount	(310,793)	(219,820)
Total	$9,618,903	$9,732,951

A. Breakdown of income from contracts with customers was as follows.

The Company's income from commodities and services transferred at a specified time can be divided into the following production lines and geological areas:

Main regions and markets	2020					
	Containerboard	Corrugated container	Waste paper	Paper distribution	Others	Total
Taiwan	$3,742,986	$4,115,852	$-	$-	$103,276	$7,962,114
China	1,656,789	-	-	-	-	1,656,789
Total	$5,399,775	$4,115,852	$-	$-	$103,276	$9,618,903

Main regions and markets	2019					
	Containerboard	Corrugated container	Waste paper	Paper distribution	Others	Total
Taiwan	$3,923,294	$4,399,844	$-	$-	$102,076	$8,425,214
China	1,307,737	-	-	-	-	1,307,737
Total	$5,231,031	$4,399,844	$-	$-	$102,076	$9,732,951

(24) Non-operating income and expenses

A. Interest incomes

	2020	2019
Interest incomes	$6,438	$28,565

B. Other incomes

	2020	2019
Rental income	$1,511	$1,434
Dividend income	2,360	4,999
Government subsidy income	720	1,398
Other incomes - others	5,949	11,158
Total	$10,540	$18,989

C. Other profits and losses

	2020	2019
Gain (loss) on disposal of property, plant and equipment	$304	$(42,742)
Gain (loss) on disposal of financial assets at cost	-	23,000
Gain (loss) on financial assets at fair value through profit or loss	47,597	(20,903)
Net foreign exchange gain (loss)	(6,803)	(19,918)
Lease modification gain	41	-
Others	(1,197)	(24,864)
Total	$39,942	$(85,427)

D. Financial cost

	2020	2019
Service Charges	$21,260	$24,306
Interest expense		
Interest on lease liability	1,043	1,172
Interest of bank loans	116,282	124,377
Corporate bonds payable	21,250	28,877
Less: assets capitalization	(44,368)	(11,034)
Total financial cost	$115,467	$167,698

(25) Employee benefit expenses

A. Summary of employee benefit expenses, depreciation and amortization by function of expense was as follows:

Function / Nature	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	$493,134	363,342	$856,476	$504,333	$346,774	$851,107
Labor and medical insurance premiums	45,631	25,964	71,595	46,928	24,814	71,742
Pension expenses	26,576	13,925	40,501	27,095	13,178	40,273
Remuneration to Director	-	15,077	15,077	-	15,517	15,517
Other employee benefit expenses	17,025	7,405	24,430	17,335	7,048	24,383
Depreciation	434,481	52,102	486,583	404,321	52,227	456,548
Amortization	799	2,911	3,710	-	5,106	5,106

The number of the Company's employees in 2020 and as at December 31, 2019 was 1,107 and 1,143, respectively, and the number of non-employee directors was all 8.

The average employees' welfare expense in 2020 and 2019 were NT$904 thousand and NT$870 thousand, respectively. And the average employees' salary expense in 2020 and 2019 were NT$779 thousand and NT$750 thousand, respectively. The increase rate in 2020 average salary expense was 3.87%.

The Company had set up the audit committee in replace of supervisors. The related compensation of supervisiors in 2020 and 2019 were all 0.

B. The salary and remuneration policy of the Company's directors, managers and employees are as follows:,

The Company has established director remuneration and employee remuneration policies in its articles of association, and set up a remuneration committee to evaluate and supervise the remuneration system of the Company's directors and managers. The procedures for determining the remuneration of directors and managers are based on the Company's board performance evaluation method and employee performance appraisal. In addition to referring to the Company's operating performance, future risks, development strategies and industry trends, it also considers personal performance of the company. For their contributions, and give reasonable remuneration.

The Company complies with laws and regulations and the needs of various regions to formulate a complete employee welfare system to provide employees with good salary and welfare conditions. Employee remuneration includes monthly salary, dividend bonus based on operating performance, and employee remuneration based on annual profitability and regulations. The Company regularly conducts the performance appraisal work of the company-wide colleagues every year, and truly understands the work performance of the colleagues, as the basis for promotion, training development and salary payment.

In accordance with the staff remuneration and director remuneration policies set forth in the articles of association of the company, after deducting accumulated losses from the current year's profit, if there is a balance, it shall allocate no less than 2% of the pre-tax net profit as employee remuneration. Or the cash payment shall be made by the board of directors with more than two-thirds of the directors present and a resolution approved by more than half of the directors present, and report to the shareholders meeting. In addition, the remuneration of directors is based on the degree of participation and contribution value of each director to the company's operations. The monthly remuneration is between NT$ 50 thousand and NT$ 150 thousand. At the end of each year, the annual bonus is two to six months of the aforementioned monthly remuneration Remuneration shall be paid regardless of profit or loss. The monthly remuneration range of all directors shall be recommended by the remuneration committee and submitted to the Board of Directors for agreement in accordance with the law.

C. According to the Company's Articles of Incorporation, any profits remaining after reimbursing cumulative losses in a given year shall be subject to employee remuneration of no less than 2% of pre-tax profit, which can be distributed in shares or in cash. Directors are compensated based on the level of participation and contribution to the

Company's operations. Directors are compensated at a range of NT$50 thousand to NT$150 thousand per month, furthermore, an annual bonus amounting to 2~6 months of the above monthly compensation is payable at the end of each year, regardless of whether the Company generates profit or incurs loss.

D. Amounts of employee remuneration estimated for 2020 and 2019 totaled NT$21,861 thousand and NT$8,000 thousand, respectively, and were presented as part of salary expense.

E. Information regarding employee and director remuneration resolved by the board of directors and reported in the shareholder meeting can be found on Taiwan Stock Exchange Corporation's "Market Observation Post System".

7. Related party transactions

(1) Names and relations of related parties

Related party's name	Relation with the Group
L&C CO., (BVI) LTD. (L&C)	The subsidiary of the Company
Long Chen Investment Developing Co., Ltd("Longchen Investment")	The subsidiary of the Company
Pinghu Longchen Greentech Co., Ltd. ("Pinghu Longchen")	The subsidiary of the Company
Wuxi Longchen Greentech Co., Ltd. ("Wuxi Longchen")	The subsidiary of the Company
Hubei Longchen Greentech Co., Ltd. ("Hubei Longchen")	The subsidiary of the Company
Metis International, Inc. ("Metis")	The subsidiary of the Company
Long Chen Paper Japan Co., Ltd. ("Long Chen Paper Japan")	The subsidiary of the Company
Hong Kong Long Chen Paper Co., Ltd. ("Hong Kong Long Chen")	The subsidiary of the Company
Long Sheng Investment Co., Ltd.("Long Sheng")	The associate
Baolong International Co., Ltd. ("Baolong Intl")	The associate
Longchen Circular Economy Environmental Protection Foundation	Other related party
Handy Carton Co., Ltd. ("Handy Carton")	Other related party

(2) Items of material transactions between Longchen and related parties

A. Revenue

	2020	2019
Subsidiary - Wuxi Longchen	$179,837	$81,090
Subsidiary - Pinghu Longchen	1,273,108	883,338
Subsidiary - Hubei Longchen	203,844	343,309
Associate - Baolong Intl	1,091,810	1,182,464
Other related party - Handy Carton	15,959	17,588
Total	$2,764,558	$2,507,789

The above sale is subject to the general terms of sale (i.e. market prevailing price). Generally, it is agreed that the collection term should range between one and four months, except that associates' fund utilization is taken into consideration regarding the collection terms for sale to related parties to make flexible adjustments subsequently. There is no significant difference from the transaction value of commodity sale, collection terms or non-related parties.

B. Purchase

	2020	2019
Subsidiary - Metis	$908,824	$628,156
Subsidiary - Long Chen Paper Japan	154,277	115,662
Total	$1,063,101	$743,818

The above purchase is subject to the general terms of purchase (i.e. market prevailing price). Generally, it is agreed that the payment term should range between one and two months, except that associates' fund utilization is taken into consideration regarding the collection terms for purchase from related parties to make flexible adjustments subsequently. There is no significant difference from ordinary manufacturers.

C. Accounts receivable from related parties (lending to related parties excluded)

Recognized item	Category of related party	December 31, 2020	December 31, 2019
Accounts receivable	Associate - Baolong Intl	$87,717	$106,924
	Other related party - Handy Carton	6,820	3,616
Total		$94,537	$110,540

Outstanding accounts receivable from related parties were not received. No provision for bad debts expense was made for the accounts receivable from related parties in 2020 and 2019.

D. Lending to related parties

Recognized item	Category of related party	December 31, 2020	December 31, 2019
Other receivables	Subsidiary - L&C	$240,735	$-
	Subsidiary - L&C	257	-
	Total	$240,992	$-

Recognized item	Category of related party	2020	2019
Interest income	Subsidiary – L&C	$730	$-
	Subsidiary - Wuxi Longchen	-	$14,882
	Subsidiary - Pinghu Longchen	-	4,731
	Subsidiary - Hubei Longchen	-	2,217
	Total	$730	$21,830

The Company's lending to related parties was based on an interest rate no less than the average borrowing rate of the current year and was unsecured. It was confirmed through Longchen's evaluation that no provision for bad debts expense was necessary.

E. Accounts payable to related parties (lending to related parties excluded)

Recognized item	Category of related party	December 31, 2020	December 31, 2019
Accounts payable	Subsidiary - Metis	$71,046	$34,438
	Subsidiary - Long Chen Paper Japan	21,733	4,113
Total		$92,779	$38,551

The accounts receivable related parties were not pledged.

F. Acquisition of financial assets

			2020		
Invested company	Recognized item	Category of related party	Number of shares for trading	Transaction subject	Acquisition price
Subsidiary – L&C	Investments accounted for using equity method	Longchen Investment	3,685 thousand shares	Stock	$181,878
Subsidiary – L&C	Investments accounted for using equity method	Long Sheng	4,666 thousand shares	Stock	230,298
					$412,176

			2019		
Invested company	Recognized item	Category of related party	Number of shares for trading	Transaction subject	Acquisition price
Subsidiary - Metis	Investments accounted for using equity method	Hong Kong Long Chen	1,500 thousand shares	Stock	$77,350

G. Disposal of financial assets

			2019		
Invested company	Recognized item	Category of related party	Number of shares for trading	Transaction subject	Disposal price
Subsidiary - Metis	Investments accounted for using equity method	Long Chen Paper Japan	1,500 thousand shares	Stock	$81,887

Please refer to note 6(6).

H. Transactions with other related parties

(a) Operating expense

Category of related party	Nature	2020	2019
Longchen Circular Economy Environmental Protection Foundation	Donation expense	$3,000	$84,551

Please refer to note 6(6).

(b) The Company held the membership of New Tamsui Golf Club with the carrying amount of NT$1,065 thousand (recognized as other non-current assets) as at December 31, 2020 and 2019. Its ownership was vested in the close relative of the Company's Chairman. The Company obtained the letter of commitment for security.

(3) Compensation of key management staff

	2020	2019
Salary and other short-term employee benefits	$45,258	$41,315

Compensation to directors and members of the executive management is determined by the Remuneration Committee based on individual performance and market trends.

8. Pledged assets

The Company provides the following assets as collaterals to secure borrowings:

	December 31, 2020	December 31, 2019
Other financial assets - current	$-	$45,001
Property, plant and equipment - land	1,678,250	1,678,250
Property, plant and equipment - buildings	1,759,052	1,339,525
Property, plant and equipment - machinery	3,849,174	4,150,485
Total	$7,286,476	$7,213,261

Pledged assets are presented at book value.

9. Major contingent liabilities and unrecognized contractual commitments

(1) Unused balance on usance L/C issued for purchase of raw materials or machinery:

	December 31, 2020	December 31, 2019
Usance L/C issued but unused	$205,346	$777,250

(2) Utilization of endorsement/guarantee limit:

	December 31, 2020	December 31, 2019
Endorsement/guarantee limit	$31,699,031	$33,760,180
Amount utilized	(24,780,355)	(24,801,892)
Unused limit	$6,918,676	$8,958,288

(3) Summary of contracted major equipment purchases:

	December 31, 2020	December 31, 2019
Contract sum	$5,484,379	$3,273,048
Amount billed	(4,627,030)	(1,611,632)
Unbilled amount	$857,349	$1,661,416

10. Losses from major disasters: None.

11. Subsequent events: None.

12. Others

(1) Capital management

The primary goals of capital management are to maintain robust credit rating and sound capital ratios in ways that support business operation and maximization of shareholders' equity. The Company manages and adjusts capital structure based on changes in economic circumstances. The Company maintains and adjusts capital structure through: adjustment of dividend payment, refund of share capital, or issuance of new shares.

(2) Financial instrument

A. Types of financial instrument

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit and loss		
Financial assets mandatory to be carried at fair value through profit and loss	$382	$376
Financial assets designated to be carried at fair value through profit and loss	83,086	144,620
Total	$83,468	$144,996
Financial assets carried at cost after amortization/ loans and receivables		
Cash and cash equivalents	$91,264	$1,188,345
Notes receivable (including related parties)	263,380	279,639
Accounts receivable (including related parties)	1,358,494	971,551
Other receivables (including related parties)	368,326	119,392
Other financial assets (recognized as other current assets)	-	45,001
Guarantee deposits paid (including the portion due within one year)	25,769	18,782
Total	$2,107,233	$2,622,710

	December 31, 2020	December 31, 2019
Financial liabilities		
Financial liabilities carried at cost after amortization		
Short-term loans	$80,000	$700,000
Short-term bills payable	-	1,148,552
Notes payable	-	89
Accounts payable (including related parties)	730,917	645,881
Other payables	926,086	645,040
Corporate bonds payable	2,500,000	2,500,000
Long-term loans (including portions due within 1 year or 1 business cycle)	8,914,688	6,327,000
Guarantee deposits received	5,073	5,073
Total	$13,156,764	$11,971,635
Lease liability (including current and non-current portion)	$93,363	$96,046

B. Risk management policy

(a) The Company's dairy operations are susceptible to multiple forms of financial risk, including market risks (exchange rate risk, interest rate risk and price risk), credit risks and liquidity risks. The Company's overall risk management plan focuses on unforeseeable matters in the financial market. The Company strives for minimizing the potential adverse impact of such matters on its financial performance.

(b) Risk management is performed by the Company's Finance Department according to board-approved policies. The Finance Department is responsible for identifying, assessing and mitigating financial risks, and it achieves this by working closely with other departments within the Company. The board of directors has implemented written principles on risk management practices, and outlined policies for specific matters such as exchange rate risk, interest rate risk, credit risk, use of derivative/non-derivative instruments, and investment of residual liquid capital.

C. Characteristics and level of significant financial risks

(1) Market risk

Exchange rate risks

The Company has multinational operations, so it is exposed to the exchange rate risk arising from transactions relatively different from its own transactions in functional currency (generally USD and CNY). Related exchange rate risks originate from business transactions in the future and any assets and liabilities already recognized.

Some of the Company's business activities involve non-functional currencies the Company's functional currency is the NTD.), and are therefore susceptible to exchange rate fluctuations. Information on foreign currency-denominated assets and liabilities susceptible to significant exchange rate fluctuation is presented below:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$15,509	28.48	$441,696	$35,948	29.98	$1,077,721
CNY	56	4.377	245	136	4.305	585

Note: Exchange rate is presented in amounts of NTD per unit of foreign currency.

The above exchange rate risk generally originates from cash and cash equivalents and other receivables valued in foreign currency, as foreign exchange gains/losses will occur during exchange. When the appreciation or depreciation of the NTD relative to USD and CNY was up to 1% as as December 31, 2020 and 2019, and all other factors remained unchanged, the Company's losses and gains in 2020 and 2019 would respectively decrease/increase by NT$4,419 thousand and NT$10,783 thousand. Analyses for the two periods were conducted using the same basis.

Furthermore, the total amount of all foreign exchange losses and gains (including those realized and unrealized) from the Company’s monetary items with significant impact of exchange rate fluctuations in 2020 and 2019 was respectively NT$(6,803) thousand and NT$(19,918) thousand.

Price risk

The Company’s equity instruments exposed to price risks are financial assets at fair value through profit or loss held and recognized. The Company has split its investment portfolio to control the price risks in investments in equity instruments. The specific method is subject to the Company’s policies.

Typically, the Company invests in equity instruments issued by domestic companies. Prices of such equity instruments will be affected by the uncertain values of such investment subjects in the future. If the price of such equity instrument increases or decreases by 1% and all other factors remain unchanged, the gains/losses of the net profit aftre tax from equity instruments at fair value through profit or loss in 2020 and 2019 will decrease/increase by NT$835 thousand and NT$1,450 thousand, respectively.

Cash flow and fair value risk of interest rate

Loans of the Company are measured at cost after amortization. Interest rates on loans are subject to repricing on a yearly basis according to the terms of the respective contract. As a result, the Company is exposed to the risk of changes in the market interest rate.

If the borrowing interest rate had increased/decreased by1% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have increased/decreased by NT$96 thousand and NT$1,136 thousand respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk management

Credit risk refers to the possibility of losses suffered by the Company due to its customers or financial instrument counterparties becoming unable to fulfill contractual obligations. These risk events mostly involve the counterparties being unable to settle the amount collectible or the contractual cash flow according to the payment terms agreed.

The Company has developed credit risk management practices from a corporate perspective. According to the Company's internal credit policy, all operating entities are required to perform credit risk management and analysis on every new customer before establishing payment and delivery terms. The Company adopts an internal risk management system that assesses credit quality by taking into account customers' financial position, previous conducts and other relevant factors. Individual counterparty risk limits are set by the board of directors based on internal or external assessments. Uses of credit limit are monitored on a regular basis.

Only banks, financial institutions, and organizations of good credit standing are accepted as counterparties.

The Company has adopted the following assumptions mentioned in IFRS 9 to provide the basis for identifying significant increase in the credit risk of financial instruments held after initial recognition:

i. A financial asset is considered to have exhibited significant increase in credit risk after initial recognition when contractual payment (according to the terms and nature of the underlying contract) becomes more than 30 days past due up to 1 year.
ii. A counterparty is considered to be in default when contractual payment is reclassified into overdue receivables for non-recoverability.

The Company distinguishes accounts from customers by geographic location, and uses a simplified, matrix-based approach to estimate expected credit loss.

The Company takes into account multiple considerations including future prospects, historical and current information etc to determine loss given default, which is used for estimating losses on accounts receivable. Matrix as of December 31, 2019 is as follows:

		Overdue				
December 31, 2020	Current	Within 30 days	31-90 days	91-180 days	181 days and above	Total
Expected losses	1.07%	0.76%	-%	-%	100.00%	1.08%
Total book value	$1,539,931	$99,243	$-	$-	$381	$1,639,555
Loss provisions	$16,544	$756	$-	$-	$381	$17,681

		Overdue				
December 31, 2019	Current	Within 30 days	31-90 days	91-180 days	181 days and above	Total
Expected losses	1.38%	94.29%	100.00%	100.00%	100.00%	1.42%
Total book value	$1,268,673	$46	$30	$82	$321	$1,269,152
Loss provisions	$17,485	$44	$30	$82	$321	$17,962

Change of loss provisions on receivables:

	2020	2019
Opening balance	$17,962	$18,081
Reversal of impairment loss	(281)	(119)
Closing balance	$17,681	$17,962

(c) Liquidity risk

Cash flow projections are made by individual operating entities within the Company, and consolidated by the Finance Department. The Company's Finance Department monitors cash flow requirements to ensure that adequate funding is obtained to finance various operations. The Finance Department also maintains adequate level of committed borrowing limits available at all times to prevent the Company from violating terms of loan.

The following table shows non-derivative financial liabilities and derivative financial liabilities settled on a netted or gross basis, classified by maturity date. An analysis of remaining timespan from balance sheet date until contract maturity is presented below:

December 31, 2020	Less than 1 year	2 to 3 years	4 to 5 years	5 years and above	Total
Short-term loans	$80,000	$-	$-	$-	$80,000
Short-term bills payable	-	-	-	-	-
Payables	730,917	-	-	-	730,917
Other payables	926,086	-	-	-	926,086
Lease liabilities (including cuurent and non-current portion)	37,915	48,440	6,061	947	93,363
Corporate bonds payable	-	2,500,000	-	-	2,500,000
Long-term loans (including portions due within 1 year or 1 business cycle)	410,000	2,830,666	5,674,022	-	8,914,688

December 31, 2019	Less than 1 year	2 to 3 years	4 to 5 years	5 years and above	Total
Short-term loans	$700,000	$-	$-	$-	$700,000
Short-term bills payable	1,148,552	-	-	-	1,148,552
Payables	645,970	-	-	-	645,970
Other payables	645,040	-	-	-	645,040
Lease liabilities (including cuurent and non-current portion)	36,008	44,966	13,401	1,671	96,046
Corporate bonds payable	-	-	2,500,000	-	2,500,000
Long-term loans (including portions due within 1 year or 1 business cycle)	1,175,000	4,573,067	578,933	-	6,327,000

The Company has not expected earlier occurrence of the cash flow analyzed on the due date or any significant difference from the actual amount.

(3) Fair value information

A. Fair value assessment techniques for financial and non-financial instruments are explained. Definition for the different levels of input:

Level 1: Quotations (unadjusted) that the Company is able to obtain from an active market on the measurement date for asset or liability of equivalent nature. An active market is one where assets or liabilities are transacted in sufficient frequency and quantity, and where price information is provided on an ongoing basis. Investments in public-listed shares and beneficiary certificates all have fair values determined using this input.

Level 2: Refers to inputs that can be observed directly or indirectly on an asset or liability, except for quotations covered in level 1 input.

Level 3: Refers to inputs that cannot be observed for an asset or liability. Such case applies to the equity instruments of the Company's investments without active market.

B. For fair value information of investment properties carried at cost, please refer to Note 6(9).

C. Financial instruments not measured at fair value

(a) Except for the items listed below, other accounts including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term loans, short-term bills payable, notes payable, accounts payable and other payables all have book values closely resembling to their fair values. Leased liability (including current and non current portion) and long-term loans (including portions due within 1 year or 1 business cycle) were borrowed at interest rates close to the market rate, therefore their book values should provide a reasonable estimate for the fair value:

	Book value	Level 1 input	Level 2 input	Level 3 input
December 31, 2020				
Corporate bonds payable	$2,500,000	$-	$2,562,994	$-
December 31, 2019				
Corporate bonds payable	$2,500,000	$-	$2,506,794	$-

(b) Methods and assumptions used for estimating fair value:

Corporate bonds payable: Refers to common corporate bonds issued by the Company. Since the coupon rates closely resemble the market interest rate, fair value is measured by discounting expected cash flows at the market interest rate on the balance sheet date.

D. Information on financial and non-financial instruments measured at fair value, classified by asset, liability, nature, characteristics, risks and levels of fair value input:

	Level 1 input	Level 2 input	Level 3 input	Total
December 31, 2020				
Financial assets				
Recurring fair value				
Financial assets at fair value through profit and loss				
Equity securities	$382	$-	$8,756	$9,138
Private equity funds	-	-	74,330	74,330
Total	$382	$-	$83,086	$83,468
December 31, 2019				
Financial assets				
Recurring fair value				
Financial assets at fair value through profit and loss				
Equity securities	$376	$-	$8,756	$9,132
Private equity funds	-	-	135,864	135,864
Total	$376	$-	$144,620	$144,996

E. Methods and assumptions used for measuring fair value:

(a) Instruments using market quotation as fair value input (i.e. level 1), distinguished by characteristics:

	TWSE/TPEX listed shares
Market quotation	Closing price

(b) Except for financial instruments traded in active markets, as shown above, fair values of all other financial instruments were obtained either by applying valuation techniques or by making reference to counterparties' quotationsThe fair value through valuation may be obtained through model calculation by reference to the current fair value of financial instruments with substantially similar conditions and characteristics, cash flow discounting or other evaluation methods, including the market information available on the balance sheet date.

F. There had been no transfer between level 1 and level 2 input in 2020 or 2019.

G. There was no significant change in Level 3 financial instruments held during 2020 and 2019.

H. The valuation procedure of the Company's fair value classification of Level 3 is verified by the independent fair value of financial instruments. Data from independent sources are used to ensure that the valuation result is close to the market state. Periodic review is also carried out to ensure the reasonability of such valuation result. In addition, the Company has also developed the valuation policy for fair values of financial instruments, the valuation procedure, and the procedure for confirming the compliance with the IFRSs.

I. Quantitative information and sensitivity of significant and unobservable inputs used for level 3 fair value measurement are explained below:

	December 31, 2020 Fair value	Assessment technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Non-listed shares	$8,756	Net asset value approach	Not applicable	-	Not applicable
Private equity funds	$74,330	Net asset value approach	Not applicable	-	Not applicable

	December 31, 2019 Fair value	Assessment technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Non-listed shares	$8,756	Net asset value approach	Not applicable	-	Not applicable
Private equity funds	$135,864	Net asset value approach	Not applicable	-	Not applicable

J. The Company exercises a high level of discretion and evaluation in the choice of valuation models and parameters. However, uses of different valuation model or parameter may produce different valuation results. With respect to financial assets and financial liabilities classified into level 3 input, the impacts on profit and loss or other comprehensive income in the event of a change in the valuation parameter are as follows:

			December 31, 2020			
			Recognized through profit and loss		Recognized in other comprehensive income	
	Input	Variation	Favorable variation	Adverse variation	Favorable variation	Adverse variation
Financial assets						
Equity securities	Net asset value	±1%	$88	$(88)	$-	$-
Private equity funds	Net asset value	±1%	743	(743)	-	-
			$831	$(831)	$-	$-

			December 31, 2019			
			Recognized through profit and loss		Recognized in other comprehensive income	
	Input	Variation	Favorable variation	Adverse variation	Favorable variation	Adverse variation
Financial assets						
Equity securities	Net asset value	±1%	$88	$(88)	$-	$-
Private equity funds	Net asset value	±1%	1,359	(1,359)	-	-
			$1,447	$(1,447)	$-	$-

13. Disclosures relating to the footnotes

(1) Information relating to significant transactions

Serial No.	Item	Attachments
1	Financings provided	Attachment 1
2	Endorsements and Guarantees Made to Others	Attachment 2
3	Securities held at the end of period (excluding investments in subsidiaries, associates or any portion controlled by joint ventures)	Attachment 3
4	Cumulative amount of the same marketable securities purchased or sold amounting to NT$300 million or 20% of the paid-up capital or above	Attachment 4
5	Acquisition of real estate amounting to NT$300 million or 20% of paid-up capital or above	None
6	Disposal of real estate amounting to NT$300 million or 20% of paid up capital or above	None
7	Sales and purchases with related parties amounting to NT$100 million or 20% of paid up capital or above	Attachment 5
8	Related party receivables amounting to NT$100 million or 20% of paid-up capital or above	Attachment 6
9	Trading of derivatives	None
10	Names, locations and information of investees	Attachment 7

(2) Supplementary disclosure regarding investee companies

Serial No.	Item	Attachments
1	Financings provided	Attachment 8
2	Endorsements and Guarantees Made to Others	Attachment 9
3	Securities held at the end of period (excluding investments in subsidiaries, associates or any portion controlled by joint ventures)	Attachment 10
4	Cumulative amount of the same marketable securities purchased or sold amounting to NT$300 million or 20% of the paid-up capital or above.	None
5	Acquisition of real estate amounting to NT$300 million or 20% of paid-up capital or above	None
6	Disposal of real estate amounting to NT$300 million or 20% of paid up capital or above	None
7	Sales and purchases with related parties amounting to NT$100 million or 20% of paid up capital or above	Attachment 11
8	Related party receivables amounting to NT$100 million or 20% of paid-up capital or above	Attachment 12
9	Trading of derivatives	None

(3) Investments in the Mainland

Serial No.	Item	Attachments
1	Names, primary business activities, paid-up capital, terms of investment and information relating to Mainland investees	Attachment 13
2	Significant transactions with Mainland investees through directly or indirectly held businesses in another country:	
	(1) Amount and percentage of purchases made and balance and percentage of corresponding payables at the end of period.	None
	(2) Amount and percentage of sales made and balance and percentage of corresponding receivables at the end of period.	None
	(3) Property transactions and the resulting gains and losses	None
	(4) Closing balances and purposes of endorsed notes, guarantees, or pledged collaterals	Attachment 2, Attachment 9
	(5) Maximum loan balance, closing loan balance, interest rate range, and total interests in the current period	None
	(6) Other transactions with material impact to the current profit and loss or financial position.	None

(4) The information of major shareholders: Attachment 14.

14. Segment information

The Company has already disclosed segment information in the consolidated financial reports, therefore no segment information is disclosed in the parent company only financial reports.

Attachment 1 Financings provided:

Number (Note 1)	Lending company	Borrower	Account (Note 2)	Related party? (Yes/No)	Maximum balance at current period (Note 9)	Ending balance (Notes 8 & 9)	Actual amount of disbursement (Note 9)	Interest rate interval (Note 10)	Characteristic of fund lent to others (Note 4)	Business transaction amount (Note 5)	Reason for short-term loans (Note 6)	Provision for credit loss	Collateral		Limit of individual lending (Note 7)	Total limit of funds lent to others (Note 7)
													Item	Value		
0	Longchen Paper & Packaging Co., Ltd.	Hubei Longchen Greentech Co.,	Other receivables - related parties	Yes	$646,200 (CNY 150,000 thousand)	$- (CNY - thousand)	$- (CNY - thousand)	–	2	–	Operation financing	–	–	–	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of its latest audited/reviewed financial statements. (Amount: NT$7,606,357 thousand)	The ceiling on total loans granted to others by Longchen should not exceed forty percent (40%) of the net worth of its latest audited/reviewed financial statements. (Amount: NT$10,141,809 thousand)
0	Longchen Paper & Packaging Co., Ltd.	L&C CO. , (BVI) LTD.	Other receivables - related parties	Yes	646,800 (CNY 150,000 thousand)	656,550 (CNY 150,000 thousand)	240,735 (CNY 55,000 thousand)	3.50%	2	–	Operation financing	–	–	–	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of its latest audited/reviewed financial statements. (Amount: NT$7,606,357 thousand)	The ceiling on total loans granted to others by Longchen should not exceed forty percent (40%) of the net worth of its latest audited/reviewed financial statements. (Amount: NT$10,141,809 thousand)

Note 1: Complete the "Number" column as described below:
(1) Fill "0" in the issuer field.
(2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: If any recorded account receivable from an associate or a related party, account with shareholder, prepayment or provisional payment has the characteristic of fund lent to others, fill it into this column.

Note 3: Maximum balance of funds lent to others in the current year

Note 4: In the "Characteristic of fund lent to others" column, fill "1" in case of a business transaction, or fill "2" in case of a short-term loan.

Note 5: If the characteristic of fund lent to other is business transaction, the business transaction amount should be entered; "Business Transaction Amount" refers to the amount of business transactions between the lending company and the borrower in the most recent year.

Note 6: If the characteristic of fund lent to other is short-term loan, the reason for and purpose of such loan issued to the borrower should be specified, such as repayment, equipment acquisition, and operation financing, etc.

Note 7: It is required to fill the limit of individual lending and the total limit of funds lent to others as stated in Longchen's "Procedures for Lending of Capital" and to explain the calculation methods of such limit and total limit in the "Note" field.

Note 8: If a public company reported such fund lending to the board of directors for resolution on a trade-by-trade basic pursuant to Article 14.1 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the amount approved by the board of directors should be included in the announced balance to disclose the risk thereof, although such loan has not been issued yet. For subsequent repayment, the balance after repayment should be disclosed to indicate the risk-based adjustment. If the publish company obtains the resolution of the board of directors and the Chairman is authorized to handle the matter within the specific amount of fund lending approved by the board of directors and the lending is authorized in installment or revolver within one year, pursuant to Article 14.2 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported. In spite of subsequent refundment, further fund authorization can be considered. Therefore, the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported.

Note 9: The ending balance and actual amount are calculated by the exchange rate of balance sheet date. The maximum amount is calculated by the exchange rate of board meeting date.

Note10: Interest rate interval is recorded by the ending balance.

Attachment 2 Endorsements and Guarantees Made to Others:

Number (Note 1)	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise made by the endorsing and guarantee company (Note 3)	Maximum outstanding endorsements and guarantee amount during the current period (Note 4)	Ending balance of endorsement and guarantee (Note 5)	Actual amount of disbursement (Note 6)	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount in the net worth of the latest financial statements	Maximum limit of endorsement and guarantee (Note 3)	Provision of endorsements and guarantees by parent company to subsidiary (Note 7)	Provision of endorsements and guarantees by subsidiary to parent company (Note 7)	Provision of endorsements and guarantees to the party in Mainland China (Note 7)
		Name of company	Relationship (Note 2)										
0	Longchen Paper & Packaging Co., Ltd.	Long Chen Paper (China) Holdings Co., Ltd.	2	The amount of endorsements and guarantees made to a single enterprise should be limited to eighty percent (80%) of Longchen's net worth. (Amount: NT$20,283,618 thousand)	$243,200	$ –	$ –	–	–	The total limit of endorsements and guarantees made by Longchen to other entities should be two hundred percent (200%) of its net worth. (Amount: NT$50,709,044 thousand)	Y	N	N
0	Longchen Paper & Packaging Co., Ltd.	Long Chen Paper Japan Co., Ltd.	2		623,700	623,700	–	–	2.46%		Y	N	N
0	Longchen Paper & Packaging Co., Ltd.	L&C CO. , (BVI) LTD.	2		608,000	–	–	–	–		Y	N	N
0	Longchen Paper & Packaging Co., Ltd.	Hong Kong Long Chen Paper Co., Ltd.	2		622,980	622,980	297,400	–	2.46%		Y	N	N
0	Longchen Paper & Packaging Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	2		4,054,750	3,475,950	2,193,464	–	13.71%		Y	N	Y
0	Longchen Paper & Packaging Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	2		6,550,956	6,550,956	3,895,176	–	25.84%		Y	N	Y
0	Longchen Paper & Packaging Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	2		8,037,311	6,104,869	4,848,281	–	24.08%		Y	N	Y
0	Longchen Paper & Packaging Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	2		14,381,370	14,320,576	13,546,034	–	56.48%		Y	N	Y

Note 1: Complete the "Number" column as described below:
(1) Fill "0" in the issuer field.
(2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: There are seven types of the relationship between an endorsing and guarantee company and an endorsed and guaranteed company; fill in the number of type each case belongs to:
(1) A company with business transaction;
(2) A company in which Longchen holds more than 50% voting shares directly or indirectly;
(3) A company which holds more than 50% voting shares of Longchen directly or indirectly;
(4) A company in which Longchen holds 90% or more voting shares directly or indirectly;
(5) A company which should make mutual guarantees with its peer or joint building constructor for the purpose of construction project as agreed;
(6) A company to which all shareholders make endorsements and guarantees based on the proportion of shareholding due to the joint investment relationship; or
(7) Peers making joint and several guarantee for a contract for pre-sale housing pursuant to the "Consumer Protection Act"

Note 3: It is required to fill the limit for endorsement and guarantee for single enterprise made by the endorsing and guarantee company and the maximum limit of endorsement and guarantee as stated in Longchen's "Procedures for Making Endorsements/Guarantees" and to explain the calculation methods of such limit and total limit of endorsements and guarantees in the "Note" field.

Note 4: Maximum balance of endorsements and guarantees made to others in the current year

Note 5: The amount approved by the board of directors should be filled. Where the board of directors authorizes the Chairman to make a decision pursuant to Article 12.8 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", it should be the amount approved by the Chairman.

Note 6: Fill the actual amount of disbursement of the endorsed and guaranteed company within the balance limit.

Note 7: In case of provision of endorsements and guarantees by a TWSE/TPEX-listed parent company to a subsidiary, or by the subsidiary to such parent company, or provision of endorsements and guarantees to the party in mainland China, fill "Y".

Attachment 3 Securities held at the end of period (excluding investments in subsidiaries, associates or any portion controlled by joint ventures):

Name of company which holds securities	Securities (Note 1)		Relationship between the issuer of securities and the company (Note 2)	Account	Ending				Note (Note 4)
	Category	Name			Number of shares	Book value (Note 3)	Percentage of ownership (%)	Fair value	
Longchen Paper & Packaging Co., Ltd.	Stocks	Hon Hai Precision Industry Ind. Co., Ltd.	—	Financial assets atf$f fair value through profit or loss - current	3,504 shares	$322	—	$322	
Longchen Paper & Packaging Co., Ltd.	Stocks	Taiwan Cement Corp.	—	Financial assets at fair value through profit or loss - current	1340 shares	58	—	58	
Longchen Paper & Packaging Co., Ltd.	Preferred shares	Taiwan Cement Corp.	—	Financial assets at fair value through profit or loss - current	37 shares	2	—	2	
Longchen Paper & Packaging Co., Ltd.	Stocks	Asia Technology 3 LTD.	—	Financial assets at fair value through profit or loss - non-current	700 common shares; 6,300 preferred shares	—	16.66%	—	
Longchen Paper & Packaging Co., Ltd.	Stocks	OTC Daily News Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	180,000 shares	—	4.17%	—	
Longchen Paper & Packaging Co., Ltd.	Stocks	Everterminal Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	456,325 shares	3,685	0.47%	—	
Longchen Paper & Packaging Co., Ltd.	Stocks	Cheng Fong Chemical Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	2,325 shares	—	0.002%	—	
Longchen Paper & Packaging Co., Ltd.	Stocks	Linkou International Golf & Country Club	—	Financial assets at fair value through profit or loss - non-current	1 piece	5,071	—	—	
Longchen Paper & Packaging Co., Ltd.	Funds	ZoYi Capital Fund I,L.P.	—	Financial assets at fair value through profit or loss - non-current	—	27,339	3.145%	—	
Longchen Paper & Packaging Co., Ltd.	Funds	ARM IoT Fund,L.P.	—	Financial assets at fair value through profit or loss - non-current	—	46,991	10.260%	—	

Note 1: "Securities" herein refer to stocks, bonds, beneficiary certificates, and derivative securities from them as defined in IFRS 9 - “Financial Instruments”.

Note 2: If the issuer of securities is not a related party, please leave this column blank.

Note 3: In case of measurement at fair value, please fill in the "Book Value" column the book balance after valuation adjustment at fair value and deduction of loss allowance. In other cases, fill in the "Book Value" column the book balance of the amortized cost (with loss allowance deducted).

Note 4: If any securities are restricted due to the provision of security or secured borrowings, or subject to other agreements, specify the number of shares or amount for such security or secured borrowings and restriction of use.

Attachment 4 Cumulative amount of the same marketable securities purchased or sold amounting to NT$300 million or 20% of the paid-up capital or above:

Name of company which sells securities	Securities (Note 1)	Account	Name of counterpart (Note 2)	Relationship (Note 2)	The beginning bal.		Buy-in (Note 3)		Sells-out (Note 3)				Others		Ending	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling prices	Booking value	Disposal gain(loss)	Number of shares	Amount	Number of shares	Amount
Longchen Paper & Packaging Co., Ltd.	Stocks	Investment accounted for using the equity method	L&C CO., (BVI) LTD.	Investee accounted for using equity method	280,029,988	$16,559,488	20,115,112	$1,085,676	—	—	—	—	—	$(1,015,053) (Note 5)	300,145,100	$16,630,111

Note 1：Securities" herein refer to stocks, bonds, beneficiary certificates, and derivative securities from them as defined in IFRS 9 - “Financial Instruments”。

Note 2：Investors who use equity method in the accounting of securities must complete these two columns, and the rest may be exempted。

Note 3：Cumulative amount of the same marketable securities purchased or sold amounting to NT$300 million or 20% of the paid-up capital should be separated recorded。

Note 4：Paid-up capital refers to the paid-up capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT $ 10, the transaction amount of 20% of the paid-in capital shall be calculated based on the balance sheet of 10% of the equity of the owner of the parent company。

Note 5：It is the share of the profit and loss of subsidiaries, related companies and joint ventures recognized by the equity method, the exchange difference converted from the financial statements of foreign operating agencies, capital reserve and other.

Attachment 5 Amount of Purchase/Sale Transaction with a Related Party Exceeding NT$100 Million or 20% of the Paid-up Capital:

Purchaser/Seller	Name of counterpart	Relationship	Transaction details				Transaction conditions different from general transaction and reason(s) (Note 1)		Notes and accounts receivable/payable			Note (Note 2)
			Purchase/sale	Amount	Ratio in total purchases / sales	Period of credit granting	Unit price	Period of credit granting	Balance		Ratio in total notes and accounts receivable / payable	
Longchen Paper & Packaging Co., Ltd.	Baolong International Co., Ltd.	Investee accounted for using equity method	Sale	$1,091,810	11.00%	2 month	Subject to a distribution agreement	2 month	Accounts receivable	$87,717	5.35%	
Longchen Paper & Packaging Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	Investee in which Longchen's subsidiary holds more than 50% shares indirectly	Sale	1,273,108	12.82%	—	Subject to a distribution agreement	—	—	—	—	
Longchen Paper & Packaging Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	Investee in which Longchen's subsidiary holds more than 50% shares indirectly	Sale	179,837	1.81%	—	Subject to a distribution agreement	—	—	—	—	
Longchen Paper & Packaging Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Investee in which Longchen's subsidiary holds more than 50% shares indirectly	Sale	203,844	2.05%	—	Subject to a distribution agreement	—	—	—	—	
Longchen Paper & Packaging Co., Ltd.	Long Chen Paper Japan Co., Ltd.	Investee accounted for using equity method	Purchase	154,277 (JPY 501,441 thousand)	3.04%	L/C	Subject to a distribution agreement	L/C	—	—	—	
Longchen Paper & Packaging Co., Ltd.	METIS INTERNATIONAL, INC.	Investee accounted for using equity method	Purchase	908,824 (USD 29,334 thousand)	17.91%	L/C	Subject to a distribution agreement	L/C	—	—	—	

Note 1: If the conditions of a transaction with a related party are different from the general transaction conditions, please specify such difference and reason(s) in the "Unit Price" and "Period of credit granting" columns.

Note 2: In case of any advance or prepayment, please specify the reason, covenant, amount and difference from general transaction in the "Note" column.

Note 3: "Paid-up Capital" herein refers to the paid-up capital of the parent company. If the issuer's stocks are no-par stocks or the par value per share is not NT$10, the transaction amount, which should account for twenty percent (20%) of the paid-up capital, should be calculated at ten percent (10%) of the equity attributable to owners of the parent company as stated in the balance sheet.

Attachment 6 Related party receivables amounting to NT$100 million or 20% of paid-up capital or above:

Creditor	Name of counterpart	Relationship	Balance of accounts receivable from related parties (Note 1)	Turnover rate	Amount overdue of accounts receivable from related parties		Accounts receivable from related party	Amount of provision for credit loss
					Amount	Action taken		
Longchen Paper & Packaging Co., Ltd.	L&C CO. , (BVI) LTD.	Investee accounted for using equity method	other receivables – related parties $240,735	_	_	_	_	_

Note 1: Please fill the accounts and notes receivable and other receivables from related parties separately.

Note 2: "Paid-up Capital" herein refers to the paid-up capital of the parent company. If the issuer's stocks are no-par stocks or the par value per share is not NT$10, the transaction amount, which should account for twenty percent (20%) of the paid-up capital, should be calculated at ten percent (10%) of the equity attributable to owners of the parent company as stated in the balance sheet.

Attachment 7 Names, locations and information of investees (excluding investees in mainland China):

Name of investor	Name of investee (Note 1 & 2)	Address	Major business activities	Original investment amount		Ending shareholding			Current loss/ gain of investee (Note 2 (2))	Loss/gain from investments recognized for the current period (Note 2 (3))	Note
				End of the current period	End of last year	Number of shares	Percentage (%)	Book value			
Longchen Paper & Packaging Co., Ltd.	L&C CO., (BVI) LTD.	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	General investment	USD 436,417 thousand	USD 414,417 thousand	300,145,100	100%	$16,630,111	$(751,399)	$(723,934)	Subsidiary
Longchen Paper & Packaging Co., Ltd.	Long Chen Investment Developing Co., Ltd.	No. 337 FuXingBei Road, 10th floor, Taipei	General investment	564,500	564,500	77,240,446	99.57%	1,386,050	(7,030)	(3,514)	Subsidiary
Longchen Paper & Packaging Co., Ltd.	Long Chen Paper Japan Co., Ltd.	5 Chome-6-1 Gokonishi, Matsudo, Chiba 270-2218 Japan	Waste paper recycling and sales	JPY 601,530 thousand	JPY 601,530 thousand	10,830	100.00%	220,205	26,609	21,015	Subsidiary
Longchen Paper & Packaging Co., Ltd.	Long Sheng Investment Co., Ltd.	No. 337 FuXingBei Road, 10th floor, Taipei	General investment	453,864	453,864	99,003,532	46.86%	1,719,722	8,296	3,888	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Long Hwa Developing Investment Co., Ltd.	No. 337 FuXingBei Road, 10th floor, Taipei	Investment in productive enterprises	229,722	229,722	43,590,054	22.84%	627,389	3,790	866	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Yuema Engineering Co., Ltd.	No. 337 FuXingBei Road, 10th floor, Taipei	International trade and venture capital (VP)	80,083	80,083	4,835,009	21.41%	563,295	(9,233)	(1,975)	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Yuema International Co., Ltd.	No. 337 FuXingBei Road, 10th floor, Taipei i	Manufacturing, processing, trading, import and export of papermaking materials and paper products	61,534	61,534	8,088,351	22.63%	202,063	89,744	20,316	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Yuma Investment Co., Ltd.	No. 337 FuXingBei Road, 10th floor, Taipei	General investment	43,832	43,832	2,724,000	20.95%	5,065	(5,887)	(1,234)	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Baolong International Co., Ltd.	No. 25, Shisan N. Rd., Douliu City, Yunlin County	Merchandising business	630,171	630,171	39,180,636	25.95%	1,443,478	93,259	24,199	Investee accounted for using equity method

Note 1: If a public company has establish its foreign holding company and submitted its consolidated statements as major financial statements as stipulated by local regulations, it can only disclose the information on such holding company regarding its foreign investee.

Note 2: In cases other than that described in Note 1, the following rules should be followed:

(1) "Name of investee", "Address", "Major business activities", "Original investment amount" and "Ending shareholding" should be filled in in sequence based on the (public) Company's reinvestment and the further reinvestment of each investee controlled directly or indirectly. The relationship (e.g. subsidiary or sub-subsidiary) between the investee and the (public) Company should also be specified in the "Note" column.

(2) The amount of each investee's current loss/gain should be filled in the "Current loss/gain of investee" column.

(3) Only the amount of losses/gains of each subsidiary recognized by the (public) Company for direct reinvestment and of each investee accounted for using equity method should be filled in the "Loss/gain from investments recognized for the current period" column, and the rest can be omitted. When filling in the "Amount of current losses/gains of each subsidiary recognized for direct reinvestment" column, confirm whether such amount includes its loss/gain from investment to be recognized for further reinvestment.

Attachment 8 Financings provided

Number (Note 1)	Lending company	Borrower	Account (Note 2)	Related party? (Yes/No)	Maximum balance at current period (Note 3)	Ending balance (Note 8 & 9)	Actual amount of disbursement (Note 9)	Interest rate collars (Note 10)	Characteristic of fund lent to others (Note 4)	Business transaction amount (Note 5)	Reason for short-term loans (Note 6)	Amount of provision for loss allowance	Collateral		Limit of individual lending (Note 7)	Total limit of funds lent to others (Note 7)
													Name	Value		
1	Pinghu Longchen Greentech Co., Ltd.	Jingzhou Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	$89,440 (CNY 20,000 thousand)	$- (CNY - thousand)	$- (CNY - thousand)	-	2	—	Operation financing	—	—	—	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$2,761,141 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$3,681,521 thousand)
1	Pinghu Longchen Greentech Co., Ltd.	Shanghai Minhang Longchen Paper Co., Ltd.	Other receivables - related parties	Yes	96,162 (CNY 22,000 thousand)	- (CNY - thousand)	- (CNY - thousand)	-	2	—	Operation financing	—	—	—	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$2,761,141 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$3,681,521 thousand)
2	Suzhou Longchen Paper Co., Ltd	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	43,020 (CNY 10,000 thousand)	43,770 (CNY 10,000 thousand)	43,770 (CNY 10,000 thousand)	4.350%	2	—	Operation financing	—	—	—	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Suzhou Longchen Paper Co., Ltd (Amount:NT$152,547 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Suzhou Longchen Paper Co., Ltd (Amount:NT$202,396 thousand)
2	Suzhou Longchen Paper Co., Ltd	Wuxi Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	77,544 (CNY 18,000 thousand)	78,786 (CNY 18,000 thousand)	78,786 (CNY 18,000 thousand	4.785%	2	—	Operation financing	—	—	—	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Suzhou Longchen Paper Co., Ltd (Amount: NT$152,547 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Suzhou Longchen Paper Co., Ltd (Amount:NT$203,396 thousand)
3	Hong Kong Long Chen Paper Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	97,865 (CNY 23,000 thousand)	100,671 (CNY 23,000 thousand	100,671 (CNY 23,000 thousand)	3.500%	2	—	Operation financing	—	—	—	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Hong Kong Long Chen Paper Co., Ltd. (Amount:NT$759,838 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Hong Kong Long Chen Paper Co., Ltd. (Amount:NT$1,013,118 thousand)

Attachment 8 Financings provided

Number (Note 1)	Lending company	Borrower	Account (Note 2)	Related party? (Yes/No)	Maximum balance at current period (Note 3)	Ending balance (Note 8 & 9)	Actual amount of disbursement (Note 9)	Interest rate collars (Note 10)	Characteristic of fund lent to others (Note 4)	Business transaction amount (Note 5)	Reason for short-term loans (Note 6)	Amount of provision for loss allowance	Collateral		Limit of individual lending (Note 7)	Total limit of funds lent to others (Note 7)
3	Hong Kong Long Chen Paper Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	$295,750 (USD 10,000 thousand)	284,800 (USD 10,000 thousand)	284,800 (USD 10,000 thousand)	3-Month LIBOR	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Hong Kong Long Chen Paper Co., Ltd. (Amount: NT$759,838 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Hong Kong Long Chen Paper Co., Ltd. (Amount: NT$1,013,118 thousand)
4	Long Chen Paper Japan Co., Ltd.	Metis International, Inc	Other receivables - related parties	Yes	59,480 (USD 2,000 thousand)	56,960 (USD 2,000 thousand)	- (CNY - thousand)	3.000%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Long Chen Paper Japan Co., Ltd (Amount: NT$67,740 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Long Chen Paper Japan Co., Ltd (Amount: NT$90,320 thousand)
5	Suzhou Mango Packaging Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	25,284 (CNY 6,000 thousand)	26,262 (CNY 6,000 thousand)	26,262 (CNY 6,000 thousand)	4.350%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Suzhou Mango Packaging Co., Ltd (Amount: NT$47,222 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Suzhou Mango Packaging Co., Ltd (Amount: NT$62,963 thousand)
5	Suzhou Mango Packaging Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	27,391 (CNY 6,500 thousand)	28,451 (CNY 6,500 thousand)	28,451 (CNY 6,500 thousand)	4.350%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Suzhou Mango Packaging Co., Ltd (Amount: NT$47,222 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Suzhou Mango Packaging Co., Ltd (Amount: NT$62,963 thousand)
6	L&C CO., (BVI) LTD	Long Chen Paper (China) Holdings Co., Ltd.	Other receivables - related parties	Yes	646,800 (CNY 150,000 thousand)	656,550 (CNY 150,000 thousand)	240,735 (CNY 55,000 thousand)	3.500%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of L&C CO., (BVI) LTD (Amount: NT$6,656,303 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of L&C CO., (BVI) LTD (Amount: NT$6,656,303 thousand)

Attachment 8 Financings provided

Number (Note 1)	Lending company	Borrower	Account (Note 2)	Related party? (Yes/No)	Maximum balance at current period (Note 3)	Ending balance (Note 8 & 9)	Actual amount of disbursement (Note 9)	Interest rate collars (Note 10)	Characteristic of fund lent to others (Note 4)	Business transaction amount (Note 5)	Reason for short-term loans (Note 6)	Amount of provision for loss allowance	Collateral		Limit of individual lending (Note 7)	Total limit of funds lent to others (Note 7)
7	Long Chen Paper (China) Holdings Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	$646,800 (CNY 150,000 thousand)	$656,550 (CNY 150,000 thousand)	$240,735 (CNY 55,000 thousand)	3,500%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Long Chen Paper (China) Holdings Co., Ltd. (Amount: NT$4,846,120 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Long Chen Paper (China) Holdings Co., Ltd. (Amount: NT$6,461,493 thousand)
8	Jiangsu Longchen Greentech Co., Ltd .	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	646,800 (CNY 150,000 thousand)	656,550 (CNY 150,000 thousamd)	240,735 (CNY 55,000 thousand)	4,350%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd (Amount: NT$4,833,927 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd (Amount: NT$6,445,236 thousand)

Note 1: Complete the "Number" column as described below:
(1) Fill "0" in the issuer field.
(2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: If any recorded account receivable from an associate or a related party, account with shareholder, prepayment or provisional payment has the characteristic of fund lent to others, fill it into this column.

Note 3: Maximum balance of funds lent to others in the current year

Note 4: In the "Characteristic of fund lent to others" column, fill "1" in case of a business transaction, or fill "2" in case of a short-term loan.

Note 5: If the characteristic of fund lent to other is business transaction, the business transaction amount should be entered; "Business Transaction Amount" refers to the amount of business transactions between the lending company and the borrower in the most recent year.

Note 6: If the characteristic of fund lent to other is short-term loan, the reason for and purpose of such loan issued to the borrower should be specified, such as repayment, equipment acquisition, and operation financing, etc.

Note 7: It is required to fill the limit of individual lending and the total limit of funds lent to others as stated in Longchen's "Procedures for Lending of Capital" and to explain the calculation methods of such limit and total limit in the "Note" field.

Note 8: If a public company reported such fund lending to the board of directors for resolution on a trade-by-trade basic pursuant to Article 14.1 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the amount approved by the board of directors should be included in the announced balance to disclose the risk thereof, although such loan has not been issued yet. For subsequent repayment, the balance after repayment should be disclosed to indicate the risk-based adjustment. If the publish company obtains the resolution of the board of directors and the Chairman is authorized to handle the matter within the specific amount of fund lending approved by the board of directors and the lending is authorized in installment or revolver within one year, pursuant to Article 14.2 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported. In spite of subsequent refundment, further fund authorization can be considered. Therefore, the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported.

Note 9: The actual amount of disbursement should be converted into the amount in NTD at the exchange rate applicable on the date of authorization for issuance of financial statements. The maximum balance at current period and the ending balance should be converted at the exchange rate applicable on the date of board resolution.

Note 10: The disclosure during the interest rate collars should be based on the ending balance.

Attachment 9 Endorsements and Guarantees Made to Others:

Number (Note 1)	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise made by the endorsing and guarantee company (Note 3)	Maximum outstanding endorsements and guarantee amount during the current period (Note 4)	Ending balance of endorsement and guarantee (Note 5)	Actual amount of disbursement (Note 6)	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount in the net worth of the latest financial statements	Maximum limit of endorsement and guarantee (Note 3)	Provision of endorsements and guarantees by parent company to subsidiary (Note 7)	Provision of endorsements and guarantees by subsidiary to parent company (Note 7)	Provision of endorsements and guarantees to the party in Mainland China (Note 7)
		Name of company	Relationship (Note 2)										
1	Pinghu Longchen Greentech Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	4	The total limit to loans granted to a single party by Longchen should not exceed three hundred percent (300%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$27,611,409 thousand)	$223,950	$223,950	$89,580	$-	2.43%	The total limit to loans granted to others by Longchen should not exceed three hundred percent (300%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$27,611,409 thousand)	N	N	Y
2	Jiangsu Longchen Greentech Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	2	The total limit to loans granted to a single party by Longchen should not exceed three hundred percent (300%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd. (Amount: NT$48,339,270 thousand)	4,342,540	4,177,660	1,302,268	-	25.93%	The total limit to loans granted to others by Longchen should not exceed three hundred percent (300%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd. (Amount: NT$48,339,270 thousand)	N	N	Y
		Wuxi Longchen Greentech Co., Ltd.	2		2,595,240	2,298,140	736,821	-	14,26%		N	N	Y
		Xiantao Longchen Greentech Co., Ltd.	2		224,000	215,600	211,926	-	1.34%		N	N	Y
		Hubei Longchen Greentech Co., Ltd.	2		798,345	43,120	43,120	-	0.27%		N	N	Y
		Wuhan Longchen Greentech Co., Ltd.	2		358,400	344,960	140,571	-	2.14%		N	N	Y
		Jingzhou Longchen Greentech Co., Ltd.	2		224,000	215,600	215,600	-	1.34%		N	N	Y
		Suzhou Longchen Paper Co., Ltd	2		216,350	216,350	43,270	-	1.34%		N	N	Y
		Hong Kong Long Chen Paper Co., Ltd.	2		308,950	-	-	-			N	N	N

Note 1: Complete the "Number" column as described below:
(1) Fill "0" in the issuer field.
(2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: There are seven types of the relationship between an endorsing and guarantee company and an endorsed and guaranteed company; fill in the number of type each case belongs to:
(1) A company with business transaction;
(2) A company in which Longchen holds more than 50% voting shares directly or indirectly;
(3) A company which holds more than 50% voting shares of Longchen directly or indirectly;
(4) A company in which Longchen holds 90% or more voting shares directly or indirectly;
(5) A company which should make mutual guarantees with its peer or joint building constructor for the purpose of construction project as agreed;
(6) A company to which all shareholders make endorsements and guarantees based on the proportion of shareholding due to the joint investment relationship; or
(7) Peers making joint and several guarantee for a contract for pre-sale housing pursuant to the "Consumer Protection Act"

Note 3: It is required to fill the limit for endorsement and guarantee for single enterprise made by the endorsing and guarantee company and the maximum limit of endorsement and guarantee as stated in Longchen's "Procedures for Making Endorsements/Guarantees" and to explain the calculation methods of such limit and total limit of endorsements and guarantees in the "Note" field.

Note 4: Maximum balance of endorsements and guarantees made to others in the current year

Note 5: The amount approved by the board of directors should be filled. Where the board of directors authorizes the Chairman to make a decision pursuant to Article 12.8 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", it should be the amount approved by the Chairman.

Note 6: Fill the actual amount of disbursement of the endorsed and guaranteed company within the balance limit.

Note 7: In case of provision of endorsements and guarantees by a TWSE/TPEX-listed parent company to a subsidiary, or by the subsidiary to such parent company, or provision of endorsements and guarantees to the party in mainland China, fill "Y".

Attachment 10 Securities held at the end of period (excluding investments in subsidiaries, associates or any portion controlled by joint ventures):

Name of company which holds securities	Securities (Note 1)		Relationship between the issuer of securities and the company (Note 2)	Account	Ending				Note (Note 4)
	Category	Name			Number of shares	Book value (Note 3)	Shareholding percentage	Fair value	
L&C CO., (BVI) LTD.	Equity investment	Long Chen Paper (China) Holdings Co., Ltd.	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	296,115,945 shares	$16,461,621	100%	$16,153,732	
	Equity investment	Long Chen Packaging Company (Cayman)	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	USD 2,525,000	157,426	100%	157,426	
	Equity investment	LongChen Paper Trading Limited	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	USD 160,000	2,582	80%	2,582	
Long Chen Investment Developing Co., Ltd.	Funds	Jih Sun Money Market Fund	—	Financial assets at fair value through profit or loss - current	445,576 shares	6,661	-	6,661	
	Stocks	PYXIS GROUP	—	Financial assets at fair value through profit or loss - non-current	2,598,000 shares	-	0.11%	-	
	Stocks	Sheng Ying Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	1 share	-	0.06%	-	
	Stocks	Yuema Engineering Co., Ltd.	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	3,003,500 shares	351,786	13.30%	351,694	
	Stocks	Yuema International Co., Ltd.	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	5,784,962 shares	150,656	16.19%	149,831	
	Stocks	Baolong International Co., Ltd.	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	14,929,087 shares	630,857	9.89%	267,977	
Long Chen Paper Japan Co., Ltd.	Stocks	Metis International, Inc.	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	USD 1,500,000	97,103	100.00%	97,103	
Hubei Longchen Greentech Co., Ltd	Stocks	Nanjing Hongcheng Technology Co., Ltd	The Company's investee accounted for using equity method	Long-term equity investment accounted for using equity method	CNY 4,900	22,312	49.00%	22,312	

Note 1: "Securities" herein refer to stocks, bonds, beneficiary certificates, and derivative securities from them as defined in IFRS 9 - “Financial Instruments”.

Note 2: If the issuer of securities is not a related party, please leave this column blank.

Note 3: In case of measurement at fair value, please fill in the "Book Value" column the book balance after valuation adjustment at fair value and deduction of loss allowance. In other cases, fill in the "Book Value" column the book balance of the amortized cost (with loss allowance deducted).

Note 4: If any securities are restricted due to the provision of security or secured borrowings, or subject to other agreements, specify the number of shares or amount for such security or secured borrowings and restriction of use.

Attachment 11 Sales and purchases with related parties amounting to NT$100 million or 20% of paid up capital or above:

Purchaser/Seller	Name of counterpart	Relationship	Transaction details				Transaction conditions different from general transaction and reason(s) (Note 1)		Notes and accounts receivable/payable		Note (Note 2)
			Purchase/sale	Amount	Ratio in total purchases/sales	Period of credit granting	Unit price	Period of credit granting	Balance	Ratio in total notes and accounts receivable / payable (%)	
Wuxi Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Sale	$2,093,864 (CNY 489,072 thousand)	21.11%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable $380,042 (CNY 86,827 thousand)	15.02%	
			Purchase	896,192 (CNY 209,327 thousand)	10,67%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement		Accounts payable 709,485 (CNY 162,094 thousand)	31.86%	
Wuxi Longchen Greentech Co., Ltd.	Zhejiang Xiasha Longchen Packing Co., Ltd.	Longchen's sub-subsidiary	Sale	354,436 (CNY 82,787 thousand)	3.57%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable 11,765 (CNY 2,688 thousand)	0.53%	
Wuxi Longchen Greentech Co., Ltd.	Wuxi Longchen Resources Co., Ltd.	Longchen's sub-subsidiary	Purchase	1,191,169 (CNY 278,226 thousand)	14.19%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts payable 409,840 (CNY 93,635 thousand)	18.40%	
Wuxi Longchen Greentech Co., Ltd.	Shanghai Minhang Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Sale	136,719 (CNY 31,934 thousand)	1.38%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Notes receivable 15,320 (CNY 3,500 thousand)	3.08%	
								-	Accounts receivable 62,709 (CNY 14,327 thousand)		
Wuxi Longchen Greentech Co., Ltd.	Long Chen Paper Japan Co., Ltd.	Longchen's sub-subsidiary	Purchase	205,151 (CNY 47,918 thousand)	2.44%	L/C	Subject to a distribution agreement	-	Accounts payable 29,251 (CNY 6,683 thousand)	1.31%	
Pinghu Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Sale	3,258,228 (CNY 761,037 thousand)	26.39%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable 615,564 (CNY 140,636 thousand)	14.28%	
			Purchase	887,680 (CNY 207,339 thousand)	8.89%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts payable 206,537 (CNY 47,187 thousand)	17,43%	
Pinghu Longchen Greentech Co., Ltd.	Zhejiang Xiasha Longchen Packing Co., Ltd.	Longchen's sub-subsidiary	Sale	641,172 (CNY 149,761 thousand)	5.19%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable $174,787 (CNY 39,933 thousand)	4.05%	
Pinghu Longchen Greentech Co., Ltd.	Shanghai Minhang Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Sale	287,798 (CNY 67,222 thousand)	2.33%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Notes receivable 56,901 (CNY 13,000 thousand)	4.93%	
									Accounts receivable 155,729 (CNY 35,579 thousand)		

Attachment 11 Sales and purchases with related parties amounting to NT$100 million or 20% of paid up capital or above:

Purchaser/Seller	Name of counterpart	Relationship	Transaction details				Transaction conditions different from general transaction and reason(s) (Note 1)		Notes and accounts receivable/payable		Note (Note 2)
			Purchase/sale	Amount	Ratio in total purchases/sales	Period of credit granting	Unit price	Period of credit granting	Balance	Ratio in total notes and accounts receivable / payable (%)	
Pinghu Longchen Greentech Co., Ltd.	Metis International, Inc.	Longchen's sub-subsidiary	Purchase	$267,076 (CNY 62,382 thousand)	2.67%	L/C	Subject to a distribution agreement	-	Accounts payable $63,344 (CNY 14,472 thousand)	5.35%	
Jiangsu Longchen Greentech Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Sale	831,698 (CNY 194,263 thousand)	8.81%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable 641,406 (CNY 146,540 thousand)	21.93%	
			Purchase	989,040 (CNY 231,014 thousand)	10.94%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts payable 145,899 (CNY 33,333 thousand)	11.83%	
Jiangsu Longchen Greentech Co., Ltd.	Suzhou Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Sale	263,133 (CNY 61,461 thousand)	2.79%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable 21,973 (CNY 5,020 thousand)	0.75%	
Hubei Longchen Greentech Co., Ltd.	Xiantao Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Sale	296,150 (CNY 69,173 thousand)	3.05%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Notes receivable 218,850 (CNY 50,000 thousand) Accounts receivable 143,544 (CNY 32,795 thousand)	18.16%	
Hubei Longchen Greentech Co., Ltd.	Hubei Longchen Resources Co., Ltd.	Longchen's sub-subsidiary	Purchase	1,644,409 (CNY 384,091 thousand)	18.79%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts payable 233,277 (CNY 53,296 thousand)	12.58%	

Note 1: If the conditions of a transaction with a related party are different from the general transaction conditions, please specify such difference and reason(s) in the "Unit Price" and "Period of credit granting" columns.

Note 2: In case of any advance or prepayment, please specify the reason, covenant, amount and difference from general transaction in the "Note" column.

Note 3: "Paid-up Capital" herein refers to the paid-up capital of the parent company. If the issuer's stocks are no-par stocks or the par value per share is not NT$10, the transaction amount, which should account for twenty percent (20%) of the paid-up capital, should be calculated at ten percent (10%) of the equity attributable to owners of the parent company as stated in the balance sheet.

Attachment 12 Related party receivables amounting to NT$100 million or 20% of paid-up capital or above:

Creditor	Name of counterpart	Relationship	Balance of accounts receivable from related parties (Note 1)	Turnover rate	Amount overdue of accounts receivable from related parties		Accounts receivable from related party	Amount of provision for credit loss
					Amount	Action taken		
Jiangsu Longchen Greentech Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable $206,537 (CNY 47,187 thousand)	8.27 times	—	—	—	
Jiangsu Longchen Greentech Co., Ltd.	Wuxi Longchen Greentech Co., Ltd	Longchen's sub-subsidiary	Accounts receivable 709,485 (CNY 162,094 thousand)	1.56 times	—	—	—	
Jiangsu Longchen Greentech Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 641,406 (CNY 146,540 thousand)	1.45 times	—	—	—	
Pinghu Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 615,564 (CNY 140,636 thousand)	6.07 times	—	—	—	
Pinghu Longchen Greentech Co., Ltd.	Shanghai Minhang Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Notes receivable 56,901 (CNY 13,000 thousand) Accounts receivable 155,729 (CNY 35,579 thousand)	1.64 times	—	—	—	
Pinghu Longchen Greentech Co., Ltd.	Zhejiang Xiasha Longchen Packing Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 174,487 (CNY 39,933 thousand)	4.41 times	—	—	—	
Hubei Longchen Greentech Co., Ltd.	Xiantao Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Notes receivable 218,850 (CNY 50.000 thousand) Accounts receivable 143,544 (CNY 32,795 thousand)	0.85 times	—	—	—	
Hubei Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 145,899 (CNY 33,333 thousand)	11,64 times	—	—	—	
Hubei Longchen Greentech Co., Ltd.	Jingzhou Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Notes receivable 112,209 (CNY 25,636 thousand)	0.03 times	—	—	—	
Wuxi Longchen Resources Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 409,840 (CNY 93,635 thousand)	3.89 times	—	—	—	
Wuxi Longchen Greentech Co., Ltd	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable $380.042 (CNY 86,827 thousand)	6.84 times	—	—	—	
Hubei Longchen Resources Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 233,277 (CNY 53,296 thousand)	10.20 times	—	—	—	
Hong Kong Long Chen Paper Co., Ltd.	Wuxi Longchen Greentech Co., Ltd	Longchen's sub-subsidiary	Other receivables 100,789 (CNY 23.027 thousand)		—	—	—	
L&C CO., (BVI) LTD	Long Chen Paper (China) Holdings Co., Ltd.	Longchen's sub-subsidiary	Other receivables 240,992 (CNY 55,000 thousand)		—	—	—	

Note 1: Please fill the accounts and notes receivable and other receivables from related parties separately.

Note 2: "Paid-up Capital" herein refers to the paid-up capital of the parent company. If the issuer's stocks are no-par stocks or the par value per share is not NT$10, the transaction amount, which should account for twenty percent (20%) of the paid-up capital, should be calculated at ten percent (10%) of the equity attributable to owners of the parent company as stated in the balance sheet.

Attachment 13 Names, primary business activities, paid-up capital, terms of investment and information relating to Mainland investees:

Investee in Mainland China	Major business activities	Paid-up capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of the first day of the current period	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as at the last day of the current period	Net income of the investee in the current period	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company in the current period (Note 3)	Ending book value of investments in Mainland China	Accumulated amount of investment income remitted back to Taiwan as at the last day of the current period	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Wuxi Longchen Greentech Co., Ltd.	Manufacturing of converted paper and paperboard, sale of self-made products	US$171,800 thousand	(2)	$4,858,912	$-	$-	$4,858,912	$(253,820)	98,84%	$(250,875)	$6,834,537	$-	
Suzhou Longchen Paper Co., Ltd.	Manufacturing and sale of top-grade paper, paperboard and novel packaging materials	US$13,580 thousand	(2)	437,649	-	-	437,649	(91,413)	100.00%	(91,413)	508,491	-	
Jiangsu Longchen Greentech Co., Ltd.	Manufacturing, processing and sale of top-grade paper, paperboard and paper products	CNY 895,978 thousand	(2)	365,441	-	-	365,441	35,132	100.00%	35,132	16,113,090	-	
Zhejiang Xiasha Longchen Packing Co., Ltd.	Manufacturing and processing of top-grade paperboard, cartons and paper boxes	US$19,500 thousand	(2)	392,073	-	-	392,073	57,104	100.00%	57,104	845,647	-	
Shanghai Minhang Longchen Paper Co., Ltd.	Manufacturing and processing of paperboard and paper products	US$12,000 thousand	(2)	118,551	-	-	118,551	2,610	100.00%	2,610	263,500	-	
Pinghu Longchen Greentech Co., Ltd.	Manufacturing and sale of top-grade paper and paperboard	US164,590 thousand	(2)	2,755,127	-	-	2,755,127	374,225	100.00%	374,225	9,203,803	-	
Suzhou Mango Packaging Co., Ltd.	Wholesale, import and export of packaging materials, paper products, electronic products, and hardware	US$2 ,500 thousand	(2)	76,178	-	-.	76,178	19,419	100.00%	19,419	157,408	-	
Kunshan Longzhong Investment Co., Ltd.	Provision of consulting services, market information and investment strategies for investors	US$75,000 thousand	(2)	1,306,382	-	-	1,306,382	(455)	100.00%	(455)	2,249,494	-	
Hubei Longchen Greentech Co., Ltd.	Sewage treatment, resource recovery and recycling, manufacturing and sale of top-grade paper and paperboard	CNY 1,764,275 thousand	(2)	-	-	-	-	(800,763)	100.00%	(800,763)	4,898,081	-	
Xiantao Longchen Greentech Co., Ltd.	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	CNY 79,200 thousand	(2)	-	-	-	-	(45,134)	100.00%	(45,134)	162,904	-	
Wuhan Longchen Greentech Co., Ltd.	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	CNY 72,000 thousand	(2)	-	-	-	-	(7,466)	100.00%	(7,466)	292,796	-	

Attachment 13 Names, primary business activities, paid-up capital, terms of investment and information relating to Mainland investees:

Investee in Mainland China	Major business activities	Paid-up capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of the first day of the current period	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as at the last day of the current period	Net income of the investee in the current period	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company in the current period (Note 3)	Ending book value of investments in Mainland China	Accumulated amount of investment income remitted back to Taiwan as at the last day of the current period	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Jingzhou Longchen Greentech Co., Ltd	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	CNY 79,200 thousand	(2)	$-	$-	$-	$-	$(31,548)	100.00%	$(31,548)	$185,857	$-	
Hunan Longchen Green Packing Co., Ltd.	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	CNY 16,100 thousand	(2)	-	-	-	-	(82)	100.00%	(82)	70,399	-	
Nanjing Hongcheng Technology Co., Ltd	Renewable resource utilization technology research and development, information technology consulting, and recycling and wholesale of recycled materials	CNY 10,000 thousand	(2)	-	-	-	-	1,726	49%	846	22,312	-	
Shang Yang (Suzhou) Paper Packaging Co., Ltd.	Prints for packaging and decoration, color-printed paper cartons	-	(2)	185,150	-	-	185,150	-	-	-	-	-	Note 6
Rong Yang (Shanghai) Packaging Co., Ltd.	Design, manufacturing and processing of paper packaging products and similar products	-	(2)	8,879	-	-	8,879	-	-	-	-	-	Note 6
Ningbo Shang Yang Packaging Co., Ltd.	Design, manufacturing and processing of paper packaging products	-	(2)	1,492	-	-	1,492	-	-	-	-	-	Note 6
Sun Young (Chongqing) Packaging Co., Ltd.	Manufacturing and sale of cartons, pearl wool and foam, etc	-	(2)	14,633	-	-	14,633	-	-	-	-	-	Note 6
Fuyang Fuchun Resort Co., Ltd.	Golf course	-	(2)	66,984	-	(66,984)	-	-	-	-	-	-	Note 7
Kunshan Long Chen Trading Co., Ltd.	Wholesale, import and export of paper, paperboard, cartons, and packaging materials	-	(2)	2,426	-	-	2,426	-	-	-	-	-	Note 5
Kunshan Pao Long Trading Co., Ltd.	Commercial wholesale, import and export of papermaking equipment, accessories and materials	-	(2)	2,426	-	-	2,426	-	-	-	-	-	Note 5

Separate Accompanying Footnotes (Cont'd) of Longchen Paper & Packaging Co., Ltd.
(Expressed in thousands of New Taiwan dollars, Unless otherwise stated)

Amount of investments in Mainland China	Approved investment amount	Limit of investments in Mainland China	The Company's accumulated investment amount in Taiwan	Income remitted back to Taiwan by subsidiary
$10,525,319	$12,405,499	(Note 3)	$-	$-

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1) Directly invest in a company in mainland China;
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China (Suzhou Mango Packaging Co., Ltd. listed as sub-subsidiary herein made such reinvestment through Long Chen Packaging Company (Cayman); Kunshan Long Chen Trading Co., Ltd. And Kunshan Pao Long Trading Co., Ltd. made such reinvestment through LongChen Paper Trading Limited; Zhejiang Fuchun Resort Tourism Development Co., Ltd. and Fuyang Fuchun Resort Co., Ltd. made such reinvestment through PAO LONG EASTERN LEISURE CAPITAL INC. Other reinvestments in companies in mainland China were made from Long Chen Paper (China) Holdings Co., Ltd.);
(3) Others

Note 2: In the "Investment income (loss) recognized by the Company in the current period" column, recognition is based on the financial statements that are audited and attested by the international accounting firm which has cooperative relationship with the accounting firm in R.O.C.

Note 3: Pursuant to Jing-Shen No. 09704604680 Letter issued by the Investment Commission, the Ministry of Economic Affairs (MOEA), the total amount of investments in companies in mainland China should not exceed sixty percent (60%) of the net worth, except the Taiwan-based subsidiaries of enterprises or multinational enterprises with the certificate of compliance with the operational headquarters' business scope issued by the Industrial Development Bureau, MOEA.
Longchen complies with such rule of the Industrial Development Bureau, MOEA. Therefore, Longchen's investments in mainland China are not limited to sixty percent (60%) of the net worth. As Longchen's operational headquarters identification would expire in December 2016, it filed an application for identification again with the MOEA in 2016. Its validity period starts from October 26, 2016 till October 25, 2019.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

Note 5: Kunshan Long Chen Trading Co., Ltd. and Kunshan Pao Long Trading Co., Ltd. invested by Longchen indirectly were winded up in Q4 of 2017. Their rights and obligations were liquidated, and the business registration was canceled. Additionally, the capital stock would be back to Long Chen Paper Trading Limited. Thus, no deduction is required.

Note 6: (1) Ningbo Shang Yang Packaging Co., Ltd. and Rong Yang (Shanghai) Packaging Co., Ltd. invested by Longchen indirectly were winded up in Q4 of 2016. Their rights and obligations were liquidated, and the business registration was canceled.
(2) The shares of Shang Yang (Suzhou) Paper Packaging Co., Ltd. and Shang Yang (Suzhou) Paper Packaging Co., Ltd. were transferred to non-related parties through the resale of full ownership to SENBO HOLDINGS LTD.
(3) The liquidated capital stock and the proceeds of sale were remitted back to Long Chen Paper (China) Holdings Co., Ltd. So no deduction was required.

Note 7: Zhejiang Fuchun Resort Tourism Development Co., Ltd. And Fuyang Fuchun Resort Co., Ltd. invested by Longchen indirectly were sold in 2016. The liquidated capital stock of US$20,110 thousand (calculated at 18.05% shareholding percentage) was remitted back to the investor in the third area (L&C CO., (B.V.I.) LTD.). This was approved by the Investment Commission (Jing-Shen-Er No. 10600034750 Letter) on March 28, 2017. The investment amount of remittance from Taiwan to mainland China was US$2 million (NT$66,894 thousand); according to the rules of the Investment Commission, no deduction was required.

Attachment 14 Information of major shareholders

Shareholders (Note)	Shares	
	Total Shares Owned	Ownership Percentage
Baolong International Co., Ltd.	245,790,467	19.23%
Long Sheng Investment Co., Ltd.	108,924,706	8.52%
Qian Jiang Investment Co., Ltd.	96,129,508	7.52%
Yuema Engineering Co., Ltd.	93,202,900	7.29%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a differenent calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

VI. If the companies and other affiliated companies have incurred any financial difficulties in the latest year and up to the printing date, the impact on the financial status of the Company: None.

Seven. Review of Financial Position, Business Performance, and Risks

I. Financial Status: Key reasons and impact of material changes in assets, liabilities and equity in the past 2 years

1. Consolidated financial status

Unit: NT$1,000: %

Item \ Year	2020	2019	Variation	
			Amount	%
Current Assets	18,648,900	18,892,095	(243,195)	(1.29)
Long term investment	5,799,709	3,882,200	1,917,509	49.39
Property, Plants, and Equipment	43,221,897	42,679,361	542,536	1.27
Other Assets	6,006,345	4,088,829	1,917,516	46.90
Total Assets	73,676,851	69,542,485	4,134,366	5.95
Current Liabilities	25,640,057	28,054,763	(2,414,706)	(8.61)
Non-current Liabilities	22,613,748	19,427,201	3,186,547	16.40
Total Liabilities	48,253,805	47,481,964	771,841	1.63
Capital	12,776,857	12,176,857	600,000	4.93
From Capital Reserves	4,019,363	3,684,266	335,097	9.10
Retained Earnings	7,585,904	7,013,429	572,475	8.16
Other Equity	972,398	(1,162,217)	2,134,615	183.67
Non-controlling Interest	68,524	348,186	(279,662)	(80.32)
Total Equity	25,423,046	22,060,521	3,362,525	15.24

Description of Significant Changes:
1.As the associated company generated the unrealized evaluation benefits due to market price rise, the long-term investment and other equity increased.
2.Due to the increase in prepayment for equipment in the current period, the other assets increased.
3.Dut to the increase in total shareholding ratio of the subsidiaries, non-controlling interests decreased.
4.As the associated company generated the unrealized evaluation benefits due to market price rise, the other equity increased.

2. Parent Company only financial status

Unit: NT$1,000: %

Item \ Year	2020	2019	Variation	
			Amount	%
Current Assets	3,080,230	3,461,415	(381,185)	(11.01)
Long term investment	22,880,464	20,914,407	1,966,057	9.40
Property, Plants, and Equipment	9,600,831	8,210,701	1,390,130	16.93
Other Assets	3,720,536	1,810,560	1,909,976	105.49
Total Assets	39,282,061	34,397,083	4,884,978	14.20
Current Liabilities	2,589,131	4,490,659	(1,901,528)	(42.34)
Non-current Liabilities	11,338,408	8,194,089	3,144,319	38.37
Total Liabilities	13,927,539	12,684,748	1,242,791	9.80
Capital	12,776,857	12,176,857	600,000	4.93
From Capital Reserves	4,019,363	3,684,266	335,097	9.10
Retained Earnings	7,585,904	7,013,429	572,475	8.16
Other Equity	972,398	(1,162,217)	2,134,615	183.67
Total Equity	25,354,522	21,712,335	3,642,187	16.77

Description of Significant Changes:

1.Due to the increase in prepayment for equipment in the current period, other assets increased.
2.Due to the decrease in long-term loans (current portion included), current liabilities decreased.
3.Due to the increase in long-term loans, non-current liabilities increased.
4.As the associated company generated the unrealized evaluation benefits due to market price rise, the other equity increased.

II. Financial performance:

Potential impact and response plan for the Company's future financial business based on the main reasons for the significant changes in the revenue, net operating income, and pre-tax profit for the past two years, expected sales volume and the basis for the estimate.

Consolidated Income Statement

Unit: NT$1,000: %

Item \ Year	2020	2019	Amount increase/decrease	Change Ratio %
	Amount	Amount		
Revenue	41,600,592	47,715,121	(6,114,529)	(12.81)
Operating Costs	(35,078,972)	(41,163,583)	6,084,611	14.78
Gross Profit	6,521,620	6,551,538	(29,918)	(0.46)
Operating Expenses	(4,221,454)	(4,769,016)	547,562	11.48
TOTAL OPERATING INCOME (LOSS)	2,300,166	1,782,522	517,644	29.04
Total non-operating income and expenses	(1,192,810)	(1,410,005)	217,195	15.40
Pre-tax Profit	1,107,356	372,517	734,839	197.26
Income tax	179,846	(129,875)	309,721	238.48
NET PROFIT AFTER TAX of GOING CONCERN	927,510	502,392	425,118	84.62
Current Net Income	927,510	502,392	425,118	84.62

Description of Significant Changes:
1.As the decrease in operating expenses due to proper management control, operating benefits increased.
2.As the increase in the operating benefits since operating status was good, net benefit before tax increased.
3.Due to the better profits in the current period, the income tax paid increased.

2. Parent Company Only Comprehensive Income Statement

Unit: NT$1,000: %

Item \ Year	2020	2019	Amount increase/decrease	Change Ratio %
	Amount	Amount		
Revenue	9,618,903	9,732,951	(114,048)	(1.17)
Operating Costs	(6,795,766)	(7,073,170)	277,404	3.92
Realized(Unrealized) gross profit on sales	(20,296)	32,956	(53,252)	161.59
Gross Profit	2,802,841	2,692,737	110,104	4.09
Operating Expenses	(1,012,719)	(1,097,139)	84,420	7.69
TOTAL OPERATING INCOME (LOSS)	1,790,122	1,595,598	194,524	12.19
Total non-operating income and expenses	(718,920)	(1,203,605)	(484,685)	40.27
NET PROFIT AFTER TAX of GOING CONCERN	1,071,202	391,993	679,209	173.27
Income tax	(125,309)	141,780	(267,089)	(188.38)
NET PROFIT AFTER TAX of GOING CONCERN	945,893	533,773	412,120	77.21
Current Net Income	945,893	533,773	412,120	77.21

Description of Significant Changes:
1.The decrease in realized sales benefits was mainly due to the increase in the inventory of the goods sold to the subsidiary at the end of the period.
2.As the recognized investment loss for using equity methods decreased compared with last year, the non-operating income and expenses increased in the current period.
3.As the improvement in operating performance of China's re-investment operations has recognized a reduction in investment losses compared to last year, the net income of the continuing operation unit increased.
4.Due to the better profits in the current period, the income tax paid increased.

(I) Basis and volume of expected sales:

1. Expected sales volume:
   As the impact of COVID-19 was reduced gradually for China subsidiaries, the exception of sale volumes may increase than 2020, and it is expected that production cost and price will increase due to the lack of waste paper material in China. Therefore, the operating income in 2021 will increase more than 2020.

2. Basis:
   Plan developed according to the Company’s business strategy and the market demand for containerboard in Taiwan and mainland China.

(II) Future response plan: Not Applicable

III. Cash Flow

Recent year consolidated cash flow

Unit: NT$1,000: %

Item \ Year	2020	2019	Amount increase (decrease)	Ratio
Opening cash and cash equivalents	2,354,915	2,169,611	185,304	8.54
Net cash inflow (outflow) from operations	3,891,192	5,768,204	(1,877,012)	(32.54)
Net cash inflow (outflow) from investments	(5,044,348)	(4,825,189)	(219,159)	(4.54)
Net cash inflow (outflow) from financing	358,312	(1,444,527)	1,802,839	124.80
Impact of exchange rate	(178,536)	686,816	(865,352)	(125.99)
Ending cash and cash equivalents	1,381,535	2,354,915	(973,380)	(41.33)

(I) Analysis of Cash Flow Changes in the Most Recent Year

1. Cash flow from business operations: Inventory of the end of year 2020 increased, compared to 2019, resulting in decrease of net cash flow.
2. Cash flow from financing activities: Mainly due to the decrease in repayment of long-term loans of 2019, resulting in the 2020 net cash inflow from financing being higher than in 2019.
3. Impact of exchange rates: in 2020, the NTD fluctuated against the RMB a lot more than in 2018 resulting in an increase of exchange rate impact in 2020.
4. The balance of cash and cash equivalents at the end of the year: as above all, the ending balance of cash equivalents was less than the year of 2019.

(II) Improvement Plan for Cash Flow Deficit: Not Applicable

(III) Cash Flow Analysis for the Next Year:

1. Operating activities: Expected profit outlook for 2021 to drive increase in net cash inflow.
2. Investment activities: Cash outflow mainly due to the response of the capital outlays from the Return to Taiwan Investment Action Plan.
3. Financing activities: Cash inflow mainly to finance the 2021 business expansion with increased borrowings

IV. Impact of material capital outlays in the last year:

The table below describes the application of capital and the source of funds in 2020. Primarily used for “Welcome Taiwan businessmen to return to Taiwan Investment action Plan”. Currently, Yulin Mill has already had mass production since August, 2020, and production capacity of the 200 thousand ton in Erlin Mill has been put in production since March, 2021. As at Q1 of 2021, actual capital invested was 4.2 billion dollars. The main important capital expenditure in the future is still responding to Welcome Taiwan businessmen to return to Taiwan Investment action Plan, and the explanation of carbon mill and investment project of intelligence.

Unit: NT$1,000

Item	Source of Funds	Actual completion date	Application of funds as at Q1 2021
Welcome Taiwan businessmen to return to Taiwan Investment action Plan	Company’s own funds NTD 2,000,000,000, Outstanding funds sourced from bank loans (including syndicated loans)	Estimated 2020 - 2021 Production by phrases	Actual funds invested NTD 4,200,000,000

V. Primary causes of profit or loss incurred due to the reinvestment strategy in the last year; improvements or investments planned for the next year:

(I) The company’s reinvestment policy:

The Company’s re-investment strategy is aligned with the long-term development of the core paper manufacturing business. By investing in the up and down-stream industries, we will operationalize our resource recovery business model, beginning with the waste paper collection center, Low Carbon paper manufacturing base and Eco packaging plant. Guided by the key criteria of market needs, the Company’s product categories and cost optimization, we will incorporate the overall estimated profit, risks and recovery time to make our investment decisions.

(II) Main reasons for re-investment Gain/loss

The investment loss by using equity methods of 2020 in individual financial reports is NT 660,373 thousand dollars, because the reinvestment subsidiaries in China stopped work after lunar new year due to COVID-19, which affected the overall operation of the company.

(III) Investment Plan for the Next Year:

We will take a long-term strategic view and evaluate our investment plan carefully, responding to future market and production expansion needs, and continually enhance our competitiveness on the global stage.

The company responded with the policy “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan”, and increase in market

demands of product packages after Taiwanese businesses return. It is expected that after the completion of the overall project of "Return to Invest in Taiwan" in 2022, the market share of LongChan in Asia can rise. The two investment project of this year are as below:

1. Low-carbon papermaking: It is expected that paper machine construction and upgrade paper machines in Erlin Mill will be completed at Q3 to expand the market share.
2. Eco packaging：It is expected that Carton Longtan Mill will conduct the old machine replacement and upgrade the automation and intelligence to improve the competitiveness.

VI. Evaluation of Risk Management

(I) Risk Management Policy

The Company's risk management policy is to establish a management process that identified, measures, monitors and controls risks within an integrated structure that oversees across all functions and related systems. The scope of the integrated risk management system includes the major risks faced by each department or function in the product markets, product R&D and production process development, procurement of raw materials, talent management, financial accounting controls etc. In addition to complying with the implemented controls and guidelines, we have introduced automated monitoring for more effective supervision, evaluation and control of risks eg enhancing the information systems to automate manual workflow, facilitate better security and efficiency to establish an economically efficient model of identification, notification and control.

(II) Risk Management Structure:

In regards to strategic risks, financial risks and operational risks, the Company has designated personnel from the respective functions to be responsible for the evaluation, control, follow up and supervision of the related risks. Each function must report regularly and at random to their respective heads and the Chairman the state of risk management and when applicable, to the Board of Directors, depending on the risk management team's assessment of the impact of the risks.

Each departmental and systems head, as part of their scope of responsibilities, manage and supervise the risks pertaining to their respective functions, forming special teams to plan and execute actions to resolve any unexpected issues.

(III) Key roles in the risk management organization:

Unit	Role
Legal Affairs	Contracts, Litigation / Non-litigation and legal compliance Intellectual Property Rights Management of the Company's contracts and other legal risks
Finance and Accounting	Financial risk management (exchange rate, interest rate and financial leverage) Management and adjustment of capital funds Liquidity management Investment planning & risk control Customer credit control Business analysis & cost analysis
Internal Audit	Inspection, assessment, supervision, improvement, tracking and reporting of internal risks Completeness and effectiveness of the internal control system Ensure the continuous efficient execution of the internal control system
Procurement Center	Establish the supplier resilience plan Assess raw materials market risks Procurement response matters Energy supply program
Production & Product R&D	Product design quality risk management Production quality risk management Production workflow risk management Asset management by plant
Sales & Services	Product trend risks Provide post-sales service and enhance service quality Management of the completeness of accounts receivables
Environmental Safety	Assess risks pertaining to production and manufacturing Facilitate related cross-department risk management, communication and assess hazardous risks
Information Technology	Evaluation and control of network and information risks ERP system risk management
Human Resources	Allocation and change management of human resources HR Deficiency Risk Management Seamless transfer of experience and technical capabilities

(IV) Impact of Interest Rate, Exchange Rate, and Inflation on the Company's Earnings, and Responsive Measures in the Future

1. Interest rate fluctuation:

Unit: NT$1,000: %

Item	2019	2018
Net Revenue	41,600,592	47,715,121
Net Profit After tax	927,510	502,392
Net interest income	1,525,766	1,695,831
Ratio of Net Income	3.67%	3.55%
Ratio of Net Profit After tax	164.50%	337.55%

The net interest income for 2020 amounted to 3.67% and 164.50% of the Company's income and net profit after tax respectively, indicating that interest rate fluctuation has a definite impact on the Company's income and profit.

In 2020, as the preventive measures for the epidemic in Taiwan, and global and main countries' economy recovered steadily, the domestic economy's performance exceeded expectations with the steady growth of commodity exports, and the annual growth of 3.11%, which was top among the more than 200 economies. Among them, net demands from foreign countries have been vigorously injected by merchandise exports, and the net service output deficit has shrunk. However, the consumption activities had suppressed due to the epidemic and uncertain impact of the epidemic, and the growth rates were negative in each quarter. Fortunately, domestic and public sector investment have allowed domestic demand to maintain positive growth. Expecting in 2021, as the impact of the epidemic may gradually reduce, and part of the production line may transfer back to Taiwan, and booming demand for emerging technology, Taiwan export performance will grow substantially. Secondly, Semiconductor manufacturers continue to invest in advanced manufacturing processes, and as benefits from global supply chain restructuring, and the government vigorously promotes green energy construction to attract foreign business to Taiwan, all contributing to drive domestic demand performance. Overall, domestic and foreign demand need to improve simultaneously to make the economic growth rate of 2021 higher than that of 2020.

In China, as the economic shutdown in most areas during Q1, the economy declined by 6.8%, shrinking for the first time in a record. With the control of the epidemic and resuming work steadily, GDP was increased seasonally, and the growth rate in 2020 from Q2 to Q4 was 3.2%, 4.9% and 6.5% in sequence, the annual growth of 2.3%. The economic growth rate of China in the Q1 of 2021 reached the new record of 18.3%, which fully reflects that China's economy has recovered and can maintain its growth trend after plummeting to the lower point due to the epidemic in early 2020

From an overall perspective, the interest rate fluctuations will gradually be trading lower. The Company's interest expense is within an acceptable range. Also, the Company and its subsidiaries have always maintained good relationships with the banks and therefore can request for more competitive exchange terms.

2. Interest rate fluctuation:

Unit: NT$1,000: %

Item	2020	2019
Net Revenue	41,600,592	47,715,121
Net Profit After tax	927,510	502,392
Net exchange gain/loss	132,687	(73,273)
Ratio of Net Income	0.32%	(0.15%)
Ratio of Net Profit After tax	14.31%	(14.58%)

While the sales of the Company and its subsidiaries are considered domestic sales, and the procurement volume of the raw materials from overseas didn't make a large proportion of the procurement volume of the raw materials in the whole year, so exchange rate risk from business operation impacted profit and loss of the Company with restriction.

However, a portion of the bank loans of the Company and its subsidiaries are denominated in USD so the USD-RMB fluctuations will have a big impact on our exchange loss/gain. In principle, when the USD depreciates against the RMB, the Company will make an exchange gain. Conversely, when the USD depreciates against the RMB or NTD, the Company will incur exchange loss. In 2020, due to the depreciation of the USD against the RMB by 6.3%, the Company incurred an exchange benefit in the USD loan. Overall, the net exchange benefits for the year was NT$ 132,687,000, 14.31% of the after-tax net profit.

In regards to our hedging strategy, the Company primarily adopts the Natural Hedge method to use receivables in foreign currency to repay loans denominated in foreign currency; evaluate the exchange fluctuations against our own exchange position and adopt the appropriate hedging strategy with effective hedging instruments to minimize exchange risks.

The Company and its subsidiaries have appointed specialists from the Finance team to collect, evaluate the relevant exchange data, evaluate related information in the market and, in accordance with the Company's capital needs, switch the exchange rates to minimize risks. And maintain a close relationship with our primary bank to be kept aware of the market fluctuations and be better placed to respond accordingly.

3. Inflation.

In the aspect of domestic prices, the fall of Taiwan's CPI of 2020 was 0.24%, WPP of 2020 dropped by 7.27% compared to 2019, mainly responding to the decrease of international material prices. Prospecting in 2021, it is expected that the global economy will recover, raw material price will rebound, and domestic consumption will pick up. In addition, according to estimates by Chung-Hua Institution for Economic Research, the CPI of 2021 will grow by 1.31%, and the increase in price will remain stable.

In the aspect of Mainland China's commodity prices, due to the COVID-19, the lack of people's consuming kinetic energy made the inflation slowing down. CPI of 2020 transferred to inflate by 2.5%, which dropped 0.4% compared to 2019. PPI of 2020 was 2.3%, as the domestic demands recovered stably, and the prices of partial international commodities kept rising, which led the industrial product prices to increase. We expect in 2021 that as the economy and domestic production are gradually recovering, the prices are facing price pressure.

We will continue to implement a range of cost saving measures and will not change because of inflation or the tightening measures of external parties. However, it is expected that the market is heating up in the economic outlook this year, the Company will still closely monitor the domestic and international inflation indicators, observe the price fluctuation of raw materials and energy, and implement response measures accordingly. In light of the rising and decreasing interest rates in the major economies, the variation of economic recovery domestically and externally, the trend of the NTD, the US-China trade, the epidemic and other potential tensions, the Company has continued to gather information on the international financial markets, evaluating the potential changes in interest and exchange rates, and be prepared adjust our financial strategy where applicable to minimize overall financial cost.

(V) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements/guarantees, and trading of derivatives; main causes of any profit or loss incurred and future responsive measures:

The Company and its subsidiaries are focused on managing our core business and have not ventured into other high risk industries. Our financial operations are managed in accordance with a conservative financial policy and we do not engage in high-risk or highly leveraged investments, evaluating all investment proposals carefully before proceeding. The loans and guarantees of the Company and its subsidiaries are managed in accordance with the “Guidelines for Lending of Capital by Listed Companies” and the “Operational Procedures for Endorsements/Guarantees” as stipulated in the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”. In regards to derivative commodities trading, all transactions are conducted in accordance with the “Guidelines for Derivatives Trading by Public Companies”. With the transaction goals or risk mitigation clearly defined. Primarily for risk avoidance.

As of the publication date of the 2021 annual report, the Company and subsidiaries have the following to report:

The 2020 foreign exchange market will be mostly affected by COVID-19. The Company expects increased risk of the volatile US-RMB exchange.The Company traded in derivative commodities include subsidiary Pinghu Longchen , Longchen Greentech and Wuxi Longchen to reduce the forex exposure, as of the end of March 2021, total amount of foreign exchange hedge sector was USD 106.56 million.

(VI) Future research and development plans and projected expenses

1. Future R&D plans: mainly to develop product differentiation and technology for energy-saving and emission reduction

(1) Low Carbon Papermaking Business

1	Development of thermoelectric power stability control system
2	Upgrade steam turbine generator and raise efficiency in thermoelectricity phase 1.
3	Upgrade and develop the absorption tower blower in thermoelectricity phase 1.
4	Upgrade and develop the recycled water refining tower resin in thermoelectricity phase 1, 2.
5	Upgrade and develop the cooling tower in thermoelectricity phase 1.
6	Upgrade and develop the boiler feed pump in thermoelectricity phase 1.
7	Develop the system of water seal under the boiler in thermoelectricity phase 2.
8	Upgrade and develop the system of Air heat exchanger element in thermoelectricity phase 2.
9	Upgrade and develop the system of electrostatic precipitators in thermoelectricity phase 2.
10	Upgrade and develop the system of soot blowing control in thermoelectricity phase 2.
11	Develop the system of wastewater decalcification.
12	Develop the system of wastewater 3#Anaerobic.
13	Upgrade and develop the system of drying part of the paper machine.
14	Upgrade and develop the system of pressing part of the paper machine.
15	Upgrade and develop the system of paper machine headbox.
16	Upgrade and utilize energy saving for the system of pressing part of the paper machine.

(2) Eco Packaging Business

1	Enhancement and application of cardboard physical properties.
2	Upgrade and utilize the equipment of a special pressure line and exchange order loss reduction.
3	Optimal use of intelligent trolley handling procedures
4	Utilization of heat energy loss technology after heating the base paper.
5	Development and utilization of RDC production integration system
6	Upgrade and utilize the quick hang version
7	Replace the cardboard back-pressure line with a round mold production process.
8	Digital printing production integration
9	Lightweight facial paper(80g/㎡) to improve printing adaptability and physical properties.

4. Future research and development plans and projected expenses:

(1) Low Carbon Paper Making Business: Planned investment NT$ 429 million

(2) Eco Packaging Business: Planned investment NT$ 175 million

(VII) Financial Impact and Responsive Measures Due to Changes of Local and Foreign Policies and Regulations

As the implementation of "Prevention and Control of Environment Pollution Caused by Solid Wastes" in September, 2020, imported solid wastes were comprehensively banned since January 1, 2021. Longchen could have a fair competition with other competitors in China under the same cost structure, and therefore, the disadvantages of higher waste paper cost compared to the competitors in the past had been eliminated.

The company set up environment protection stations actively in development cities in east and central China, and collected high-quality waste paper. There are 29 environment protection stations in east and central China, and more than 30% of the self-supplied waste paper with a stable material procurement pipeline, which could ensure the quality of raw materials.

(VIII)Financial Impacts and Responsive Measures Due to Technological or Industrial Changes

The rapid growth of IoT industries in mainland China's massive consumer market has in recent years driven impressive growth in online shopping and the logistics industry. According to economic annual reports of 2020 by National Bureau of Statistics of China, the total amount of retail sales of consumer goods in 2020 was 39.2 trillion dollars, and among them, the total amount of online retail sales was nearly 11.76 trillion dollars with an annual growth rate of 10.9%, and the online retail sales of physical goods was nearly 9.76 trillion dollars with an annual growth rate of 14.8%. The multiple varieties and diverse online products have created a positive outlook for the packaging industry. In addition to increasing production capability to meet the rising demand for packaging for courier services, the Company has invested resources into developing different categories of paper packaging and their design, not only meeting the requirements of downstream customers for the protection of the contents of the package but also enhancing the customer's expectation of an overall packaging solution. Also, the Company's energy-saving and environmental protection principles are fully aligned with the global trend of environmental protection and eco spending, giving our products a larger playing field.

(IX) Crisis Management, Impacts, and Responsive Measures Due to Changes in Corporate Image

The Company has always been committed to developing technology and applications that effectively use resources, manufacturing high-quality paper products for daily living use, guided by the mission of leaving our descendants with more resources and a cleaner ecological environment. To that end, we continue to strive and achieve our goal of ethical and effective operating and management practices measured by high standards. Under the management guidelines of ethics

and integrity in business practices, potential risks can be eliminated or mitigated. In recent years, the Company has enhanced our governance processes and commitment to corporate social responsibility. In addition to organizing and participating in various social and charitable activities, we have strengthened our communication with our shareholders to provide visibility into our governance, through the Company website where we have implemented measures for updated and rich content. Information pertaining to our Company's financials and business operations can also be viewed on MOPS which is updated regularly. On an adhoc basis, we will organize seminars with corporations, making a concerted effort to increase the transparency of our financial information. We strive to maintain a positive image and are widely acknowledged by our customers. There is no potential risk to our corporate image.

(X) Expected Benefits, Risks, and Responsive Measures in Relation to Mergers and Acquisitions Undertaken:

In recent years, the Company did not participate in any acquisitions. Going forward, in executing any related activities, we will assess the returns and costs and process according to the regulations and company regulations.

(XI) Potential Benefits, Risks, and Responsive Measures Associated With Plant Expansions:

To maintain Longchen P&P's competitiveness in Taiwan, in response to "Welcome Taiwanese Entrepreneurs Back to Invest in Taiwan Program" of Ministry of Economic Affairs was implemented in 2019. Specifically, after our Erlin Mill carried out the plan for constructing new papermaking equipment, upgrading current papermaking equipment, and eliminating an old papermaking machine. The total production capacity of Erlin Mill may be more than 850k tons after the plan is completed. For Eco packaging, the replacement and automatic smart upgrading plan of the obsolete equipment in carton plants was fulfilled, thus expanding our market share of containerboard.

In regards to the production capacity expansion plan in mainland China, our subsidiary Hubei Longchen in the first part of Phase II was completed by Q3 of 2019. Total production capacity of containerboard in mainland China was up to 2.95 million tons, business transferring will be completed in the end of 2021Q3 for Erlin Mill new production capacity increase plan of 200k tons in Taiwan, the total cross-straits capacity will be achieved 3.8 million tons. Longchen P&P planned to establish the low-carbon papermaking facility in Hubei, Wuhan and Hunan Changsha plants are currently still under the phase of construction. After the construction is completed, Longchen Group's total carton capacity in mainland China will be up to 674 million square meters.

The Company's major capital outflow plans have been professionally assessed in consideration of the investment returns and potential risks.

(XII)Possible Risks and Responsive Measures Associated With Concentrated Sales or Purchases

The main raw material for the Company's low-carbon paper products is waste paper which is mixed with starch and chemicals during the production process and finally baked dry. Imported raw materials required to make the containerboard are primarily waste paper, wood pulp, starch, chemicals for paper making and the coal or bunker fuel used to power the oven for the baking dry process. The Company's procurement ratio by supplier, except for the procurement from coal suppliers between 5% and 10%, imports from other suppliers mostly do not go beyond 5%. Hence there is no concern over concentrated supply.

The main raw materials for corrugated box products are linerboard and corrugated medium which are cut and shaped during the production process. 97% of the raw materials supplied for the Company's corrugated box products are from internal containerboard plants.

Longchen P&P is engaged in marketing of containerboard and corrugated boxes are supplied to the majority of manufacturers and consumer goods producers. Our target customers include multiple corrugated box manufacturers and those operating in IT, texture, food, beverage, agricultural products and fruits, machinery, hardware, and pharmaceutical industries. The sales proportion of the largest customer is less than 3%, the total revenues of top ten customers are less than 20% of net sales ratio. Accordingly, Longchen P&P is not exposed to the risk from the consolidation of sales.

(XIII)Impact, Risks, and Responsive Measures Following a Major Transfer or Change of Shareholding by Directors, Supervisors, or Shareholders With More Than 10% Ownership Interest

No major transfer of shareholding or change by directors, supervisors or shareholders with more than 10% ownership.

(XIV)Impact, Risks, and Responsive Measures Associated With a Change of Management

For the current year and up to the publication date of the annual report, there was no change in management in the Company or subsidiaries.

(XV) Major litigations, non-contentious cases, or administrative litigations involving the company or any director, supervisor, president, person-in-charge or major shareholder with more than 10% ownership interest, whether concluded or pending judgment, that are likely to pose significant impact to shareholders' equity or security prices of the company. Disclose the nature of dispute, the amount involved, the date the litigation first started, the key parties involved, and progress as of the publication date of this annual report

For the current year and up to the publication date of the annual report, there was no major litigations and non-contentious cases.

(XVI) Other Material Risks and Responsive Measures:

1. Information Security

(1) Information Security Risk Management Structure:

Enhance information security management. In addition to the "Information security management policy" and the "Step by step Implementation Plan", conduct regular forums with information security suppliers to assess how the security structure could be strengthened and applying the most advanced security structure to mitigate the related risks, thereby ensuring the structure and completeness of information security management. Applying the employees' approach of "Say, Do, Observe, Assess", conduct awareness sessions on the importance of information security risks and operationalize the "Step by step Implementation Plan" to achieve zero incidents pertaining to information security.

2. Information Security Policy:

Protect information assets including employees, equipment, systems, information, data and network etc. Avoid incidents resulting from external threats or internally due to mis-management generating risks of leak of confidential material, damage or loss. Details of this policy are as follows for access by all our colleagues:

A. Effective management of information assets, continue to conduct risk evaluation; understand the threats to assets and other weaknesses, evaluate and mitigate risks using applicable preventative and detection measures, minimizing risks to an acceptable level.

B. Use of information is on a need to know basis and must be duly authorized by the owner of custodian.

C. Compliance with laws and regulations.

D. Evaluate the impact of man-made or natural hazards and define the relevant preventative and subsequent recovery measures focusing on critical to business information, assets and operations. Ensure business continuity.

E. Employees that have breached information security regulations must be managed according to the guidelines for employee compensation and recrimination.

(3) Specific Management Plan: Execution Steps

A. All computers must have the centrally managed anti-virus software installed. An audit of the hardware and software will be conducted

every 6 months.

B. Regular update and maintenance of network firewalls, spam mail filter system, anti-virus software.
C. According to policy, passwords must be changed every 6 months. Passwords must comply with the mandatory format as stipulated in the policy.
D. Annual review of information security by external party.
E. Regular communication of information security regulations.

VII. Other Important Disclosures: Not Applicable

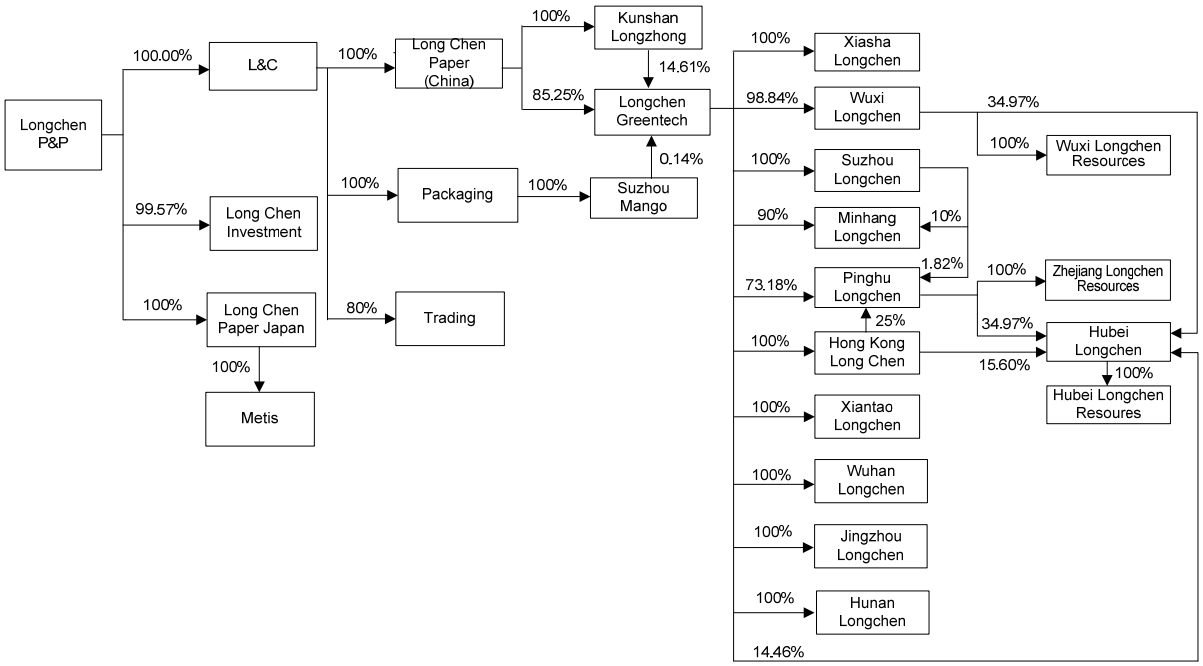
Eight. Special Remarks

I. Affiliated companies

(I) Reports of the Affiliates:

1. Profile of Affiliates

(1) Organization chart of Affiliates



Note 1: the above shareholding ratio is the consolidated shareholding ratio.

(2) Basic information of Affiliates of Longchen Paper & Packaging Co., Ltd..

December 31, 2020

Amount: NTD thousands; USD thousands; RMB thousands; EUR thousands; JPY thousands

Name of Corporation	Date of Establishment	Address	Paid-in capital	Major Business/ Production Items
Long Chen Investment Developing Co., Ltd.	April 15 1995	No. 337 FuXingBei Road, 10th floor, Taipei	NTD 775,768	General investment
L&C CO., (BVI) LTD.	February 23 1999	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	NTD 9,565,022	General investment
Long Chen Paper Japan	January 6 2014	5 Chome-6-1 Gokonishi, Matsudo, Chiba 270-2218 Japan	JPY 336,900	Import/export and trade of re-used / re-made ancient paper and paper products
Long Chen Paper (China) Holdings Co., Ltd.	March 24 1999	P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	RMB 2,144,130	General investment
Zhejiang Xiasha Longchen Packing Co., Ltd.	November 7 2005	168 Jinsizhi road, Baiyang Street, Xiasha Economic and Technology Development Zone, Hangzhou, Zhejiang, China	USD 19,500	Production, processing, sale of various high-end paper cardboards, paper cartons and boxes
Wuxi Longchen Greentech Co., Ltd.	September 1 1997	43, Zhongxin Xi Road, Wuxi, Luoshe, Jiangsu	RMB 1,232,942	Production and sale of paper, paper cardboard
Jiangsu Longchen Greentech Co., Ltd.	March 21 2003	33 Jinyang East Road, Lujia, Kunshan, Jiangsu, China	RMB 895,978	Production, processing and sale of paper manufactured products
Suzhou Longchen Paper Co., Ltd.	May 20 2002	888, Kangyuan Road, XiangChen Economic Development Zone, Suzhou, Jiangsu, China	RMB 107,498	Production, processing and sale of paper manufactured products
Hong Kong Long Chen Paper Co., Ltd.	December 19 2007	42/F, Central Plaza,18Harbour Road,Wanchai,HK	RMB 644,978	Trading
Shanghai Minhang Longchen Paper Co., Ltd.	July 26 2006	1 Xuzhi Road, Pujiang, Minhang, Shanghai, China	USD 12,000	Production and processing of paper manufactured products
Pinghu Longchen Greentech Co., Ltd.	April 4 2007	1, WengXingXian XingHua Section, Dushan Port, Pinghu, ZheJiang, China	USD 164,950	Production and sale of high-end paper, paper cardboard and storage
Wuxi Longchen Resources Co., Ltd.	March 6 2002	43, Zhongxin Xi Road, Wuxi, Luoshe, Jiangsu	RMB 6,000	Waste paper recovery, general delivery
Zhejiang Longchen Resources Co., Ltd.	July 30 2010	1, WengXingXian XingHua Section, DushanPort, Pinghu, ZheJiang, China	RMB 5,000	Waste paper recycling
Suzhou Mango Packaging Co., Ltd.	January 7 2014	888, Kangyuan Road, XiangChen Economic Development Zone, Suzhou, Jiangsu, China	USD 2,500	Wholesale and import/export of packaging material, paper products, electronic products and hardware products

Name of Corporation	Date of Establishment	Address	Paid-in capital	Major Business/ Production Items
Long Chen Packaging Company(Cayman)	September 24 2013	PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands	RMB 17,328	General investment
Long Chen Paper Trading Limited	November 13 2013	Portcullis Chambers, P.O. Box 1225,Apia, Samoa	RMB 1,223	General investment
Kunshan Longzhong Investment Co., Ltd.	November 24 2015	167, QianJin Zhong Road, Suite 1516, Block 1, GuoJi Building, Kunshan Development Zone, Jiangsu, China	USD75,000	General investment
Hubei Longchen Greentech Co., Ltd.	December 3 2014	SuGang Avenue Mid-Section, LinGang Industrial Park, Songci, Hubei, China	RMB1,764,275	Production and sale of paper, paper cardboard, general delivery
Hubei Longchen Resources Co., Ltd.	March 13 2017	Block 1, Suite 105 LinGang New District Construction Center, Songci, Hubei, China	RMB 6,000	Waste paper recycle and wholesale, house lease, machinery and equipment lease
Metis International,Inc.	November 13, 1996	17316 Edwards Road, Suite 205, Cerritos, CA 90703. USA.	USD1,500	Export of waste paper (corrugated paper cartons / cardboards)
Xiantao Longchen Greentech Co., Ltd.	March 23 2016	1, Xihuan Road, Xiantao, Hubei, China	RMB 79,200	Production, processing, sale of various high-end paper cardboards, paper cartons, boxes and related printed products for packaging
Jingzhou Longchen Greentech Co., Ltd.	May 31 2016	77 Shenzhen Avenue, Jingzhou Development Zone, Jinzhou City, Hubei, China	RMB 79,200	Production, processing, sale of various high-end paper cardboards, paper cartons, boxes and related packaging printed products
Wuhan Longchen Greentech Co., Ltd.	September 18 2016	10 Ping Zhang Avenue, Han Chuan Economic Development Zone, Hubei, China	RMB 72,000	Production, processing, sale of various high-grade paper cardboards, paper cartons, boxes and related printed products for packaging
Hunan Longchen Green Packing Co., Ltd.	June 26 2018	15th floor, ChuanYe Building, JinZhuang Avenue, Ningxiang Economic and Technology Development Zone	RMB 16,100	Production, processing, sale of various high-grade paper cardboards, paper cartons, boxes and related packaging printed products

(3) Presumed to have the same shareholding data as the controlling and subordinate parties: N/A

(4) Business scope of affiliates: Primarily the up, mid and downstream industries related to the manufacturing of Containerboard.

(5) Information of Director, Supervisor and President by Affiliate

December 31, 2020

Unit: Shares; NT$1,000

Name of Corporation	Title	Name & Representative	Shareholding	
			Shares	%
Long Chen Investment Developing Co., Ltd.	Chairman	Cheng, Ying-Pin	26,906	0.03
	Director	Longchen Paper & Packaging Co., Ltd. Representative : Lin, Tien-Tsung、Tsou, Yung-Fang	77,240,446 -	99.57 -
	Supervisor	Yuema International Co., Ltd. Representative: Wu, Kuo-Shan	309,412 -	0.40 -
	President	Cheng, Ying-Pin	26,906	0.03
L&C CO., (BVI) LTD.	Director	Longchen Paper & Packaging Co., Ltd. Representative: Cheng, Ying-Pin, Chen, Yuan-Kai	300,145,100 -	100.00 -
Long Chen Paper (China) Holdings Co., Ltd.	Director	L&C (BVI) Co., Ltd Representative: Cheng, Ying-Pin,Tsou, Yung-Fang, Wu, Kuo-Shan	296,115,945 -	100.00 -
Wuxi Longchen Greentech Co., Ltd.	Chairman	Jiangsu Longchen Greentech Co., Ltd. Representative : Tao, Lung-Fa	Capital Paid RMB 1,218,640 -	98.84 -
	Director	Jiangsu Longchen Greentech Co., Ltd. Representative: Cheng, Ying-Pin、 Yao, Chang-Kun 、Cheng, Kuo-Tai 、Kao, Wei-Hung 、Hsu, Ke-Liang	Capital Paid RMB 1,218,640 -	98.84 -
		Wuxi Longda-Longchen Paper Co., Ltd. Representative : Ke, Ming-Feng	Capital Paid RMB 14,302 -	1.16 -
	Supervisor	Wu, Kuo-Shan	-	-
	President	Kao, Wei-Hung	-	-
Jiangsu Longchen Greentech Co., Ltd.	Chairman	Long Chen Paper (China) Holdings Co., Ltd. Representative: Yao, Chang-Kun	Capital Paid RMB 763,769 -	85.24 -
	Director	Wang, Ling-Fu Ssu, Pei-Te Kao, Wen-Hung(independent director) Cheng, Ying-Pin,	- - - -	- - - -
	Supervisor	Tsou, Yung-Fang,Wu, Kuo-Shan, Wang, Fung	-	-
	President	Kao, Wei-Hung	-	-

Name of Corporation	Title	Name & Representative	Shareholding	
			Shares	%
Suzhou Longchen Paper Co., Ltd.	Chairman	Jiangsu Longchen Greentech Co., Ltd. Representative: Wang, Hsiu-Jung	Capital Paid RMB 107,498 -	100.00 -
	Director	Jiangsu Longchen Greentech Co., Ltd. Representative: Cheng, Ying-Pin, Yao, Chang-Kun, Shao, Ming-Jui	Capital Paid RMB 107,498 -	100.00 -
	Supervisor	Wu, Kuo-Shan	-	-
	President	Wang, Hsiu-Jung	-	-
Zhejiang Xiasha Longchen Packing Co., Ltd.	Chairman	Jiangsu Longchen Greentech Co., Ltd. Representative: Wang, Hsiu-Jung	Capital Paid RMB 152,027 -	100.00 -
	Director	Jiangsu Longchen Greentech Co., Ltd. Representative: Cheng, Ying-Pin, Yao, Chang-Kun, Shao, Ming-Jui	Capital Paid RMB 152,027 -	100.00 -
	Supervisor	Wu, Kuo-Shan	-	-
	President	Wang, Hsiu-Jung	-	-
Shanghai Minhang Longchen Paper Co., Ltd.	Chairman	Jiangsu Longchen Greentech Co., Ltd. Representative: Wang, Hsiu-Jung	Capital Paid RMB 83,646 -	90.00 -
	Director	Jiangsu Longchen Greentech Co., Ltd. Representative: Cheng, Ying-Pin, Yao, Chang-Kun, Shao, Ming-Jui	Capital Paid RMB 83,646 -	90.00 -
		Wang, Hsiu-Jung	-	-
	Supervisor	Wu, Kuo-Shan	-	-
	President	Wang, Hsiu-Jung	-	-
Hong Kong Long Chen Paper Co., Ltd.	Director	Jiangsu Longchen Greentech Co., Ltd. Representative: Cheng, Ying-Pin, Yao, Chang-Kun, Wu, Ying-Chieh	Capital Paid RMB 644,666 -	100.00 -
Pinghu Longchen Greentech Co., Ltd.	Chairman	Jiangsu Longchen Greentech Co., Ltd. Representative: Li, Hsing-Lin	Capital Paid USD120,442.5 -	73.18 -
	Director	Jiangsu Longchen Greentech Co., Ltd. Representative: Cheng, Ying-Pin, Cheng, Kuo-Tai, Yao, Chang-Kun	Capital Paid USD120,442.5 -	73.18 -
	Director	Suzhou Longchen Paper Co., Ltd. Representative: Kao, Wei-Hung	Capital Paid USD 3,000 -	1.82 -
	Director	Hong Kong Long Chen Paper Co., Ltd. Representative: Nil	Capital Paid USD 41,147.5 -	25.00 -
	Supervisor	Wu, Kuo-Shan	-	-
	President	Kao, Wei-Hung	-	-
Wuxi Longchen Resources Co., Ltd.	Chairman	Wuxi Longchen Greentech Co., Ltd. Representative: Hsu,Wu-Chun	Capital Paid RMB 6,000 -	100.00 -
	Director	Wuxi Longchen Greentech Co., Ltd. Representative: Yao, Chang-Kun , Cheng, Kuo-Tai,	Capital Paid RMB 6,000 -	100.00 -

Name of Corporation	Title	Name & Representative	Shareholding	
			Shares	%
	Supervisor	Wu, Kuo-Shan	-	-
	President	Chen,Chiu-Ming		
Zhejiang Longchen Resources Co., Ltd.	Chairman	Pinghu Longchen Greentech Co., Ltd. Representative: Jen, Hua-Kuang	Capital Paid RMB 5,000 -	100.00 -
	Director	Pinghu Longchen Greentech Co., Ltd. Representative: Cheng, Kuo-Tai, Yao, Chang-Kun	Capital Paid RMB 5,000 -	100.00 -
	Supervisor	Wu, Kuo-Shan	-	-
	President	Chang Wei	-	-
Long Chen Paper Japan	CEO	Longchen Paper & Packaging Co., Ltd. Representative: Cheng, Kuo-Tai	Capital Paid JPY 336,900 -	100.00 -
	Director	Cheng, Ying-Pin	-	-
	Director	Wu, Kuo-Shan	-	-
	Supervisor	Tsou, Yung-Fang		
Suzhou Mango Packaging Co., Ltd.	Chairman	Long Chen Packaging Company Representative: Wu, Kuo-Shan	Capital Paid USD2,500 -	100.00 -
	Director	Long Chen Packaging Company Representative: Tien, Che-Sen, Chen, Yu-Sheng	Capital Paid USD2,500 -	100.00 -
	Supervisor	Wang, Hsiu-Jung	-	-
	President	Wu, Kuo-Shan	-	-
Long Chen Packaging Company	Director	L&C CO., (BVI) LTD. Representative: Cheng, Ying-Pin, Chen, Yuan-Kai, Wu, Kuo-Shan	Capital Paid USD 2,525 -	100.00 -
Long Chen Paper Trading Limited	Director	L&C CO., (BVI) LTD. Representative: Cheng, Ying-Pin, Chen, Yuan-Kai, Wu, Kuo-Shan, Tsou, Yung-Fang	Capital Paid USD 160 -	80.00 -
Kunshan Longzhong Investment Co., Ltd.	Chairman	Long Chen Paper (China) Holdings Co., Ltd. Representative: Tsai, Yi-Lin	Capital Paid USD75,000 -	100.00 -
	Director	Long Chen Paper (China) Holdings Co., Ltd. Representative: Wang, Hsiu-Jung, Chen, Yu-Sheng	Capital Paid USD75,000 -	100.00 -
	Supervisor	Wu, Kuo-Shan	-	-
Hubei Longchen Greentech Co., Ltd.	Chairman	Hong Kong Long Chen Paper Co., Ltd. Representative: Peng, Hsun	Capital Paid USD 42,200 -	15.60 -
	Director	Cheng, Ying-Pin	-	-
	Director	Pinghu Longchen Greentech Co., Ltd. Representative: Shao, Ming-Jui	Capital Paid RMB 617,000 -	34.97 -
	Director	Jiangsu Longchen Greentech Co., Ltd.	Capital Paid RMB 255,000	14.46

Name of Corporation	Title	Name & Representative	Shareholding	
			Shares	%
		Representative: Shao, Ming-Jui	-	-
	Supervisor	Wuxi Longchen Greentech Co., Ltd. Representative: Kao, Wei-Hung	Capital Paid RMB 617,000 -	34.97 -
	President	Wu, Kuo-Shan	-	-
Hubei Longchen Resources Co., Ltd.	Chairman	Hubei Longchen Greentech Co., Ltd. Representative: Peng, Hsun	Capital Paid RMB 6,000 -	100.00 -
	Director	Hubei Longchen Greentech Co., Ltd. Representative: Peng, Hsun, Yao, Chang-Kun, Shao, Cheng, Kuo-Tai	Capital Paid RMB 6,000 -	100.00 -
	Supervisor	Wu, Kuo-Shan	-	-
	President	Huang, Cheng-Ta	-	-
Metis International INC	Chairman	Long Chen Paper Japan Co., Ltd Representative: Cheng, Kuo-Tai	Capital Paid USD 1,500 -	100.00 -
	Director	Chao, Shih-Yung, Wu, Ying-Chieh	-	-
Xiantao Longchen Greentech Co., Ltd.	Chairman	Jiangsu Longchen Greentech Co., Ltd. Representative: Wang, Hsiu-Jung	Capital Paid RMB 79,200 -	100.00 -
	Director	Jiangsu Longchen Greentech Co., Ltd. Representative: Cheng, Ying-Pin, Yao, Chang-Kun, Shao, Ming-Jui,	Capital Paid RMB 79,200 -	100.00 -
	Supervisor	Wu, Ying-Chieh	-	-
Jingzhou Longchen Greentech Co., Ltd.	Chairman	Jiangsu Longchen Greentech Co., Ltd. Representative: Wang, Hsiu-Jung	Capital Paid RMB 79,200 -	100.00 -
	Director	Jiangsu Longchen Greentech Co., Ltd. Representative: Cheng, Ying-Pin, Yao, Chang-Kun, Shao, Ming-Jui,	Capital Paid RMB 79,200 -	100.00 -
	Supervisor	Wu, Ying-Chieh	-	-
Wuhan Longchen Greentech Co., Ltd.	Chairman	Jiangsu Longchen Greentech Co., Ltd. Representative: Wang, Hsiu-Jung	Capital Paid RMB 72,000 -	100.00 -
	Director	Jiangsu Longchen Greentech Co., Ltd. Representative: Cheng, Ying-Pin, Yao, Chang-Kun, Shao, Ming-Jui,	Capital Paid RMB 72,000 -	100.00 -
	Supervisor	Wu, Ying-Chieh	-	-
Hunan Longchen Green Packing Co., Ltd.	Chairman	Jiangsu Longchen Greentech Co., Ltd. Representative: Wang, Hsiu-Jung	Capital Paid RMB 16,100 -	100.00 -
	Director	Jiangsu Longchen Greentech Co., Ltd. Representative: Cheng, Ying-Pin, Yao, Chang-Kun, Shao, Ming-Jui,	Capital Paid RMB 16,100 -	100.00 -
	Supervisor	Wu, Ying-Chieh	-	-

2. Business Summary of Affiliates of Longchen Paper & Packaging Co., Ltd..

December 31, 2020
Unit: NT$1,000

Name	Currency	Paid-in capital	Total Assets	Total Liabilities	Net Worth	Revenue	Operating Income	Net Income	Earnings per Share after tax
Long Chen Investment Developing Co., Ltd.	NTD	775,768	1,426,828	101	1,426,727	11,099	10,827	(7,030)	—
Long Chen Paper Japan	JPY	336,900	919,053	101,829	817,224	2,333,872	126,346	96,095	—
L&C CO., (BVI) LTD.	NTD	9,565,022	16,881,750	240,993	16,640,757	0	(5,046)	(751,399)	—
Long Chen Paper (China) Holdings Co., Ltd.	RMB	2,144,130	3,513,214	52,409	3,460,805	0	(2,348)	390	—
Zhejiang Xiasha Longchen Packing Co., Ltd.	RMB	152,027	262,887	69,685	193,202	320,835	17,641	13,338	—
Wuxi Longchen Greentech Co., Ltd.	RMB	1,232,942	3,238,544	1,658,753	1,579,791	2,316,495	7,540	(59,286)	—
Jiangsu Longchen Greentech Co., Ltd.	RMB	895,978	4,627,848	1,253,789	3,374,059	2,204,697	56,541	8,206	—
Suzhou Longchen Paper Co., Ltd.	RMB	107,498	145,385	29,212	116,173	103,639	(11,869)	(21,352)	—
Shanghai Minhang Longchen Paper Co., Ltd.	RMB	92,940	139,104	78,903	60,201	155,467	833	610	—
Hong Kong Long Chen Paper Co., Ltd.	RMB	644,978	644,171	65,511	578,660	0	(93)	964	—
Pinghu Longchen Greentech Co., Ltd.	RMB	1,153,275	3,903,077	1,800,312	2,102,765	2,883,474	129,307	87,409	—
Wuxi Longchen Resources Co., Ltd.	RMB	6,000	105,310	82,476	22,834	278,226	(6,706)	(31)	—
Zhejiang Longchen Resources Co., Ltd.	RMB	5,000	15,477	1,182	14,295	18,744	202	2,042	—
Suzhou Mango Packaging Co., Ltd.	RMB	16,973	43,807	7,844	35,963	13,651	5,844	4,536	—
Long Chen Packaging Company (Cayman)	RMB	17,328	16,977	0	16,977	0	0	0	—
Long Chen Paper Trading Limited	RMB	1,223	737	0	737	0	(5)	(4)	—
Kunshan Longzhong Investment Co., Ltd.	RMB	497,263	513,937	2	513,935	0	(105)	(106)	—
Metis International INC	USD	1,500	6,787	3,378	3,409	46,507	331	362	—
Hubei Longchen Greentech Co., Ltd.	RMB	1,764,275	4,773,764	3,654,912	1,118,852	2,269,686	(65,12)	(186,804)	—
Hubei Longchen Resources Co., Ltd.	RMB	6,000	119,205	113,007	6,198	384,091	(5,503)	(233)	—
Xiantao Longchen Greentech Co., Ltd.	RMB	79,200	171,674	134,456	37,218	101,973	(9,091)	(10,542)	—
Jingzhou Longchen Greentech Co., Ltd.	RMB	79,200	127,524	85,062	42,462	4,705	(5,219)	(7,369)	—
Wuhan Longchen Greentech Co., Ltd.	RMB	72,000	105,751	38,857	66,894	0	(1,980)	(1,744)	—
Hunan Longchen Green Packing Co., Ltd.	RMB	16,100	16,083	0	16,083	0	(21)	(19)	—

Note: The above after Investment Tax Loss/Gain recognized based on the Equity Act

(II) Consolidated Financial Statements of the Affiliates

Declaration

In accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", the Company has prepared the 2020 (January 1, 2020 ~ December 31, 2020) consolidated financial statement for the mother company and affiliates. The affiliates that should be included in the consolidated financial report are the same as those defined by IFRS10 to be included when preparing the said consolidated statement, including the disclosure of all related information. As such, there is no need for a separate consolidated statement to be made.

Specifically declared

Company: Longchen Paper & Packaging Co., Ltd.

Chairman: Cheng, Ying-Pin

March 12 2021

II. Private placement of securities in the last year up till the publication date of this annual report: None.

III. Holding or disposal of the company's shares by subsidiaries in the last year, up till the publication date of this annual report: None.

IV. Other supplementary information: None.

V. Any Occurrence of Events Defined Under Subparagraph 2, Paragraph 3, Article 36 of the "Securities and Exchange Act" in the Most Recent Year up to the Publication Date of This Annual Report That Significantly Affected Shareholders' Equity or Securities Prices: None.

Longchen Paper & Packaging Co., Ltd.

Person Responsible: 鄭瑛林

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