Stock Code: 1709

FORMOSAN UNION CHEMICAL CORPORATION

Parent Company Only Financial Statements and Independent Auditors' Report

2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To Formosan Union Chemical Corporation:

Opinion

We have audited the accompanying financial statements of Formosan Union Chemical Corporation (the Corporation), which comprise the separate balance sheets as of December 31, 2020 and 2019, and the statements of separate comprehensive income, changes in separate equity, and separate cash flows for January 1 - December 31, 2020 and 2019, and the notes to the separate financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Corporation as of December 31, 2020 and 2019, and its separate financial performance and separate cash flows for January 1 - December 31, 2020 and 2019 in accordance with theRegulations 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 Financial Statements section of our report. We are independent of the Corporation 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 2020 separate financial statements of Formosan Union Chemical Corporation. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate onion on the matters.

Key audit matters for the 2020 separate financial statements of Formosan Union Chemical Corporation are stated as follows:

The revenue growth from the top ten selling clients surpasses the incidence of overall company changes in the recognition of operating revenue

Formosan Union Chemical Corporation received less operating revenue for 2020, compared with that of 2019. Nonetheless the operating revenue from some of the top ten selling clients this year grew, compared with the preceding year. Hence, the auditor recognized the operating revenue as the 2020 key audit matters for Formosan Union Chemical Corporation. Refer to Note 4 and 22 for more information on the accounting policy and information of revenue recognition.

We perform primarily the audit procedures including:

1. Understand and test the design of key internal control related to the recognition of operating revenue and execute the validity.
2. Analyze the reasons for changes in the amount of operating revenue from the aforementioned clients of sales.
3. Random sampling from the transactions of operating revenue from the aforementioned client and review the shipping slips of shipment and post collection of payments.
4. Ascertain whether there have been any material sales returns or allowances in the subsequent period.

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

Management is responsible for the preparation of and fair presentation of the separate 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 separate financial statements that are free from material misstatement, whether due to fraud and error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, applicable, matters related to going concerned and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has a realistic alternative but to do so.

The governance unit (including the Audit Committee) of Formosan Union Chemical Corporation is responsible for the monitoring of the financial report process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives aim to obtain reasonable assurance about whether the separate 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Formosan Union Chemical Corporation

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Formosan Union Chemical Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within Formosan Union Chemical Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Corporation 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 provide those charged with governance with a statement that we have complied with The Norm of the Professional Ethics for Certified Public Accountant regarding the independence of personnel from our firm, 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 2020 separate financial statements and are therefore the audit key matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche
Taipei, Taiwan
Republic of China

Chang, Ching-Jen

Hsu, Ting-Chen

Securities and Futures Commission
Approval Document No.
Tai-Cai-Zheng-6 No. 0920123784

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Approval Document No.
Tai-Cai-Zheng-6 No. 0920123784

March 19, 2021

Formosan Union Chemical Corporation

Parent Company Only Balance Sheets

December 31, 2020 & 2019

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 & 6)	$ 743,828	8	$ 158,142	2
1160	Notes receivable-Related Party (Note 4, 8, 22 & 30)	367	-	76	-
1170	Accounts receivable (Note 4, 8, & 22)	555,596	6	496,972	6
1180	Accounts receivable -Related Party(Note 4, 8, 22 & 30)	110,325	1	100,515	1
1200	Other accounts receivable (Note 8)	18,877	-	24,050	-
1210	Other accounts receivable -Related Party(Note 8 & 30)	41,449	1	91,523	1
130X	Net inventory (Note 4 & 9)	1,483,442	17	2,088,172	23
1410	Prepayment	66,892	1	11,945	-
1470	Other current assets(Note 15)	2,676	-	328	-
11XX	Total current assets	3,023,452	34	2,971,723	33
	Noncurrent assets				
1517	Financial Assets at Fair Value through Other Comprehensive Income－Noncurrent (Note 4, 7, & 29)	288,725	3	308,477	3
1550	Investments Accounted for Using the Equity Method (Note 4 & 10)	4,012,737	44	3,984,199	44
1600	Property, plant and equipment (Note 4, 11, 30 & 31)	1,282,273	14	1,337,317	15
1755	Right-of-use asset (Note 4, 12 & 30)	56,692	1	71,862	1
1760	Net Investment Property (Note 4, 13 & 31)	143,309	2	144,709	2
1780	Intangible Assets(Note 4 & 14)	206	-	329	-
1840	Deferred income tax assets) (Note 4 & 24)	129,562	1	109,952	1
1990	Other noncurrent assets (Note 15 & 31)	64,893	1	64,603	1
15XX	Total noncurrent assets	5,978,397	66	6,021,448	67
1XXX	Total Assets	$ 9,001,849	100	$ 8,993,171	100
Code	**Liabilities and Stockholders' Equity**				
	Current liabilities				
2100	Short-term loans (Note 16)	$ 867,747	10	$ 1,120,150	13
2150	Notes payable (Note 17)	11,661	-	11,153	-
2160	Notes payable -Related Party(Note 17& 30)	216	-	-	-
2170	Accounts Payable (Note 17)	137,468	2	337,657	4
2180	Accounts payable -Related Party(Note 17& 30)	18,304	-	24,769	-
2219	Other Accounts payable (Note 18)	296,063	3	214,741	2
2220	Other Accounts payable -Related Party(Note 30)	2,513	-	2,162	-
2230	Current income tax liabilities (Note 4 & 24)	128,177	1	14,278	-
2280	Lease Liabilities – Current (Note 4, 12 & 30)	55,955	1	62,023	1
2250	Provisions – Current (Note 4 & 19)	12,585	-	12,117	-
2399	Other current liabilities(Note 18 & 22)	9,363	-	24,666	-
21XX	Total current liabilities	1,540,052	17	1,823,716	20
	Noncurrent liabilities				
2570	Deferred income tax liabilities (Note 4 & 24)	211,386	2	206,292	2
2580	Lease Liabilities －Noncurrent (Note 4 & 12)	787	-	9,902	-
2640	Net defined benefit liability－Noncurrent (Note 4 & 20)	71,178	1	63,903	1
25XX	Total noncurrent liabilities	283,351	3	280,097	3
2XXX	Total liabilities	1,823,403	20	2,103,813	23
	Stockholders' Equity				
3110	Ordinary Share Capital	4,770,163	53	4,770,163	53
3200	Capital Reserve	182,565	2	187,880	2
	Retained Earnings				
3310	Legal Reserve	925,118	10	903,592	10
3320	Special Reserve	251,175	3	251,175	3
3350	Unappropriated retained earnings	906,104	10	616,683	7
3300	Total Retained Earnings	2,082,397	23	1,771,450	20
	Other equity				
3410	Exchange Differences on Translation of Foreign Financial Statements	(37,805)	-	(38,790)	-
3420	Unrealized Gains or Losses on Financial Assets at Fair Value through Other Comprehensive Income	181,126	2	198,655	2
3400	Total other equities	143,321	2	159,865	2
3XXX	Total Equities	7,178,446	80	6,889,358	77
	Total liabilities and stockholders' equity	$ 9,001,849	100	$ 8,993,171	100

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

Formosan Union Chemical Corporation

Parent Company Only Statements of Comprehensive Income

From January 1 to December 31, 2020 & 2019

Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share

Code		2020 Amount	2020 %	2019 Amount	2019 %
4100	Net Operating Revenue (Note 4, 22 & 30)	$ 6,034,566	100	$ 6,344,324	100
5110	Operating Costs (Note 4, 9, 20, 23 & 30)	4,805,480	80	5,624,825	89
5900	Gross Profit (Loss) from Operations	1,229,086	20	719,499	11
5910	Unrealized Loss on Goods Sold	2,822	-	1,154	-
5950	Realized Gross Profit (Loss) from Operations	1,231,908	20	720,653	11
	Operating Expenses (Note 20, 23 & 30)				
6100	Selling Expenses	334,451	6	316,353	5
6200	Administrative Expenses	152,441	2	116,110	2
6300	R&D Expenses	24,372	-	20,212	-
6000	Total Operating Expenses	511,264	8	452,675	7
6900	Operating Income	720,644	12	267,978	4
	Non-Operating Revenues and Expenses				
7100	Interest Revenue (Note 23 & 30)	2,243	-	2,966	-
7010	Other Revenue (Note 23 & 30)	37,217	1	41,887	1
7020	Other Gains & Losses (Note 23, 30 & 34)	(1,950)	-	26,387	-
7060	Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method (Note 10)	(47,754)	(1)	(58,331)	(1)
7050	Financial Costs (Note 23 & 30)	(8,186)	-	(10,760)	-
7000	Total Non-Operating Revenues and Expenses	(18,430)	-	2,149	-
7900	Profit Before Income Tax	702,214	12	270,127	4
7950	Income Tax Expense (Note 4 & 24)	147,424	3	54,864	1

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Code		2020 Amount	2020 %	2019 Amount	2019 %
8200	Current year net income	$ 554,790	9	$ 215,263	3
	Other Comprehensive Income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss:				
8311	Re-measurements of the net defined benefit liability (Note 20)	(9,012)	-	(3,225)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 7 & 21)	(19,752)	-	25,650	-
8330	Share of Other Comprehensive Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method	146	-	45,163	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 24)	5,754	-	(4,485)	-
		(22,864)	-	63,103	1
8360	Components of income that will likely be reclassified to profit or loss later:				
8361	Exchange Differences on Translation of Foreign Financial Statements (Note 21)	1,318	-	(26,639)	-
8380	Share of Other Comprehensive Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method (Note 21)	(70)	-	(25)	-

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Code		2020 Amount	2020 %	2019 Amount	2019 %
8399	Income tax related to components of other comprehensive income that will likely be reclassified to profit or loss (Note 21 & 24)	($ 263)	-	$ 5,327	-
		985	-	(21,337)	-
8300	Total Comprehensive Income	(21,879)	-	41,766	1
8500	Total comprehensive income for the year	$ 532,911	9	$ 257,029	4
	EPS (Note 25)				
9710	Basic	$ 1.16		$ 0.44	
9810	Diluted	$ 1.16		$ 0.43	

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

Formosan Union Chemical Corporation

Parent Company Only Statements of Changes in Equity

From January 1 to December 31, 2020 & 2019

Unit: In Thousands of New Taiwan Dollars

		Capital stock (Note 21)			Retained earnings (Note 21)				Other equities (note 7 & 21)			
Code		Shares (Thousand)	Amount	Additional paid-in capital (Note 21)	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange difference from conversion of financial instruments of foreign operating institution	Unrealized profit and loss of financial assets measured at fair value through other comprehensive profit and loss	Total	Total
A1	Balance January 1, 2019	499,352	$ 4,993,518	$ 192,728	$ 865,585	$ 251,175	$ 684,778	$ 1,801,538	($ 17,453)	$ 139,877	$ 122,424	$ 7,110,208
	2018 Appropriation and Distribution of Retained Earnings											
B1	Legal Reserve	-	-	-	38,007	-	(38,007)	-	-	-	-	-
B5	Cash Dividends	-	-	-	-	-	(249,676)	(249,676)	-	-	-	(249,676)
		-	-	-	38,007	-	(287,683)	(249,676)	-	-	-	(249,676)
D1	2019 Net Income	-	-	-	-	-	215,263	215,263	-	-	-	215,263
D3	2019 Comprehensive Income After Tax	-	-	-	-	-	4,325	4,325	(21,337)	58,778	37,441	41,766
D5	2019 Total Comprehensive Income	-	-	-	-	-	219,588	219,588	(21,337)	58,778	37,441	257,029
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	3,012	-	-	-	-	-	-	-	3,012
M7	Changes in ownership interests in subsidiaries	-	-	(10,354)	-	-	-	-	-	-	-	(10,354)
I1	Convertible Bonds	2,770	27,706	2,494	-	-	-	-	-	-	-	30,200
E3	Capital Reduction	(25,106)	(251,061)	-	-	-	-	-	-	-	-	(251,061)
Z1	Balance December 31, 2019	477,016	4,770,163	187,880	903,592	251,175	616,683	1,771,450	(38,790)	198,655	159,865	6,889,358
	2019 Appropriation and Distribution of Retained Earnings											
B1	Legal Reserve	-	-	-	21,526	-	(21,526)	-	-	-	-	-
B5	Cash Dividends	-	-	-	-	-	(238,508)	(238,508)	-	-	-	(238,508)
		-	-	-	21,526	-	(260,034)	(238,508)	-	-	-	(238,508)
D1	2020 Net Income	-	-	-	-	-	554,790	554,790	-	-	-	554,790
D3	2020 Other Comprehensive Net Income After Tax	-	-	-	-	-	(5,241)	(5,241)	985	(17,623)	(16,638)	(21,879)
D5	2020 Total Comprehensive Income	-	-	-	-	-	549,549	549,549	985	(17,623)	(16,638)	532,911
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	866	-	-	-	-	-	-	-	866
M7	Changes in ownership interests in subsidiaries	-	-	(6,181)	-	-	-	-	-	-	-	(6,181)
Q1	Subsidiary Disposing Investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	(94)	(94)	-	94	94	-
Z1	Balance December 31, 2020	477,016	$ 4,770,163	$ 182,565	$ 925,118	$ 251,175	$ 906,104	$ 2,082,397	($ 37,805)	$ 181,126	$ 143,321	$ 7,178,446

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

Formosan Union Chemical Corporation

Parent Company Only Statements of Cash Flows

From January 1 to December 31, 2020 & 2019

Unit: In Thousands of New Taiwan Dollars

Code		2020	2019
	Operating Cash Flow		
A00010	Current Profit Before Income Tax	$ 702,214	$ 270,127
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation Expense	123,314	124,440
A20200	Amortization Expense	422	688
A20400	Net Income of Financial Assets at Fair Value Through Profit or Loss	(145)	(826)
A20900	Financial Costs	8,186	10,760
A21200	Interest Revenue	(2,243)	(2,966)
A21300	Dividend Income	(6,817)	(14,895)
A22300	Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method	47,754	58,331
A22500	Loss from Disposal of Property, plant, and equipment	56	757
A23200	Disposal of Loss on Subsidiary Using Equity Method	165	-
A23800	Gain from price recovery of inventory	(26,198)	(34,707)
A23900	Unrealized Gross Profit from Joint Venture	(2,822)	(1,154)
A24100	Foreign Currency Exchange Loss (Gain)	(3,541)	3,136
A29900	Profits from Lease Modification	(11)	-
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss, mandatorily measured at fair value	145	304
A31140	Notes receivable-Related Party	(291)	(3)
A31150	Accounts receivable	(61,642)	72,674
A31160	Accounts receivable -Related Party	(9,810)	(41,231)
A31180	Other accounts receivable	5,201	18,063
A31190	Other accounts receivable -Related Party	(117)	(85,785)
A31200	Inventory	650,618	567,894
A31230	Prepayment	(54,948)	13,233
A31240	Other current assets	(2,349)	22,197
A32130	Notes payable	508	(5,403)
A32140	Notes payable -Related Party	215	-
A32150	Accounts payable	(200,268)	173,306
A32160	Accounts payable -Related Party	(6,465)	3,564

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Code		2020	2019
A32180	Other Accounts payable	$ 68,207	($ 16,910)
A32190	Other Accounts payable -Related Party	351	1,263
A32200	Provisions	468	(1,132)
A32230	Other current liability	(15,304)	17,607
A32240	Net defined benefit liability	(1,737)	(13,771)
A33000	Cash Flows Generated from Operations	1,213,116	1,139,561
A33100	Interests Received	2,407	781
A33200	Dividends Received	6,817	14,895
A33300	Interest Paid	(8,257)	(10,150)
A33500	Income Tax Paid	(42,552)	(91,112)
AAAA	Net Cash Flows from Operating Activities	1,171,531	1,053,975
	Cash Flows from Investing Activities		
B02700	Purchase Property, plant and equipment	(2,412)	(5,415)
B02800	Disposal of Proceeds from Property, plant and equipment	114	558
B03700	Decrease in Refundable Deposits	216	1,532
B04500	Purchase Intangible Assets	(186)	(633)
B05900	Repayment to Related Party	50,000	-
B07200	Increase in prepayments for business facilities	(517)	-
B07600	Dividends Received from Subsidiaries and Associates	117,807	140,361
BBBB	Net Cash Inflow from Investing Activities	165,022	136,403
	Cash Flows From Financing Activities		
C00100	Decrease in short-term loans	(245,836)	(218,095)
C04020	Payments of lease liabilities	(71,160)	(70,948)
C04700	Capital Reduction	-	(251,061)
C04500	Cash dividends paid	(238,508)	(249,676)
C05400	Acquisition of ownership interests in subsidiaries	(195,363)	(291,733)
CCCC	Net Cash Inflow from Financing Activities	(750,867)	(1,081,513)
EEEE	Net Increase in Cash	585,686	108,865
E00100	Beginning Cash Balance	158,142	49,277
E00200	Ending Cash Balance	$ 743,828	$ 158,142

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

Formosan Union Chemical Corporation
Notes to Parent Company Only Financial Statements
From January 1 to December 31, 2020 & 2019
(Amounts expressed in New Taiwan Thousand Dollars, unless stated otherwise.)

1. Company History

Formosan Union Chemical Corporation (hereinafter referred to as "the Company.") was founded on June 21, 1973. The Company mainly manufactures, reworks and buys/sells linear Alkyl Benzene (DODECYL PHENOL), Olefins, Alkylphenol (Nonyl Phenol), and the derivatives, and the management and investment in other related businesses.

The Company shares have been listed on Taiwan Stock Exchange Corporation since July, 1986 for stock trading.

The separate financial statement of the Company is expressed in functional currency – New Taiwan Dollars.

2. Date and Procedures of the Authorization of Financial Statements

The separate financial statement was authorized by the Board of Directors on March 19, 2021.

3. Applicability of New and Revised Standards and Interpretations

(1) International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations (IFRIC) and interpretations of promulgation ((SIC) (hereinafter referred to as "IFRSs") approved and promulgated by the Financial Supervisory Commission (hereinafter referred to as "FSC") are applicable for the first time.

The revised IFRSs approved and promulgated by the FSC will not result in the material changes in the accounting policy of the Company after application.

(2) IFRSs Approved by the Financial Supervisory Commission (FSC) For 2021

New/Revised/Amended Standards and Interpretation	Effective Date Per International Accounting Standards Board (IASB)
Revised "Temporary deferral of IFRS 9" of IFRS 4.	Took effect on the day of promulgation

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New/Revised/Amended Standards and Interpretation	Effective Date Per International Accounting Standards Board (IASB)
Amended "Interest Rate Benchmark Reform—Phase 2" to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16.	Took effect in the annual report period, commencing from January 1, 2021 onward.
Amended "COVID-19-Related Rent Concessions" to IFRS 16.	Took effect in the annual report period, commencing from June 1, 2020 onward.

As of the date that the separate financial statements are authorized for issue, the Company maintain ongoing evaluation of foregoing criteria, the influence of interpretation revision on financial status and financial performance. The relevant influence shall be disclosed upon evaluation completion.

(3) IFRSs promulgated by IASB but not yet approved by the Financial Supervisory Commission and announced to take effect.

New/Revised/Amended Standards and Interpretations	Effective Date Per IASB (Note 1)
"Annual Improvement on 2018-2020 Period"	January 1, 2022 (note 2)
Amendments to IFRS 3, "Update in Reference to the Conceptual Framework."	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture."	To be scheduled
IFRS 17 "Insurance Contracts."	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current."	January 1, 2023
Amendments to IAS 1, "Disclosure of Accounting Policies."	January 1, 2023 (Note 6)
Amendments to IAS 8, "Definitions of Accounting Estimates."	January 1, 2023 (Note 7)
Amendments to IAS 16, "Property, plant and equipment: Proceeds before Intended Use."	January 1, 2022 (Note 4)
Amendments to IAS 37, "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless otherwise stated, the aforementioned new/revised/amended standards or interpretations shall take effect in the annual report period, commencing from the respective dates indicated.

Note 2: The amendment to IFRS 9 applies to the exchange or clause revision of financial liabilities incurred during the annual report period, commencing from January 1, 2022. The amendment to IAS 41 "Agriculture" applies the fair value measurement in the annual report period, commencing from January 1, 2022. The amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards (IFRS): shall be dated back for application in the annual report period, commencing from January 1, 2022.

Note 3: This revision shall apply to the acquisition date for corporate merger and acquisition during the annual report period, commencing from January 1, 2022.

Note 4: This revision applies to the plant, property and business facilities at the required venue and status, under the management expected operation approach from January 1, 2021 onward.

Note 5: This revision applies to obligation agreements not yet performed as of January 1, 2022.

Note 6: This revision applies to the deferral started in the annual report period after January 1, 2023.

Note 7: This revision applies to changes in accounting estimates and accounting policies during the annual report period starting from January 1, 2023.

As of the date that the separate financial statements are authorized for issue, the Company maintains ongoing evaluation of foregoing criteria, the influence of interpretation revision on financial status, and financial performance. The relevant influence shall be disclosed upon evaluation completion.

4. <u>Summary of Significant Accounting Policies</u>

(1) Statement of Compliance

The Separate Financial Statements are prepared pursuant to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

Apart from the financial asset at fair value and the net defined benefit liability recognized by the fair value of reduction plan asset, according to the present value of a defined benefit obligation, the separate financial statements are also prepared on the basis of historic costs.

Fair value measurement is classified from level 1 to level 3 in accordance with the observant level and significance of relevant inputs:

1. Level 1 Input: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 Input: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3: Inputs for the assets or liabilities that are unobservable inputs.

The Company adopts equity method for the investment in subsidiary, associates or joint ventures in the preparation of separate financial statements. To conform the annual income, other comprehensive income and equity of the separate financial statement with the annual income, other comprehensive income and equity of the separate financial statement in the Company's consolidated financial statements attributable to the Company's clients, the discretions of the following accounting processing are adjusted under separate basis and consolidated basis, including "Investments Accounted for Using the Equity Method," "Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method,""Share of Other Comprehensive Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method," and equity-related items.

(3) Assets and liabilities are classified as current and noncurrent

Current assets include:

1. Assets held for trading;
2. The assets expected to be realized within 12 months after the balance sheet date, and;

3. Cash or a cash equivalent(including but not limited to the asset used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held for trading;
2. The liabilities expected to be settled when due within 12 months after the date of the balance sheet (even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial statements are authorized for the issue), and;
3. The liabilities that do not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Nonetheless, the terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities not classified as the aforementioned current assets or current liabilities shall be deemed as noncurrent assets or noncurrent liabilities.

(4) Foreign Currency

For transactions made in a currency other than the functional currency of the company (foreign currency), the Company shall convert the exchange rate on day of transaction as the functional currency record in the preparation of financials statements.

Monetary items in foreign currency shall be converted with the closing exchange rate on the date of balance sheets. The exchange difference generated from the completion of monetary items or conversion of monetary items shall be recognized as profit or loss from the date of occurrence.

Non-monetary items of foreign currency at fair value shall be converted by the exchange rate of the date determined as fair value, which exchange difference generated shall be recognized as currency profit/loss. Nonetheless, the exchange difference from the changes in fair value recognized under other comprehensive income shall be recognized under other comprehensive income.

Non-monetary items of foreign currency measured by history costs shall be converted using the exchange rate of transacting day without undergoing re-conversion.

In the preparation of separate financial statements, the assets and liabilities of foreign operations (including the subsidiaries, associates or joint venture operating in a country or using currency different from the Company) shall be converted into New Taiwan Dollars using the daily exchange rate of each date of balance sheet. The income and expenses shall be converted using the current average exchange rate, which exchange difference generated shall be recognized under other comprehensive income.

(5) Inventories

Inventories include raw materials and supplies, work in process, and finished goods. Inventories are measured through the lower-of-cost between cost and net realizable value (NRV), comparing the cost and net realizable value (NRV) on the basis of individual item and with the exclusion of a similar category of inventories. Net Realizable Value (NRV) refers to the estimated selling price under normal circumstances less the estimated costs required before the completion and the balance of estimated cost invested for completion. Inventory costs are calculated using weighted average method.

(6) Investments in Subsidiaries

The Company adopts the equity method to process investments in subsidiaries.

Subsidiaries refer to the entities which the Company has control over.

Under the equity method, investments are recognized initially by the costs, which shall increase/decrease the amount of future book value acquired in the future, following the subsidiary income of the subsidiaries and the share of other comprehensive income and profit distribution which the Company is entitled. Moreover, the Company is entitled to recognize the changes in other equities of the subsidiaries according to the shareholding ratio.

The changes in the Company's equity to the ownership of subsidiaries not causing the Company to lose control shall be deemed as an equity transaction. The difference between the book value of investment and the fair value of consideration paid or collected shall be directly recognized as proceeds.

When the share of loss of subsidiary for the Company is equal to or exceeds its equity in the subsidiary (including the book value of the subsidiary under equity method and the other long-term equities substantially attributable to the Company's composition on the net investment of the subsidiary), the loss is recognized according to the ongoing shareholding ratio.

The acquisition cost exceeding the shares at a net fair value of identifiable assets and liabilities that constitute the subsidiary business to which the Company is entitled on the date of acquisition, shall be recognized as goodwill. Such goodwill includes the book value of the investments and may not be amortized. The shares at net fair value of identifiable assets and liabilities that constitute the subsidiary business which the Company is entitled on the date of acquisition exceeding the acquisition cost, shall be recognized as current revenue.

The Company takes overall consideration of cash-generating units and compares with recoverable amount and book value of the financial statements in the evaluation of impairment. In case of increase in the recoverable amount of assets, the reversal of impairment loss will be recognized as revenue. Nonetheless, the book value of the assets after the reversal of impairment loss may not exceed the book value less the due amortization without recognizing the impairment loss. The impairment loss attributable to goodwill may not be reversed later.

The Company shall measure its remaining investment in the former subsidiary according to the fair value measurement at the day of losing the control over the subsidiary. The difference between fair value and any disposal proceeds and the book value of investment on the day of losing control, shall be recognized as current profit/loss. Moreover, all amount related to subsidiaries recognized under other comprehensive income, which accounting processing shall concur with the basis of compliance by the Company in the direct disposal of relevant assets or liabilities.

The Company shall eliminate the unrealized gains or losses from the downstream transaction between the Company and the subsidiaries in separate financial statements. The profits and losses generated from the upstream and side-stream transactions between the Company and the subsidiaries merely fall in the scope irrelevant to the Company's equity in subsidiaries, and shall be recognized in separate financial statements.

(7) Investment in Associates and Joint Venture

Associates refer to the enterprise that is not a subsidiary or joint venture company but has material impact on the Company. Joint venture refers to the other company that has joint control with the Company and has the right to joint agreement on net assets.

The Company adopts equity method for investments in associates and joint venture.

Under equity method, the initial cost of investments in associates and joint venture is recognized by cost, which book value acquired later shall increase/decrease according to the Company's share and profit distribution in the profit/loss of associates and joint venture and other comprehensive income. Moreover, the changes in associates' equity and joint venture shall be recognized by shareholding ratio.

The acquisition cost exceeding the shares at net fair value of identifiable assets and liabilities that constitute the associates and joint venture which the Company is entitled on the date of acquisition, shall be recognized as goodwill. Such goodwill includes the book value of the investments and may not be amortized. The shares at net fair value of identifiable assets and liabilities that constitute the associates and joint venture which the Company is entitled on the date of acquisition exceeding the acquisition cost, shall be recognized as current revenue.

Investments Accounted for Using the Equity Method。If the associates and joint venture issue new shares and the Company does not subscribe according to shareholding ratio, which leads to the increase/decrease in the net asset value per share of the investment, the increased/decreased adjustment of capital reserve adopting equity method in the recognition of changes in associates and joint ventures or adopting investments using equity method but failing to subscribe or acquire by shareholding ratio, resulting in the decrease of ownership equity in associates and joint venture, shall re-classify by the ratio of amount reduction related to the associates and joint venture, recognized through other comprehensive income. The basis of such accounting processing is identical to the basis which associates and joint venture must comply with when directly disposing the relevant assets or liabilities. The foregoing adjustment should debited as capital reserve while if the capital reserve balance generated by the investments accounted for using the equity method is insufficient, the difference shall be debited as retained earnings.

If the share of Company's loss in associates and joint venture is equal to or exceeds the Company's equity in that associate and joint venture (including the book value of the associates and joint venture under equity method and the other long-term equities substantially attributable to the Company's composition on the net investment of the associates and joint venture), the Company will suspend the recognition of further loss. The Company shall only recognize the additional loss and liabilities within the scope of occurrence of legal obligation, constructive obligation, or payments for associates and joint venture.

In the evaluation of impairment, the Company deems the overall book value of investment (including goodwill) as single asset for comparing recoverable amount and book value to conduct impairment test. The impairment loss recognized is also attributable to part of the book value of investment. Any reversal of impairment loss shall be recognized within the scope of subsequent increase of the recoverable amount of investment.

If the Company suspends equity method when no longer investing in associates and joint venture, its retained interests for the previous associates and joint venture shall be measured at fair value. Such fair value and disposal proceeds as well as the difference in the book value amount of investment on the day of suspending equity method, shall be recognized as current profit and loss. Moreover, all amounts related to the associate and joint venture, as recognized under other comprehensive income, which basis of accounting processing shall be identical to the basis complied by the associates and joint venture when directly disposing the relevant assets and liabilities. For investments in associates shifting into investments in joint venture, or investments in joint venture shifting into investments in associates, the Company shall adopt ongoing equity method without re-measurement of retained interests.

The profits and losses generated from the upstream and downstream transactions between the Company and the associates and between the Company and the joint venture merely fall in the scope irrelevant to the Company's equity in associates and joint venture, and shall be recognized in the separate financial statements.

(8) Property, plant and equipment

Property, plant and equipment are recognized as costs and are measured by the amount of costs less the accumulated depreciation and accumulated impairment loss.

Property, plant and equipment depreciates each material part separately by straight-line basis within the useful life. The Company reviews the estimated useful life, residual value and depreciation method at least on the ending day of each year, in addition to defer the influence applicable to the changes in accounting estimates.

When Property, plant and equipment are derecognized, the difference between net disposal proceeds and the amount of book value of the assets is recognized under profit and loss.

(9) Investment Property

Investment property refers to the property held by the owner or by the lessee with the right of use, to earn rentals, or for capital appreciation, or both.

Investment property is measured by original cost (including transaction cost) and are measured by the amount of costs less accumulated depreciation and accumulated impairment loss. Investment property is depreciated through straight-line basis.

When investment property is derecognized, the difference between net disposal proceeds and the amount of book value of the assets is recognized under profit and loss

(10) Intangible Assets

1. Separate Acquisition

The limited useful life of intangible assets acquired separately are measured by original costs, which are measured by the amount of cost deducting accumulated amortization and accumulated impairment loss. Intangible assets are amortized by straight-line basis within the useful life. The Company reviews the estimated useful life, residual value and amortization method at least on the ending day of each year, in addition to defer the influence applicable to the changes in accounting estimates.

2. De-recognition

When intangible assets are derecognized, the difference between net disposal proceeds and the amount of book value of the assets is recognized under profit and loss

(11) Impairment of property, plant and equipment, right-of-use asset, and Intangible Assets

The Company evaluates indications of possible impairment in property, plant and equipment, right-of-use asset, and intangible assets on the date of balance sheet. In the existence of any impairment sign, the recoverable amount of the asset is estimated. In case the recoverable amount of individual asset could not be estimated, the Company shall estimate the recoverable amount of the cash-generating unit under the asset.

The recoverable amounts have been determined based on the higher of fair value less costs to sell and value-in-use. If the recordable amount of individual asset or the cash-generating unit is lower than the book value, the book value of such asset or cash-generating unit shall be adjusted to recoverable amount, which impairment loss shall be recognized under profit and loss.

If the impairment loss is reversed later, the book value of the asset or cash-generating unit shall be increased to the recoverable amount after revision. However, the book value after increase may not exceed the book value of impairment loss which was recognized in the previous year, as determined by the asset or cash-generating unit (less amortization or depreciation).The reversal of impairment loss shall be recognized under profit and loss.

(12) Financial Instrument

Financial assets and financial liabilities are recognized in separate balance sheet when the Company becomes the counterparty of the clauses of agreement.

When initially recognized as financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit and loss, the recognition at fair value can be directly attributable to the measurement of transaction cost upon the acquisition or issue of financial assets or financial liabilities. The transaction cost of financial assets or financial liabilities at fair value through profit and loss, attributable directly to acquisition or issue, shall be instantly recognized under profit and loss.

1. Financial Assets

The regular way purchase or sale of financial assets is recognized and derecognized on the date of transaction.

(1) Type of Measurement

The types of financial assets held by the Company are financial assets at fair value through profits and loss, the financial assets and investments in equity instruments measured at fair value through other comprehensive income and measured by amortized costs.

A. Financial Assets at Fair Value Through Profit and Loss

The financial assets at fair value through profits and loss are the financial assets at fair value through mandatory profit and loss. Financial assets at fair value through mandatory profits and loss include the investments in debt instrument which the Company has not assigned though investments in equity instrument measured at fair value through other comprehensive income, nonconformance with the cost measurement classified for amortization or fair value measurement through other comprehensive income.

Financial assets at fair value through profit and loss are measured by fair value, the proceeds or loss incurred from re-measurement shall be recognized under profit and loss. Refer to Note 29 for the determination method of fair value.

B. Financial assets at Amortized Cost

The financial assets of the Company's investment are classified as financial assets at amortized cost when the financial assets meet the following two criteria:

a. Held under certain management model and the purpose of such model aims to collect cash flow for contracts based on the financial assets held; and
b. The cash flow generated under the specific date of the contract terms, and such cash flow is completely paid for the capital and the interests for the outstanding capital amount.

When the financial assets at amortized cost (including cash, accounts receivable, notes receivable, other accounts receivable, refundable deposit, and other financial assets) are initially recognized, they are measured at the amortized cost using the total book value determined by the effective interest method less any impairment loss. Any profit and loss from foreign currency exchange shall be recognized under profit and loss.

With the exception of the following two conditions, interest revenue shall be calculated by multiplying the effective interest rate with the total book value of financial assets:

a. Purchased or originated credit-impaired financial assets: Interest revenue is calculated after the credit adjustment and multiplying effective interest rate with financial assets at amortized cost.

b. Non-purchased or originated credit impairment but the financial assets become credit-impaired later. Starting from the next reporting period from the credit impairment, multiply the effective interest rate with the financial assets at amortized cost to calculate the interest revenue.

Credit-impaired financial assets refer to the major financial difficulty and delinquency with the issuer or debtor, possible bankruptcy filing by debtor, or other financial restructuring, or the financial difficulty leading to the disappearance of active market for the financial assets.

C. Investments in equity instrument measured at fair value through other comprehensive income

The Company may make one irrevocable choice at initial recognition, and that is to assign the investments in equity instrument not held for trading and recognized or considered by non-corporate M&A, to measure at fair value through other comprehensive income.

Investments in equity instrument measured at fair value through other comprehensive income are measured at fair value, which change in fair value shall be recognized under other comprehensive income and accumulate to other equity. The disposal of investment shall directly transfer the accumulated profit/loss to retained earnings, without reclassification of profit and loss.

The dividends for investments in equity instrument measured at fair value through other comprehensive income shall be recognized under profit and loss, when the Company validate the right to account receivables, unless otherwise stated that the dividend is explicitly representing the recovery of some investment costs.

(2) Impairment of Financial Assets

The Company evaluates the impairment loss of financial assets at amortized cost (including accounts receivable) according to the estimated credit impairment at each date of the balance sheet.

Accounts receivable shall be recognized as allowance for loss according to the credit impairment in duration. Other financial assets shall be evaluated for any significant increase in credit risk after the initial recognition; recognize the allowance for loss according to the 12-month Expected Credit Loss, if there is no significant increase in credit risk. Follow the Expected Credit Loss in duration to recognize the allowance for loss for any Signiant increase.

Expected Credit Loss refers to the weighted average credit loss from the risk of delinquency incident. The 12-month Expected Credit Loss refers to the Expected Credit Loss generated by the possible delinquencies occurring with the financial instruments in 12 months after the report day. The Expected Credit Loss in duration suggests that there is Expected Credit Loss with the financial instrument due to possible delinquencies in the estimated duration.

The impairment loss of all financial assets lowers the book value from the allowance accounts. However, the allowance for loss for investments in debt instrument at fair value through other comprehensive income shall be recognized under other comprehensive income, which does not reduce the book value.

(3) De-recognition of financial assets

The Company shall de-recognize the financial assets when the contractual rights from the cash flow of financial assets become invalid or the financial assets have been transferred while nearly all risks and remunerations of the asset ownership have been transferred to other enterprises.

When the financial assets at amortized cost are completely derecognized, the difference between the book value and proceeds collected shall be recognized under profit and loss. When the investments in debt instrument at fair value through other comprehensive income are completely derecognized, the book value and proceeds collected plus the difference of the sum between any accumulated profit/loss already recognized under other comprehensive income, shall be recognized under profit and loss. When the investments in equity instruments at fair value through other comprehensive income are completely derecognized, the accumulated profit/loss will be directly transferred to retained earnings and will not be reclassified as profit and loss.

2. Equity Instrument

The debt and equity instruments issued by the Company are classified as financial liabilities or equity according to the definition of the substantial and financial liabilities and equity instruments in the agreement.

The equity instrument issued by the Company is recognized according to the acquired cost less the amount of direct issuing cost.

The equity instrument of the Company re-acquired is recognized and deducted under equity. The purchase, sale, issue, or cancellation of the equity instrument of the Company are recognized under profit and loss.

3. Financial Liabilities

(1) Subsequent Measurement

Except for the financial liabilities at fair value through profit and loss, all financial liabilities are measured by amortized cost using the effective interest method.

(2) De-recognition of Financial Liabilities

When derecognizing financial liabilities, the difference between the book value and proceeds paid (including any non-cash asset transferred or liability born) shall be recognized under profit and loss.

(13) Provisions

The amount recognized as provisions takes consideration of the obligation risk and uncertainty make the best estimation required for expense in obligation repayment on the date of balance sheet. Provisions are measured through the depreciation of estimated cash flow for repayment of obligations.

(14) Revenue Recognition

The Company shall amortize transaction price to all performance obligations after the clients have signed the contract to identify the performance obligations, in addition to recognizing the performance obligations under revenue.

1. Sales Revenue

   Sales revenue comes from selling chemical products. Since clients already own the right to use such a product upon delivery, in addition to undertaking the risk of obsolete products, the Company shall recognize the revenue and accounts receivable. The prepayment for the products shall be recognized as contract liabilities prior to delivery of products.

2. Service Revenue

   Service revenue comes from product rework and shall only be recognized upon providing services.

(15) Lease

The Company shall evaluate if the contract is attributable (or includes) lease on the date of contract establishment date.

1. The Company as the lessor

   The lease clauses transfer nearly all risks and remuneration associated with the asset to the lessee and shall be classified as a finance lease. Al other leases shall be classified as an operating lease.

   The lease payments of operating lease are recognized as proceeds during relevant duration according to straight-line basis. The original direct cost generated from operating lease shall be added to the book value of the asset and recognized as expenses in duration according to straight-line basis.

2. The Company as the lessee

Except for underlying asset of low value and the lease payment for short-term lease applicable for recognition exemption according to the straight-line basis that is recognized as expanse, all other leases shall be recognized under right-of-use asset and lease liabilities starting from the date of lease.

Right-of-use asset is measured by the initial cost (including the initial measurement amount of lease liabilities, the payment for lease payment less the collected lease incentive prior to the date of lease, estimated cost from the initial direct cost and recovered asset), and subsequently measured by the amount of costs less accumulated depreciation and accumulated impairment loss. The re-measurement of lease liabilities is adjusted. The right-of-use asset is separately expressed in the separate balance sheet.

Right-of-use asset adopts a straight-line basis and depreciates from the date of lease to the expiration of useful life or upon expiration of lease period, whichever is earlier.

Lease liabilities refer to the measurement of current value for lease payment. If the lease implicitly includes interest rates that can be easily verified, the lease payment shall adopt the interest rate for depreciation. However if the interest rate is not easy to identify, use the lessee's incremental borrowing rate of interest.

Subsequently, the lease liabilities shall adopt effective interest method to measure the basis of amortized cost, while the interest expense is amortized during lease period. In case of any changes in lease period, the Company shall re-measure the lease liabilities and adjust the relative right-of-use asset. Nonetheless, if the book value of the right-of-use asset has been reduced to zero, the remaining re-measurement amount shall be recognized under profit and loss. Lease liabilities shall be expressed separately in the separate balance sheet.

(16) Borrowing Costs

Borrowing costs refer to the directly attributable cost in acquiring, building or producing the asset in conformity with the criteria, which shall be regarded as part of the asset cost, until the asset has reached the pre-defined use or completed nearly all necessary activities for sale.

If the specific borrowing conforms to the investment revenue earned from the temporary investment prior to the expenditure of capital, the specific borrowing shall be deducted from the borrowing costs conforming to the capital criteria.

Except for the aforementioned, all other borrowing costs shall be recognized as profit and loss at the current period of occurrence.

(17) Employee Benefit

1. Short-Term Employee Benefit

The reliabilities related to short-term employee benefit refers to the measurement of non-depreciated cash amount in exchange for employee service under estimated payment.

2. Post-Employment Benefit

The pension funds of defined contribution for retirement plan refers to the recognition of pension funds to be contributed during the period the employees provide services under expenses.

The defined benefit cost of defined benefit for retirement plan (including service cost, net interest and re-measurement) adopts project unit credit method based actuarial. The service cost (including current service cost) and the net interest of net defined benefit liability (asset) shall be recognized as employee benefit expenses during occurrence. The re-measurement (including actuarial gains and losses and the plan asset remuneration less interests) shall be recognized under other comprehensive income at occurrence and concurrently recognized under retained earnings, which will not be reclassified as profit or loss later.

Net defined benefit liability (asset) refers to the contribution deficit (surplus) of defined benefit for retirement plan. The net defined benefit asset may not exceed the current value of contribution refunded from the plan or less the future contribution.

(18) Income Tax

Income tax expense refers to the sum of current income tax and deferred income tax.

1. Current Income Tax

The Company determines the current income by law and calculate the payable income tax.

The Unappropriated retained earnings calculated in accordance with Income Tax Act of Republic of China shall be levied income tax, which shall be recognized upon the resolution by Shareholder’s Meeting.

The adjustment for coping with income tax from previous year shall be recognized under current income tax.

2. Deferred Income Tax

Deferred income tax is a temporary difference calculation generated from the book value of assets and liabilities on the statements and the taxation basis for calculating taxable income.

The initial recognition of assets and liabilities recognized without influence on taxable income nor accounting profits, which temporary difference generated should not be recognized as deferred income tax assets and liabilities.

Deferred income tax liabilities in general are recognized based on the temporary difference of all due taxes. However, deferred income tax assets could be taxed for income and can less the recognition of income tax credit generated from the temporary difference expenditure.

The taxable temporary difference related to the investment in the subsidiary, associates and joint agreement shall be recognized under deferred income tax liabilities. Nonetheless, the Company may control the timing for temporary difference reversal while such temporary difference may not reverse in the foreseeable future. The deductible temporary difference related to such investment may only realize the temporary difference due to the likely sufficient taxable income, which will reverse within the scope of the foreseeable future, and thus be recognized under deferred income tax assets.

The book value of deferred income tax assets is given secondary review on the date of the balance sheet. The assets with unlikely sufficient taxable income, in all or part, with adjustment to reduce the book value. The deferred income tax assets not recognized previously shall be re-reviewed on each date of the balance sheet, in addition to increase the book value for assets likely to be taxed, which shall be recovered in part or whole.

Deferred income tax assets and liabilities are measured through the estimated liability repayment or asset realized current tax bracket. Such tax bracket is based on the legislative or substantially legislative tax bracket on the date of the balance sheet. The measurement of deferred income tax liabilities and assets reflects the tax effect on the Company through the estimated recovery or repayment of the book value of assets and liabilities on the date of balance sheet.

3. Current and deferred income tax

Current and deferred income tax shall be recognized under profit and loss; however the current and deferred income tax recognized under other comprehensive income or directly recognized under equity related items shall be separately recognized under other comprehensive income or directly recognized under equity.

5. Significant Accounting Judgments, Estimations, and Assumptions of Key Sources of Uncertainty

For the information that could not have been acquired from other sources in the adoption of accounting policy, the Company management must make the judgment, estimations and assumptions based on past experience and other related factors. The actual results may somewhat deviate from estimations.

The Company takes account of the economic influence caused by the COVID-19 pandemic into material estimations. The will continue the review on estimations and basic assumptions. If the revision of estimations merely affects the current period, such revision shall be recognized in the current period. However, if the revision of accounting estimation concurrently affects the current and future periods, such revision shall be recognized in the current and future period.

6. Cash

	December 31, 2020	December 31, 2019
Cash in Hand & Revolving Funds	$ 525	$ 525
Bank Check & Demand Deposits	743,303	157,617
	$ 743,828	$ 158,142

The market rate of interest interval for bank deposits on the date of the balance sheet is described below:

	December 31, 2020	December 31, 2019
Bank Deposit	0.005%~0.26%	0.01%~0.33%

7. Financial Assets at Fair Value through Other Comprehensive Income

	December 31, 2020	December 31, 2019
Noncurrent		
Domestic Investments		
Unlisted (OTC) Stocks		
J&V Energy Technology Co., Ltd. Ordinary Shares	$ 112,722	$ 137,986
Overseas Investments		
Unlisted (OTC) Stocks		
Kanghua Industrial Co., Ltd. Ordinary Shares	94,826	88,875
Anonymous Investment Portfolio		
Japanese Power Plant	81,177	81,616
Subtotal	176,003	170,491
	$ 288,725	$ 308,477

The Company invests in stocks from J&V Energy Technology Co., Ltd., Kanghua Industrial Co., Ltd. and Japanese Power Plant according to its intermediate to long-term strategic goals, and the Company intends to profit from the long-term investment. The Company management believes that the recognition of the short-term fluctuation at fair value of the investments will be inconsistent with the aforementioned long-term investment plan. Hence, the Company chooses to assign such investment measurement at the fair value through other comprehensive income.

The fair value of unlisted (OCT) stocks of financial assets at fair value through other comprehensive income are based on the valuation conducted by independent auditors at the end of December in 2020 and 2019. The valuation takes consideration of management scale, product category and comparison with similar peers of the assessed company, which yields to the valuation gain (loss) (19,752) thousand New Taiwan

Dollars and 25,650 thousand New Taiwan Dollars, adjusted to unrealized gains or losses on financial assets at fair value through other comprehensive income (accounts under other equity).

8. Notes receivable, accounts receivable, and other accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable		
Measurement at Amortized Cost		
Arising from Operations		
-Related Party	$ 367	$ 76
Accounts receivable		
Measurement at Amortized Cost		
Total Book Value		
-Nonrelated Party	$ 555,596	$ 496,972
Total Book Value		
-Related Party	110,325	100,515
	$ 665,921	$ 597,487
Other accounts receivable		
Nonrelated Party	$ 18,877	$ 24,050
Related Party	41,449	91,523
	$ 60,326	$ 115,573

The Company offers a credit period of approximately 1 ~5 months to clients. The evaluation for impairment of account receivable is analyzed according to the individual evaluation, account receivable age analysis, experience, and current financial situations of clients, in order to estimate the non-recoverable amount.

Prior to accepting new clients, the Company shall visit the client in-field and survey the client based on the basic information of the client. The Company will compile and evaluate the information collected before determining the line of credit.

The Company adopts the simplified approach of IFRS 9 to recognize the allowance for loss of accounts receivable according to the expected credit loss in duration. The expected credit loss in duration adopts the provision matrix for calculation, which takes into consideration of client's past violation records and current financial situations, and the economic situations of the industry. The credit loss history experience of the Company reveals that there is no significant difference between the types of loss in different client groups. Hence, the provision matrix does not further distinguish client groups but merely defines the expected credit loss rate according to the days of delinquencies for accounts receivable.

If evidence shows that the transacting party faces severe financial distress and the Company could not reasonably expect the recoverable amount, the Company will directly write off the relevant accounts receivable but continue to recourse, since the recoverable amount through resource will be recognized under profit and loss.

The company measures the allowance for loss of notes receivable and accounts receivable (including notes receivable - Related Party) in accordance with the provision matrix, as described below:

December 31, 2020	Un-Delinquent
Expected Credit Loss Rate	-%
Total Book Value	$ 666,288
Allowance for Loss (Expected Credit Loss in duration)	-
Amortized Cost	$ 666,288

December 31, 2019	UN-Delinquent
Expected Credit Loss Rate	-%
Total Book Value	$ 597,563
Allowance for Loss (Expected Credit Loss in duration)	-
Amortized Cost	$ 597,563

9. Net Inventory

	December 31, 2020	December 31, 2019
Raw Materials	$ 639,235	$ 972,389
Supplies	310,519	346,136
Work in Process	18,052	13,515
Finished Goods	515,636	756,132
	$ 1,483,442	$ 2,088,172

The property of cost of goods sold related to inventory is described below:

	2020	2019
Cost of Inventory Sold	$ 4,451,566	$ 5,205,591
Gain from Price Recovery of Inventory at Net Realizable Value	(26,198)	(34,707)
	$ 4,425,368	$ 5,170,884

Gain from inventory at net realizable value is a result of stabilized product price driven by the stabilized crude oil price.

10. Investments Accounted for Using the Equity Method

	December 31, 2020	December 31, 2019
Investments in Subsidiaries	$ 3,286,972	$ 3,280,979
Investments in Associates	63,221	57,748
Investments in Joint Venture	662,544	645,472
	$ 4,012,737	$ 3,984,199

(1) Investments in Subsidiaries

	December 31, 2020	December 31, 2019
United Performance Materials Corp. (UPM)	$ 960,529	$ 1,012,153
HERSHEY ENVIRONMENTAL TECHNOLOGY CO., LTD. (HERSHEY ENVIRONMENTAL TECH)	608,170	584,291
Great Victory Chemical Industry (Great Victory Chemical)	896,731	864,704
FUSUGAR INDUSTRY CORP (FUSUGAR INDUSTRY)	789,737	777,716
DEFIA Co., Ltd. (DEFIA)	-	3,665
TANQUES DEL PACIFI CO SA. (TANQUES DEL PACIFI)	31,805	38,450
	$ 3,286,972	$ 3,280,979

	Percentages for Ownership Equity and Voting Rights	
Name of Subsidiary	December 31, 2020	December 31, 2019
UPM (Note 1)	80.25%	78.19%
HERSHEY ENVIRONMENTAL TECH (Note 2)	100.00%	100.00%
Great Victory Chemical	100.00%	100.00%
FUSUGAR INDUSTRY (Note 3)	82.28%	80.32%
DEFIA (Note 4)	-%	45.11%
TANQUES DEL PACIFI	100.00%	100.00%

Note 1: The Company purchased a total of 318 thousand shares of UPM stocks in April, 2020, which shareholding ratio climbed to 78.53%. Additionally, UPM repurchased a total of 1,967

thousand outstanding shares from other shareholders in December, 2020, which shareholding ration after buyback surged to 80.25%.

Note 2: HERSHEY ENVIRONMENTAL TECH (Previously known as HERSHEY ENG. and was renamed and registered under HERSHEY ENVIRONMENTAL TECHNOLOGY CO., LTD. in November 2020)

Note 3: FUSUGAR INDUSTRY (previously known as FUSUGAR Enterprise, was renamed and registered to FUSUGAR INDUSTRY CORP in February 2020) participated in cash capital increase in July 2019 and March 2020 respectively. The Company subscribed 29,173 thousand shares and 19,208 thousand shares respectively and valued at NT$291,733 thousand and NT$192,082 thousand respectively. The shareholding ratio after the subscription is 80.32% and 82.28% respectively.

Note 4: DEFIA participated in cash capital increase in June 2019 and October 2020. The company did not participate in the subscription, while the shareholding ratio after the capital increase was lowered to 45.11% and 20% respectively, which caused the Company to lose control power over DEFIA. DEFIA become the associate of the Company. Please refer to Note 26 for more information on the disposal of DEFIA.

(2) Investments in Associates

	December 31, 2020	December 31, 2019
Individual Non-material Associate	$ 63,221	$ 57,748

Summary Information of Individual Non-Material Associate

	2020	2019
Shares Entitled to the Company		
Current year net income (profit/loss) and Total Amount of Comprehensive Income	$ 4,044	($ 584)

(3) Investment in Joint Venture

	December 31, 2020	December 31, 2019
Individual Non-material Joint Venture	$ 662,544	$ 645,472

Summary Information of Individual Non-material Joint Venture

	2020	2019
Shares Entitled to the Company		
Current year net (Profit/loss) and Total Amount of Comprehensive Income	$ 9,823	($ 50,839)

For the business property, primary business venue, and the national information where the company registered of the aforementioned subsidiary, associate, and joint venture, please refer to Table 6 "Information and location of invested company, and other relevant information" and Table 7 "Investment in Mainland China."

11. Property, plant, and equipment

	Own Land	Housing and Building	Machinery Equipment	Transportation Equipment	Other Facilities	Incomplete Project and Equipment Pending for Inspection	Total
Cost							
Jan. 1, 2019 Balance	$ 572,411	$ 141,747	$ 3,140,762	$ 54,273	$ 126,422	$ 105	$ 4,035,720
Addition	-	-	10,140	-	2,018	-	12,158
Disposal	-	-	(28,146)	(948)	(6,000)	-	(35,094)
Reclassification (Note 1)	-	-	15,081	-	1,615	-	16,696
Dec. 31, 2019 Balance	$ 572,411	$ 141,747	$ 3,137,837	$ 53,325	$ 124,055	$ 105	$ 4,029,480
Accumulated Depreciation							
Jan. 1, 2019 Balance	$ -	$ 97,550	$ 2,387,955	$ 50,698	$ 106,214	$ -	$ 2,642,417
Disposal	-	-	(27,391)	(711)	(5,677)	-	(33,779)
Depreciation Expense	-	2,686	74,931	938	4,970	-	83,525
Dec. 31, 2019 Balance	$ -	$ 100,236	$ 2,435,495	$ 50,925	$ 105,507	$ -	$ 2,692,163
Dec. 31, 2019 Net Amount	$ 572,411	$ 41,511	$ 702,342	$ 2,400	$ 18,548	$ 105	$ 1,337,317
Cost							
Jan 1, 2020 Balance	$ 572,411	$ 141,747	$ 3,137,837	$ 53,325	$ 124,055	$ 105	$ 4,029,480
Addition	-	-	14,622	-	502	559	15,683
Disposal	-	-	(5,845)	(1,267)	(844)	-	(7,956)
Reclassification (Note 2)	-	-	9,359	-	377	(604)	9,132
Dec. 31, 2020 Balance	$ 572,411	$ 141,747	$ 3,155,973	$ 52,058	$ 124,090	$ 60	$ 4,046,339
Accumulated Depreciation							
Jan. 1, 2020 Balance	$ -	$ 100,236	$ 2,435,495	$ 50,925	$ 105,507	$ -	$ 2,692,163
Disposal	-	-	(5,709)	(1,260)	(817)	-	(7,786)
Depreciation Expense	-	2,435	72,266	632	4,356	-	79,689
Dec. 31, 2020 Balance	$ -	$ 102,671	$ 2,502,052	$ 50,297	$ 109,046	$ -	$ 2,764,066
Dec. 31, 2020 Net Amount	$ 572,411	$ 39,076	$ 653,921	$ 1,761	$ 15,044	$ 60	$ 1,282,273

Note 1: Refers to the inflow of NT$16,696 thousand to supplies.

Note 2: Refers to the inflow of NT$9,132 thousand to supplies.

Depreciation Expense is calculated using a straight-line basis according to the following useful life:

Housing and Building	
Main Plant Building	3-60 Years
Pipeline Equipment	25 Years
Partition and Fence	10-15 Years
Machinery Equipment	3-30 Years
Transportation Equipment	3-6 Years
Other Facilities	3-12 Years

For the amount of property, plant, and equipment collateralized for borrowing guarantee, please refer to Note 31.

12. Lease Agreement

(1) Right-of-use asset

	December 31, 2020	December 31, 2019
Right-of-use asset Book Value		
Land	$ 109	$ 178
Building	178	355
Machinery equipment	53,405	66,254
Transportation equipment	3,000	5,075
	$ 56,692	$ 71,862

	2020	2019
Addition of Right-of-use asset	$ 56,486	$ 69,499
Depreciation Expense of Right-of-use asset		
Land	$ 69	$ 69
Building	178	178
Machinery equipment	38,404	35,474
Transportation equipment	3,574	3,793
	$ 42,225	$ 39,514

(2) Lease Liabilities

	December 31, 2020	December 31, 2019
Lease Liabilities Book Value		
Current	$ 55,955	$ 62,023
Noncurrent	$ 787	$ 9,902

The discount rate brackets for lease liabilities are shown below:

	December 31, 2020	December 31, 2019
Land	0.90%	0.08%
Building	0.90%	0.08%
Machinery equipment	0.88%～0.99%	0.08%
Transportation equipment	0.88%～0.99%	0.08%

(3) Other Lease Information

	2020	2019
Short-Term Lease Expense	$ 253	$ 5,489
Low-Value Asset Lease Expense	$ 108	$ 103
Change in lease payments excluded from Lease Liabilities	$ 17,147	$ 5,320
Total Amount of Cash Outflow for Lease	($ 89,088)	($ 82,365)

The Company chooses exemption of applicable recognition for assets conforming to short-term lease and asset lease for low-value assets lease and does not recognize the relevant right-of-use assets and lease liabilities for such lease.

13. Investment Property

	Land	Building	Total
Cost			
Jan. 1, 2019 Balance	$ 124,859	$ 39,826	$ 164,685
Dec. 31, 2019 Balance	$ 124,859	$ 39,826	$ 164,685
Accumulated Depreciation			
Jan. 1, 2019 Balance	$ -	$ 18,575	$ 18,575
Depreciation Expense	-	1,401	1,401
Dec. 31, 2019 Balance	$ -	$ 19,976	$ 19,976
Dec. 31, 2019 Net Amount	$ 124,859	$ 19,850	$ 144,709
Cost			
Jan. 1, 2020 Balance	$ 124,859	$ 39,826	$ 164,685
Dec. 31, 2020 Balance	$ 124,859	$ 39,826	$ 164,685
Accumulated Depreciation			
Jan. 1, 2020 Balance	$ -	$ 19,976	$ 19,976
Depreciation Expense	-	1,400	1,400
Dec. 31, 2020 Balance	$ -	$ 21,376	$ 21,376
Dec. 31, 2020 Net Amount	$ 124,859	$ 18,450	$ 143,309

Investment property is depreciated over the following useful life according to the straight-line basis:

Building	
Main Plant Building	27-32 Years

The total amount of lease to be collected for the investment property leased through operating lease:

	December 31, 2020	December 31, 2019
1st Year	$ 12,564	$ 12,564
2nd Year	12,100	12,267
3rd Year	12,100	12,170
4th Year	12,100	12,100
5th Year	-	12,100
	$ 48,864	$ 61,201

The Company took consideration of the adjacent market quotation of the investment property at fair value on December 31, 2020 and 2019, which fair value is described below:

	December 31, 2020	December 31, 2019
Own Land and Building	$ 1,098,351	$ 1,099,854

The investment property owned by the Company is equity capital.

For the amount of investment property is used for borrowing guarantee, please refer to Note 31.

14. Intangible Assets

	Computer Software
Cost	
Jan. 1, 2019 Balance	$ 5,171
Separate Acquisition	633
Disposal	(1,325)
Dec. 31, 2019 Balance	$ 4,479
Accumulated Amortization	
Jan. 1, 2019 Balance	$ 4,787
Amortization Expense	688
Disposal	(1,325)
Dec. 31, 2019 Balance	$ 4,150
Dec. 31, 2019 Net Amount	$ 329
Cost	
Jan. 1, 2020 Balance	$ 4,479
Separate Acquisition	299
Disposal	(4,017)
Dec. 31, 2020 Balance	$ 761
Accumulated Amortization	
Jan. 1, 2020 Balance	$ 4,150
Amortization Expense	422
Disposal	(4,017)
Dec. 31, 2020 Balance	$ 555
Dec. 31, 2020 Net Amount	$ 206

The amortization expense is calculated for 1-3 year useful life according to a straight-line basis.

15. Other Assets

	December 31, 2020	December 31, 2019
Current		
Temporary Payments	$ 2,676	$ 328
Noncurrent		
Prepayments for business facilities	$ 2,820	$ 1,502
Refundable Deposits	2,073	3,101
Time Deposit Pledge (Note 31)	60,000	60,000
	$ 64,893	$ 64,603

16. Short-Term Loans

	December 31, 2020	December 31, 2019
Unsecured Loans		
Bank Loan	$ 867,747	$ 1,120,150

The interest rate for revolving loans from the bank for December 31, 2020 and 2019 are 0.52%~0.99% and 0.85%~3.05% respectively.

17. Notes payable & Accounts payable

	December 31, 2020	December 31, 2019
Notes payable		
Arising from Operations		
Nonrelated Party	$ 11,661	$ 11,153
Related Party	216	-
	$ 11,877	$ 11,153
Accounts payable		
Arising from Operations		
Nonrelated Party	$ 137,468	$ 337,657
Related Party	18,304	24,769
	$ 155,772	$ 362,426

18. Other Liabilities

	December 31, 2020	December 31, 2019
Current		
Other Accounts payable		
Salaries Payable	$ 196,030	$ 107,214
Interest Payable	500	574

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	December 31, 2020	December 31, 2019
Professional Expense	$ 4,286	$ 1,915
Other Payable Expense	66,802	85,459
Payables on Equipment	20,630	7,359
Others	7,815	12,220
	$ 296,063	$ 214,741
Other Liabilities		
Contract Liability	$ 8,638	$ 23,255
Others	725	1,411
	$ 9,363	$ 24,666

19. Provisions

	December 31, 2020	December 31, 2019
Employee Benefit	$ 12,585	$ 12,117

The provisions are estimated for possible employee benefits according to experience, management judgment, and other known reasons, which are recognized as current profit and loss as employees are entitled to the acquired rights and shall be offset in the following actual employee leave.

20. Post-Employment Benefit Plans

(1) Defined Contribution Plan

The pension plan of the “Labor Pension Act” applicable to the Company is the defined contribution plan for retirement under government management, by contributing 6% of monthly employee salary to the special account of Bureau of Labor Insurance.

(2) Defined Benefit Plan

The Company designs the pension plan according to Taiwan’s “Labor Standards Act,” under the defined benefit plan for the retirement of government management. The payment of employee pension funds is calculated according to the service seniority and by the average wages of 6 months before the approval for retirement. The Company appropriates 2%~14% of monthly employee salary as pension funds to the Supervisory Committee of Business Entities’ Labor Retirement Reserve and deposits the funds under the name of the Committee into the special account of Taiwan Bank. Before the end of the year, if the balance of the special account is estimated as insufficient to pay for the labor that can meet the retirement criteria within one year. The difference shall be appropriated in one lump sum before the end of March next year. The special account is entrusted to the Bureau of Labor Funds, Ministry of Labor for management and the Company does not have the right to affect the strategies of investment management.

The amount of defined benefit plan includes in the separate balance sheet is shown below:

	December 31, 2020	December 31, 2019
Current value of defined benefit obligations	$ 179,733	$ 198,364
Fair value of Plan Asset	(108,555)	(134,461)
Net defined benefit liability	$ 71,178	$ 63,903

Changes of Net Defined Benefit Liability described below:

	Current Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Jan. 1, 2019 Balance	$ 211,479	($ 137,032)	$ 74,447
Service Cost			
Current Service Cost	2,182	-	2,182
Interest Expense (Revenue)	1,507	(1,010)	497
Recognition under Profit/Loss	3,689	(1,010)	2,679
Re-Measurement			
Remuneration of Plan Asset (except for the amount included in net interest)	-	(4,715)	(4,715)
Actuarial gains and losses–Changes in financial assumptions	1,569	-	1,569
Actuarial gains and losses －experience adjustment	6,371	-	6,371
Recognition under other comprehensive income	7,940	(4,715)	3,225
Employer Contribution	-	(16,448)	(16,448)
Benefit Payment	(24,744)	24,744	-
Dec. 31, 2019 Balance	198,364	(134,461)	63,903
Service Cost			
Current Service Cost	1,802	-	1,802
Interest Expense (Revenue)	1,226	(819)	407
Recognition under Profit and Loss	3,028	(819)	2,209

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	Current Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Re-Measurement			
Plan Asset Remuneration (except for the amount included in net interest)	$ -	($ 4,239)	($ 4,239)
Actuarial gains and losses – Changes in financial assumptions	5,106	-	5,106
Actuarial gains and losses —Experience adjustment	8,145	-	8,145
Recognition under other comprehensive income	13,251	(4,239)	9,012
Employer Contribution	-	(5,488)	(5,488)
Benefit Payment	(10,787)	10,787	-
Repayment	(24,123)	25,665	1,542
Dec. 31, 2020 Balance	$ 179,733	($ 108,555)	$ 71,178

The Company's pension fund system is exposed to the following risks due to the "Labor Standards Act: "

1. Investment Risk: The Bureau of Labor Funds, Ministry of Labor invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits through self-use and entrusted management. Nonetheless, the amount of distribution from the Company's plan assets are proceeds calculated based on the interest rate for the 2-year time deposits or higher from the local banks.
2. Interest Risk: The declining interest rate of government bonds will increase the current value of defined benefit obligations. However, the return on debt investment of the plan asset will also increase accordingly. The results will have the partial influence of offset effect on the net defined benefit liability.
3. Salary Risk: The calculation of current value for defined benefit obligations takes consideration of the future salary of plan members. Hence, the increase in the salary of plan members will increase the current value of defined benefit obligations.

The current value of the Company's defined benefit obligations undergoes actuarial valuation conducted by a qualified actuary. Material assumptions for the date of measurement are described below:

	December 31, 2020	December 31, 2019
Depreciation Rate	0.30%	0.65%
Expected rate of salary increase	3.00%	3.00%

If reasonable and possible changes taking place in material actuarial assumptions, all assumptions remain the same, the amount of current value of defined obligations will increase (decrease) as below:

	December 31, 2020	December 31, 2019
Depreciation Rate		
Up 0.25%	($ 3,495)	($ 3,885)
Down 0.25%	$ 3,610	$ 4,013
Future Increase Rate of Salary Level		
Up 0.25%	$ 3,505	$ 3,910
Down 0.25%	($ 3,413)	($ 3,807)

Since actuarial assumptions could be related to each other and the change in simple assumption is unlikely. Hence, the aforementioned sensitivity analysis may not reflect the actual changes in the current value of defined benefit obligations.

	December 31, 2020	December 31, 2019
Expected contribution amount within one year	$ 2,371	$ 2,508
Average maturity of the defined benefit obligation	8 Years	7 Years

21. Equity

(1) Ordinary Share Capital

	December 31, 2020	December 31, 2019
Authorized shares (thousand shares)	900,000	900,000
Authorized capital stock	$ 9,000,000	$ 9,000,000
Shares issued and full collection of proceeds (thousand shares)	477,016	477,016
Share capital issued	$ 4,770,163	$ 4,770,163

To adjust the capital structure and increase the return on equity, the Company resolved through the Shareholder's Meeting on June 13, 2019, to conduct Capital Reduction 5% and Capital Reduction in the amount of NT$251,061 thousand, with a total of 25,106 thousand shares. The aforementioned proposal for Capital Reduction was approved by the Financial Supervisory Commission, Executive Yuan, and takes effect via the Jin-Guang-Zheng-Fa-Zi Letter No. 1080324734 dated August 7, 2019. It was also resolved at the Board of Directors meeting that the base date for Capital Reduction was September 10, 2019.

(2) Capital Reserve

	December 31, 2020	December 31, 2019
For loss write-off, cash distribution or appropriation to stock capital (1)		
Stock issued at a premium	$ 145,488	$ 145,488
Treasury Stock Trading	8,625	8,625
Difference between the price from actual acquisition or disposal of subsidiary stocks and the book value	12,076	11,210
Donated Assets	124	124
Only used for loss write-off		
Recognition of changes in ownership interests in subsidiaries (2)	16,252	22,433
	$ 182,565	$ 187,880

1. Such capital reserve may be written off with loss and distributed in cash or appropriated as stock capital when the Company does not have any loss. Nonetheless, the appropriation to stock capital shall be limited to a certain ratio of the paid-in capital each year.
2. Such capital reserve does not actually acquire or dispose subsidiary stock shares, due to the equity transaction influence recognized under the changes in subsidiary equity or the adjustment to the capital reserve of the subsidiary recognized under the equity method adopted by the Company.

(3) Retained Earnings and Dividend Policy

Pursuant to the provisions governing the surplus distribution policy stipulated in the Articles of Incorporation, any remaining surplus from the annual settlement shall be taxed according to the law, write off losses, and appropriate 10% as the legal reserve. The remaining surplus shall be appropriated by law or reversed to a special reserve.The remaining balance shall accumulate to the unappropriated retained earnings for the Board of Directors to propose surplus distribution and submit to the Shareholders' Meeting for distribution of dividends to shareholders. For policies regarding the distribution of employee and director remuneration, as stipulated in the Articles of Incorporation, please refer to the employee remuneration and director remuneration in Note 23-7.

Additionally, in compliance with the Articles of Incorporation, the Company may allocate 40% to 60% of stock dividends to reserve the capital needed, according to the overall capital budget planning. The remaining amount shall be allocated in cash dividends. If there is higher capital budget planning for the current year and if operating capital needs to be expanded, all can be distributed in cash dividend. In other words, if the Cmopany needs massive funds for expanding plants, they Company may distribute all in stock dividends.

The legal reserve should be appropriated until the balance meets the total amount of the company's paid-in capital. The legal reserve may be used to write off losses. In the absence of losses, the part of legal reserve exceeding 25% of the total amount of paid-in capital shall be appropriated to stock capital and distributed in cash.

The Company complies with Jin-Guang-Zheng-Fa-Zi Letter No. 1010012865 and adopted the "International Financial Reporting Standards (IFRSs)" regarding applicable Q&A of the special reserve to contribute and reserve the special reserve.

The Company shall resolve and adopted the proposals of 2019 and 2018 surplus allocation at the general Shareholder's meeting held on June 11, 2020, and June 13, 2019:

	2019	2018
Legal Reserve	$ 21,526	$ 38,007
Cash Dividend	$238,508	$ 249,676
Cash Dividend Per Share (NTD)	$ 0.50	$ 0.50

The Company proposed 2020 surplus allocation at the Board of Directors meeting held on March 19, 2021, as shown below:

	2020
Legal Reserve	$ 54,945
Cash Dividend	$572,420
Cash Dividend Per Share (NTD)	$ 1.2

The proposal for 2020 surplus allocation shall be resolved at the Shareholder's Meeting held to be held on June 11, 2021.

(4) Other Equities

1. Exchange Differences on Translation of Foreign Financial Statements

	2020	2019
Beginning Balance	($ 38,790)	($ 17,453)
Occurrence in current year		
Conversion difference of foreign operations	1,318	(26,639)
Share of Associates & Joint Ventures Accounted for Using Equity Method	(70)	(25)
Income Tax Effect	(263)	5,327
Other comprehensive income this year	985	(21,337)
Ending Balance	($ 37,805)	($ 38,790)

2. Unrealized Gains or Loss from Financial Assets at Fair Value through Other Comprehensive Income

	2020	2019
Beginning Balance	$ 198,655	$ 139,877
Occurrence in current year		
Unrealized Gains or Losses		
Equity Instrument	(19,752)	25,650
Share of Associates & Joint Ventures Accounted for Using Equity Method	(1,822)	38,258
Income Tax Effect	3,951	(5,130)
Other Comprehensive Income this year	(17,623)	58,778
Accumulated profit/loss from subsidiary disposal of equity instrument transferred to retained earnings	94	-
Ending Balance	$ 181,126	$ 198,655

22. Revenue

	2020	2019
Revenue from Contracts with Customers		
Income received from selling goods	$ 5,598,846	$ 5,799,362
Service Revenue	435,720	544,962
	$ 6,034,566	$ 6,344,324

(1) Contract Balance

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable-Related Party(Note 8)	$ 367	$ 76	$ 73
Accounts receivable (Note 8)	$ 555,596	$ 496,972	$ 574,958
Accounts receivable -Related Party(Note 8)	$ 110,325	$ 100,515	$ 59,283
Contract Liability (Accounts under other current liabilities)			
Merchandise sales	$ 8,638	$ 23,255	$ 5,456

(2) Details of Revenue from Contracts with Customers

2020

	Reportable Segments		
	Alkylation Manufacturing	Hydrocarbon Resin Manufacturing	Total
Type of Merchandize or Service			
Merchandise sales	$ 5,598,846	$ -	$ 5,598,846
Service Revenue	-	435,720	435,720
	$ 5,598,846	$ 435,720	$ 6,034,566

2019

	Reportable Segments		
	Alkylation Manufacturing	Hydrocarbon Resin Manufacturing	Total
Type of Merchandize or Service			
Merchandise sales	$ 5,799,362	$ -	$ 5,799,362
Service Revenue	-	544,962	544,962
	$ 5,799,362	$ 544,962	$ 6,344,324

23. Net Income

(1) Interest Revenue

	2020	2019
Bank Deposit	$ 739	$ 778
Others	1,504	2,188
	$ 2,243	$ 2,966

(2) Other Revenue

	2020	2019
Rental Income		
Rental Income from Operating Lease		
－Investment property	$ 12,564	$ 12,564
－Others	1,097	1,144
Dividend Income		
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6,817	14,895
Others	16,739	13,284
	$ 37,217	$ 41,887

(3) Other Gains & Losses

	2020	2019
Financial Assets and Financial Liabilities Gain/Loss		
Mandatory Financial Assets at Fair Value Through Profit and Loss	$ 145	$ 304
Financial liabilities held for transaction	-	522
Loss from disposing property, plant, and equipment	(56)	(757)
Net foreign exchange gain (Loss)	(1,273)	5,010
Others	(766)	21,308
	($ 1,950)	$ 26,387

(4) Financial Costs

	2020	2019
Interest Expense		
Bank Loan	$ 7,766	$ 10,157
Lease Liabilities	420	505
Convertible Corporate Bonds	-	98
	$ 8,186	$ 10,760

The information related to capitalization of interests is shown below:

	2020	2019
Amount of capitalization of interests	$ -	$ 4
Interest rate of capitalization of income	-	0.84%~0.96%

(5) Depreciation and Amortization

	2020	2019
Property, plant, and equipment	$ 79,689	$ 83,525
Right-of-use asset	42,225	39,514
Investment Property	1,400	1,401
Intangible Assets	422	688
Total	$ 123,736	$ 125,128
Summary of Depreciation Expenses by Function		
Operating Costs	$ 87,019	$ 88,897
Operating Expenses	36,295	35,543
	$ 123,314	$ 124,440
Summary of Intangible Assets at Amortized Expense by Function		
Operating Costs	$ 33	$ 263
Operating Expenses	389	425
	$ 422	$ 688

(6) Employee Benefit Expense

	2020		
	Under Operating Costs	Under Operating Expenses	Total
Employee Benefit Expense			
Salary Expense	$ 240,917	$ 125,082	$ 365,999
Labor and National Health Expense	14,873	6,221	21,094
Pension Expense	7,998	4,959	12,957
Director Remuneration	-	22,715	22,715
Other Employee Benefit Expense	7,776	1,815	9,591
	$ 271,564	$ 160,792	$ 432,356

	2019		
	Under Operating Costs	Under Operating Expenses	Total
Employee Benefit Expense			
Salary Expense	$ 179,911	$ 90,744	$ 270,655
Labor and National Health Expense	14,031	5,164	19,195
Pension Expense	8,352	3,189	11,541
Director Remuneration	-	11,629	11,629
Other Employee Benefit Expense	8,051	1,906	9,957
	$ 210,345	$ 112,632	$ 322,977

(7) Employee Remuneration and Director Remuneration

The Company contributes employee remuneration and director remuneration by deducting 2.5% and less than 2.5% of income before tax for the current year according to the Articles of Incorporation The 2020 and 2019 employee remuneration and director remuneration was resolved by the Board of Directors Meeting on March 19, 2021 and March 20, 2020, respectively as follows:

Estimation Percentage

	2020	2019
Employee Remuneration	2.5%	2.5%
Director Remuneration	2.5%	2.5%

Amount

	2020	2019
	Cash	Cash
Employee Remuneration	$ 18,479	$ 7,109
Director Remuneration	18,479	7,109

Any change in the amount after the promulgation date and adoption of the annual separate financial statements shall be processed according to the changes in accounting estimations, which shall be adjusted for recognition in the following year.

There is no discretion between the real distribution amount of 2019 and 2018 employee remuneration and director remuneration, and the amount recognized in the 2019 and 2018 separate financial statements.

The information on the employee remuneration and director remuneration resolved by the Board of Directors, please query at the "Market Observation Post System" of Taiwan Stock Exchange.

(8) Foreign Exchange Gains and Losses

	2020	2019
Total Foreign Curency Exchange Gain	$ 52,553	$ 33,500
Total Foreign Currency Exchange Loss	(53,826)	(28,490)
Net (Loss) Gain	($ 1,273)	$ 5,010

24. Income Tax

(1) Income Tax Recognized Under Profit and Loss

The main compositions of income tax expense is shown below:

	2020	2019
Current Year Income Tax		
Generated this year	$ 159,652	$ 57,440
Undistributed surplus Levy on undistributed profits	-	5,191
Adjustment to previous years	597	(2,033)
Investment Tax Credits	(3,800)	(2,692)
	156,449	57,906
Deferred Income Tax		
Generated this year	(8,059)	(3,042)
Adjustments to previous years	(966)	-
	(9,025)	(3,042)
Income tax expense under profit and loss	$ 147,424	$ 54,864

Adjustments to accounting income and income tax expenses are described below:

	2020	2019
Profit before income tax	$ 702,214	$ 270,127
Profit before income tax calculated by the statutory tax rate	$ 140,443	$ 54,025
Irreducible expense loss for tax	84	678
Tax-free income	(29)	(1,340)

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	2020	2019
Levy on undistributed surplus	$ -	$ 5,191
Share Accounted for Using Equity Method	11,095	1,035
Investment Tax Credits	(3,800)	(2,692)
Adjustment to the current income tax expense this year for previous years	(369)	(2,033)
Income tax expense recognized under profit and loss	$ 147,424	$ 54,864

The President of Taiwan has announced and amended the Statute for Industrial Innovation in July, 2019. It is stipulated that the unappropriated retained earnings for building or purchasing specific assets or technology may be included in the calculation of abatement items of unappropriated retained earnings starting in 2018. The Company shall merely deduct the capital expenditure amount from the real re-investment when calculating the unappropriated retained earnings.

(2) Income Tax Recognized Under Other Comprehensive Income

	2020	2019
Deferred Income Tax		
Generated this year		
— Exchange by foreign operation	$ 263	($ 5,327)
— Unrealized Gains or Losses on Financial Assets at Fair Value through Other Comprehensive Income	(3,951)	5,130
— Re-measurement of Defined Benefit Plan	(1,803)	(645)
Income tax recognized under other comprehensive income	($ 5,491)	($ 842)

(3) Current income tax liabilities

	December 31, 2020	December 31, 2019
Current income tax liabilities		
Income Tax Payable	$ 128,177	$ 14,278

(4) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are shown below:

2020

Deferred income tax assets	Beginning Balance	Recognized Under Profit and Loss	Recognized Under Other Comprehensive Income	Ending Balance
Temporary Difference				
Recognize Sales Revenue Before Filing Tax	$ 12,717	$ 16,058	$ -	$ 28,775
Unrealized Exchange Loss	1,071	(414)	-	657
Unrealized Cost of Goods Sold	3,713	9,134	-	12,847
Unrealized Inventory Valuation Losses	6,451	(5,240)	-	1,211
Unrealized annual leave pay	2,423	94	-	2,517
Loss on Investments Accounted for Using the Equity Method	31,212	(1,965)	-	29,247
Disposal of overseas investment proceeds	5,027	-	-	5,027
Unrealized gross profit	-	403	-	403
Defined benefit liability	34,259	-	1,803	36,062
Loss Resulting From Exchange Differences on Translation of Foreign Financial Statements	13,079	-	(263)	12,816
	$ 109,952	$ 18,070	$ 1,540	$ 129,562

Deferred income tax liabilities	Beginning Balance	Recognized Under Profit and Loss	Recognized Under Other Comprehensive Income	Ending Balance
Temporary Difference				
Recognize Sales Revenue Before Filing Tax	$ 10,886	$ 8,548	$ -	$ 19,434
Unrealized Exchange Gain	438	930	-	1,368
Profits on Investments Accounted for Using the Equity Method	15,219	(420)	-	14,799
Financial Assets at Fair Value through Other Comprehensive Unrealized Income Valuation Loss	7,307	-	(3,951)	3,356
Land Revaluation Surplus	172,429	-	-	172,429
Right-of-use asset	13	(13)	-	-
	$ 206,292	$ 9,045	($ 3,951)	$ 211,386

2019

Deferred income tax assets	Beginning Balance	Recognized Under Profit and Loss	Recognized Under Other Comprehensive Income	Ending Balance
Temporary Difference				
Recognize Sales Revenue Before Filing Tax	$ 1,048	$ 11,669	$ -	$ 12,717
Unrealized Exchange Loss	469	602	-	1,071
Unrealized Cost of Goods Sold	5,946	(2,233)	-	3,713
Unrealized Inventory Valuation Losses	13,393	(6,942)	-	6,451
Unrealized Annual Leave Pay	2,650	(227)	-	2,423
Loss on Investments Accounted for Using the Equity Method	21,044	10,168	-	31,212
Disposal of overseas investment proceeds	5,027	-	-	5,027

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	Beginning Balance	Recognized Under Profit and Loss	Recognized Under Other Comprehensive Income	Ending Balance
Defined benefit liabilities	$ 33,614	$ -	$ 645	$ 34,259
Losses Resulting from Exchange Differences on Translation of Foreign Financial Statements	7,752	-	5,327	13,079
	$ 90,943	$ 13,037	$ 5,972	$ 109,952

Deferred income tax liabilities	Beginning Balance	Recognized Under Profit and Loss	Recognized Under Other Comprehensive Income	Ending Balance
Temporary Difference				
Recognize under costs of goods sold before filing tax.	$ 864	$ 10,022	$ -	$ 10,886
Unrealized Exchange Gain	14	424	-	438
Profits on Investments Accounted for Using the Equity Method	15,683	(464)	-	15,219
Unrealized valuation loss from financial Assets at Fair Value through Other Comprehensive Income	2,177	-	5,130	7,307
Land Revaluation Surplus	172,429	-	-	172,429
Right-of-use asset	-	13	-	13
	$ 191,167	$ 9,995	$ 5,130	$ 206,292

(5) Income Tax Review

The Company files report for cases before 2018, which will be verified by tax agencies.

25. Earnings Per Share

Unit: NTD Per Share

	2020	2019
Basic Earnings Per Share	$ 1.16	$ 0.44
Diluted Earnings Per Share	$ 1.16	$ 0.43

The average weighted shares for each earnings per share and ordinary shares are described below:

Current year net income

	2020	2019
Current year net income	$ 554,790	$ 215,263
Influential corporate bonds with dilution and potential ordinary share		
Convertible Corporate Bond	-	78
Calculation of net profits from using diluted earnings per share.	$ 554,790	$ 215,341

Shares — Unit: Thousand Shares

	2020	2019
The weighted average shares for calculating the basic earnings per share of ordinary shares	477,016	493,666
Influential ordinary shares with diluted and potential function:		
Employee Remuneration	1,327	724
Convertible Corporate Bond	-	676
Weighted average shares for calculating the ordinary shares of diluted earnings per share.	478,343	495,066

If the Company chooses to distribute employee remuneration with stocks or cash, the diluted earnings per share are calculated. If the employee remuneration is distributed in stock the weighted average outstanding shares are added to the potential ordinary shares to calculate the diluted earnings per share. The calculation of diluted earnings per share before distributing shares as employee remuneration, as resolved in the following year, shall continue to take into consideration of the dilution effect of such potential ordinary shares.

26. Disposal of investment in subsidiaries－Loss of Control

The Company did not participate in the cash capital increase of DEFIA in October, 2020, which led to the loss of control over DEFIA. Please refer to the Company's 2020 Consolidated Financial Statements-Note 30, for the disposal of DEFIA.

27. Partial Acquisition or Disposal of investment in subsidiaries－No influence over control

The Company acquired UPM equity in April 2020 and its shareholding ratio rose from 78.19% to 78.53%. Additionally, UPM repurchased a total of 1,967 thousand outstanding shares from other shareholders on December 19, 2020. The Company's shareholding ratio after buyback went up to 80.25%.

The Company did not purchase the cash capital increase in equity from FUSUGAR INDUSTRY according to its shareholding ratio in July 2019 and March 2020 respectively, resulting in the Company's shareholding ratio rising from 75.7% to 82.28%.

The aforementioned transaction does not change the Company control over the subsidiary, and hence the Company shall regard it as an equity transaction process. For a description of some UPM, refer to Note 31 of 2020 Consolidated Financial Statements of the Company.

28. Capital Risk Management

Under the premise that the Company conducts capital management for assurance of ongoing management, the Company designs the operating funds and dividend expenditures needed for the future, according to the current industry properties and future corporate development. The design will guarantee sustainable management for the company, pursuit of shareholder long-term benefits, and stable management, thereby maximizing shareholder returns.

29. Financial Instrument

(1) Fair Value Information – Financial instruments that measure fair value through a redundant basis.

1. Fair Value Level

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value through Other Comprehensive Income				
Investments in Equity Instruments				
－Domestic unlisted (OTC) stocks	$ -	$ 112,722	$ -	$ 112,722
－Foreign unlisted (OTC) stocks	-	-	94,826	94,826
－Anonymous investment portfolio	-	81,177	-	81,177
Total	$ -	$ 193,899	$ 94,826	$ 288,725

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value through Other Comprehensive Income				
Investments in Equity Instruments				
－Domestic unlisted (OTC) stocks	$ -	$ 137,986	$ -	$ 137,986
－Foreign unlisted (OTC) stocks	-	-	88,875	88,875
－Anonymous investment portfolio	-	81,616	-	81,616
Total	$ -	$ 219,602	$ 88,875	$ 308,477

There were not fair value measurement transfers between Level 1 and Level 2 in 2020 and 2019.

2. Valuation technology and input of Level 2 fair value measurement.

The investment in domestic unlisted (OTC) stocks and anonymous investment portfolio, evaluating the fair value adopting market method.

3. Adjustment to financial instruments between fair value measurements at Level 3.

2020

Financial Assets	Financial Assets at Fair Value through Other Comprehensive Income Equity Instruments
Beginning Balance	$ 88,875
Recognized under other comprehensive income (Unrealized valuation gain and losses of Financial Assets at Fair Value through Other Comprehensive Income)	5,951
Ending Balance	$ 94,826

2019

Financial Assets	Financial Assets at Fair Value through Other Comprehensive Income Equity Instruments
Beginning Balance	$ 95,967
Recognized under other comprehensive income (Unrealized valuation gain and losses of Financial Assets at Fair Value through Other Comprehensive Income）	(7,092)
Ending Balance	$ 88,875

Financial Liabilities at Fair Value Through Gains and Losses	Derivatives
Ending Balance	$ 522
Recognized under gains and losses (Other Gains & Losses)	(522)
Ending Balance	$ -
Current Unrealized Gains or Losses	$ -

4. Valuation Technology and Inputs at Level 3 Fair Value Measurement

Financial Assets at Fair Value through Other Comprehensive Income－Investments in foreign unlisted (OTC) equity adopts discounted cash flow to estimate the fair value, which uses material and unobservable inputs are the long-term revenue growth rate weighted average capital costs with a discount for lack of marketability. The increase in weighted average capital cost will lead to a reduction in the fair value of such investment.

	December 31, 2020	December 31, 2019
Long-Term Revenue Growth Rate	2.00%	2.00%
Cost of Weighted Capital Rate	11.54%	10.90%
Marketability Discount	25.00%	25.00%

If the following inputs are changed to reflect the reasonable and possible alternative assumption, all other inputs remaining the same, the amount of investment fair value will increase (decrease) as below:

	December 31, 2020	December 31, 2019
Long-Term Revenue Growth Rate		
Up 1%	$ 6,822	$ 6,669
Down 1%	($ 5,527)	($ 5,322)
Cost of Weighted Capital Rate		
Up 1%	($ 5,527)	($ 5,549)
Down 1%	$ 6,822	$ 6,952
Marketability Discount		
Up 1%	($ 1,264)	($ 1,185)
Down 1%	$ 1,264	$ 1,185

(2) Types of Financial Instruments

	December 31, 2020	December 31, 2019
Financial Assets		
Measurement at Amortized Cost (Note 1)	$ 1,532,515	$ 934,379
Fair Value Through Other Comprehensive Income		
Investments in Equity Instruments	288,725	308,477
Financial Liabilities		
Measurement at Amortized Cost (Note 2)	1,333,972	1,710,632

Note 1:The balance includes cash, notes receivable-related party, accounts receivable, accounts receivable-related party, other accounts receivable, other accounts receivable-Related Party, refundable deposits, and other financial assets at amortized cost.

Note 2: The balance includes short-term loans, notes payable, notes payable-related party, accounts payable, accounts payable-related party, other Accounts payable, and other accounts payable-related party, and the financial liabilities measured at amortized costs.

(3) Purpose and Policy of Financial Risk Management

The main financial instruments of the Company include cash, equity investment, accounts receivable, and accounts payable, borrowing, and lease liabilities. The Finance Management Department of the Company aims to provide services to all business units, collectively coordinating the operations in domestic and international financial markets, and monitoring and managing the financial risks related to the corporate operations in accordance with the internal risk report of exposure to risk level and extent analysis. Such risks also include the market risks (such as exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risks.

1. Market Risk

The operating activities lead the Company to undertake main financial risks including variable risks of foreign currency exchange rate (refer to the following (1)) and the variable risk of interest rate (refer to the following (2)).

The Company does not change the exposure and the management and measurement method of such exposure to the market risks of financial instruments.

(1) Exchange Rate Risk

The Company manages exchanges for hedging purposes and does not conduct transactions of financial instruments based on speculation. The management strategies for exchange rate risks involve the regular review of the net segments of assets and liabilities in various currencies, in addition to conduct risk management on the net segments.

Please refer to Note 34 for the Company's pricing for the non-functional currency on the date of the balance sheet and the book value of monetary assets and monetary liabilities.

Sensitivity Analysis

The Company is subject to the impact of fluctuations in the foreign exchange rate of US Dollars primarily.

The following table explains in detail the Company's sensitivity analysis when the exchange rate for New Taiwan Dollars (functional monetary currency) to various foreign currencies goes up and down by 1% respectively. The 1% refers to the sensitivity ratio used inside the Company when reporting the exchange rate risk to the management, which also represents the evaluation of the reasonable and possible variation range of the exchange rate of foreign currency given by the management. The sensitivity analysis only includes monetary items such as foreign currency outstanding while the conversion at the end of the year is adjusted by a change of 1% exchange rate. The amounts on the following table suggest that the appreciation of 1% from New Taiwan Dollars relative to all relevant currencies will increase (decrease) the amount of profit before income tax or equity; When New Taiwan Dollars is depreciated by 1% relative to all foreign currencies, the influence on profit before income tax or equity will become the negative figure of the same amount.

	Impact of US Dollars	
	2020	2019
Gains and Losses (i)	$ 742	($ 1,331)

(i) The accounts receivable denominated in US Dollars originated from the date of the Company's balance sheet and are still outstanding without being hedged for cash flow.

(2) Interest Rate Risk

The funds borrowed by entities inside the Company concurrently in fixed and floating interest rates, which leads to the exposure of interest rate.

The number of financial assets subject to the exposure of interest rate on the date of balance sheet and the book value of financial liabilities is shown below:

	December 31, 2020	December 31, 2019
Interest rate risk at fair value		
－Financial assets	$ 60,000	$ 60,000
－Financial liabilities	56,742	741,925
Cash flow with interest rate risk		
－Financial assets	728,846	143,314
－Financial liabilities	867,747	450,150

Sensitivity Analysis

The following sensitivity analysis refers to the interest rate exposure determined by the non-derivatives on the date of the balance sheet. For floating interest rate liabilities, the analysis method assumes the all outstanding liability amounts are still outstanding during the reporting period on the date of the balance sheet. The internal variable rate used by the Company in the report to the management is to increase or decrease 100 base points of the interest rate. This may also represent the management evaluation on the reasonable and possible range of variation for the interest rate.

If the interest rate is up/down 100 base points, all other variables remaining the same, the 2020 and 2019 profit before income tax will decrease/increase by NT$1,389 thousand and NT$3,068 thousand, mainly due to the net variable interest rate for borrowing.

(3) Other Price Risk

The Company's investments in equity security place the company in equity price exposure. Such investments in equity security are not held for the transaction but rather a strategic investment. The Company does not trade in such investment actively but assigns relevant personnel to monitor the price risk in addition to evaluate when to add the hedge sections.

Sensitivity Analysis

The following sensitivity analysis is implemented by the equity price exposure on the date of the balance sheet.

If the equity price increases/decrease by 1%, the 2020 and 2019 pre-tax other comprehensive income will increase/decrease by the fair value of financial assets through fair value measurement to go up/down by NT$2,887 thousand and NT$3,085 thousand.

2. Credit Risk

Credit risk refers to the arrears in contractual obligations by the transacting counterparty that results in risk of the Company's financial loss. As of the date of the balance sheet, the maximum exposure to credit risk faced by the Company possibly due to the transacting counterparty fail to perform obligations and the Company's provision of financial guarantee mostly comes with the book value of financial assets recognized in the separate balance sheets.

The objects of accounts receivable cover many clients distributed in different industries and geological regions. The Company will continue to evaluate the financial situations of the clients of accounts receivable.

Additionally, the transacting counterparty for current assets and derivative financial instruments are financial institutions and corporate organizations with excellent credit ratings, hence credit risk is limited.

3. Liquidity Risk

The Company supports operations and reduces the impact on fluctuations in cash flow through management and maintenance of sufficient cash. The Company management supervises the use of a financing line from the bank to assure the compliance of clauses in the loan agreement.

Bank loans are important liquidity for the Company. As of December 31, 2020 and 2019, refer to the explanation on (2) Credit Line for the credit limit which the Company has not drawn.

(1) Table of Liquidity and Interest Rate Risk for Non-Derivative Financial Liabilities

The following table explains in detail the Company's maturity analysis of remaining contracts of non-derivative financial liabilities in the agreed repayment period, the earliest repayment date required, and the preparation of undiscounted cash flow for financial liabilities, including the interest rate and the cash flow of principal.

The Company may be required to repay the bank loans immediately, in the earliest date in the following table, without taking into consideration of the probability of the bank exercising the rights immediately. The analysis of maturity for other non-derivative financial liabilities shall be prepared according to the agreed repayment date.

For the cash flow with interest paid in floating interest rate, the amount of undiscounted interest shall be derived from the yield curve on the date of the balance sheet.

December 31, 2020

	Instant repayment or shorter than 1 year	1~2 Years	2~5 Years	5 Years or longer
Non-Derivative Financial Liabilities				
No interest-bearing liabilities	$ 466,225	$ -	$ -	$ -
Lease Liabilities	56,229	762	29	-
Floating rate instrument	868,920	-	-	-
	$ 1,391,374	$ 762	$ 29	$ -

December 31, 2019

	Instant repayment or shorter than 1 year	1~2 Years	2~5 Years	5 Years or longer
Non-Derivative Financial Liabilities				
No interest-bearing liabilities	$ 590,482	$ -	$ -	$ -
Lease Liabilities	62,392	9,522	413	-
Floating rate instrument	455,921	-	-	-
Fixed rate instrument	673,964	-	-	-
	$ 1,782,759	$ 9,522	$ 413	$ -

(2) Credit Line

	December 31, 2020	December 31, 2019
Unsecured bank credit line		
－Amount drawn	$ 867,747	$ 1,120,150
－Amount undrawn	1,742,253	1,359,850
	$ 2,610,000	$ 2,480,000

30. Related Party Transactions

Except for those disclosed in other notes, the transactions between the Company and related parties are listed below:

(1) Name and Relation with Related Party

Name of Related Party	Relation with the Company
UPM	Subsidiary
HERSHEY ENVIRONMENTAL TECH	Subsidiary
Great Victory Chemical	Subsidiary
FUSUGAR INDUSTRY	Subsidiary
TANQUES DEL PACIFI	Subsidiary
Yongji Energy Co., Ltd. (Yongji Energy)	Subsidiary
Yongyao Energy Co., Ltd. (Yongyao Energy)	Subsidiary
Yongshen Energy Co., Ltd. (Yongshen Energy)	Subsidiary
Soft Chemical Corp. （SCC）	Associate
DEFIA	Associate (formerly the subsidiary of the Company prior to November 2020)
Chang Chun Group	Joint Venture

(2) Operating Revenue

Accounts	Category/Name of Related Party	2020	2019
Sales Revenue	Subsidiary	$ 11,744	$ 11,665
	Associate	494	-
	Joint Venture	203,999	358,356
		$ 216,237	$ 370,021
Rework Revenue	Subsidiary /UPM	$ 435,720	$ 544,962

The sales between the Company and related parties are processed in accordance with the sales price and conditions.

The Company reworks for subsidiaries by adding 100% rework cost and 50% of the profits for selling reworked products as the rework revenue. The period of payment collection is approximately 1 month.

(3) Purchase

Accounts	Category/Name of Related Party	2020	2019
Purchase	Subsidiary	$ 46,589	$ 49,107
	Joint Venture	-	594
	Associate	-	1,177
		$ 46,589	$ 50,878

The Company purchases from a related party in accordance with the general purchase condition (market price). The payment collection period is approximately 1 month.

(4) Other Receivables –Related Party (excluding loans to a related party)

Accounts	Category/Name of Related Party	December 31, 2020	December 31, 2019
Accounts receivable	Joint Venture／Chang Chun Group	$ 74,368	$ 48,057
	Subsidiary/UPM	35,957	52,458
		$ 110,325	$ 100,515
Notes receivable	Subsidiary/Great Victory Chemical	$ 367	$ 76
Other accounts receivable	Subsidiary	$ 45	$ 60
	Subsidiary/ FUSUGAR INDUSTRY	558	-
	Subsidiary/DEFIA	-	947
	Associate /DEFIA	522	-
		$ 1,125	$ 1,007

No guarantees have been collected for outstanding other receivables – related party. The other eceivables–related party has not been recognized as allowance for loss at the end of 2020 and 2019.

(5) Payables – Related Party (excluding loans to a related party)

Accounts	Category/Name of Related Party	December 31, 2020	December 31, 2019
Notes payable	Subsidiary / HERSHEY ENVIRONMENTAL TECH	$ 216	$ -

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Accounts	Category/Name of Related Party	December 31, 2020	December 31, 2019
Accounts payable	Subsidiary / HERSHEY ENVIRONMENTAL TECH	$ 14,446	$ 18,561
	Subsidiary/UPM	3,858	6,208
		$ 18,304	$ 24,769
Other Accounts payable	Subsidiary / HERSHEY ENVIRONMENTAL TECH	$ 2,382	$ 343
	Subsidiary/TANQUES DEL PACIFI	61	1,754
	Subsidiary	-	65
	Associate	70	-
		$ 2,513	$ 2,162

(6) Disposal of Property, plant, and equipment

Category /Name of Related Party	Disposal Proceeds		Disposal Loss	
	2020	2019	2020	2019
Subsidiary / HERSHEY ENVIRONMENTAL TECH	$ -	$ 237	$ -	$ -

(7) Lease Agreement

Category /Name of Related Party	2020	2019
Right-of-use asset Acquired		
Subsidiary / HERSHEY ENVIRONMENTAL TECH	$ 3,979	$ 5,175
Subsidiary/TANQUES DEL PACIFI	14,471	3,027
	$ 18,450	$ 8,202

Accounts	Category /Name of Related Party	December 31, 2020	December 31, 2019
Lease Liabilities - Current	Subsidiary / HERSHEY ENVIRONMENTAL TECH	$ 3,979	$ 5,175
	Subsidiary/TANQUES DEL PACIFI	8,565	3,054
		$ 12,544	$ 8,229

Category /Name of Related Party	2020	2019
Interest Expense		
Subsidiary / HERSHEY ENVIRONMENTAL TECH	$ 24	$ 25
Subsidiary/TANQUES DEL PACIFI	25	72
	$ 49	$ 97
Lease Expense		
Subsidiary / HERSHEY ENVIRONMENTAL TECH	$ 12,216	$ 1,925
Subsidiary/TANQUES DEL PACIFI	717	-
	$ 12,933	$ 1,925

(8) Lease Agreement

Operating Lease

The Company lease the right to use the land and house located in Pingnan Industrial Park through operating lease to the subsidiary, HERSHEY ENVIRONMENTAL TECH, with a lease duration of 15 years, lease the Taipei Office and parking lot to subsidiaries and associates through an operating lease. The lease duration is 2~4 years. The Company also lease machinery equipment to associates with a lease duration of 3.75 years.

The total lease payment to be collected in the future are summarized below:

Category /Name of Related Party	December 31, 2020	December 31, 2019
Subsidiary/HERSHEY ENVIRONMENTAL TECH	$ 48,580	$ 60,572
Subsidiary	891	2,036
Associate	146	-
	$ 49,617	$ 62,608

Lease revenue is summarized below:

Category /Name of Related Party	2020	2019
Subsidiary / HERSHEY ENVIRONMENTAL TECH	$ 12,160	$ 12,136
Subsidiary	1,019	1,108
Associate	18	-
	$ 13,197	$ 13,244

(9) Manufacturing Expenses

Accounts	Category /Name of Related Party	2020	2019
Manufacturing Expenses－Rework Expenses	Subsidiary / HERSHEY ENVIRONMENTAL TECH	$ 208,236	$ 170,581

(10) Operating Expenses

Accounts	Category of Related Party	2020	2019
Administrative Expenses – Other Expenses	Subsidiary	$ 40	$ 40

(11) Non-Operating Revenue -Other

Accounts	Category /Name of Related Party	2020	2019
Other Revenue	Subsidiary	$ 7,340	$ 6,496
	Associate	6	-
		$ 7,346	$ 6,496

(12) The loaning of funds to the related parties

Category /Name of Related Party	December 31, 2020	December 31, 2019
Subsidiary /FUSUGAR INDUSTRY	$ 40,324	$ 90,516

Interest Revenue

Category /Name of Related Party	2020	2019
Subsidiary/FUSUGAR INDUSTRY	$ 1,469	$ 2,160

The Company provides funds for the loan to FUSUGAR INDUSTRY, with an interest rate similar to the market interest rate.

As of December 31, 2020 and December 31, 2019, the aforementioned other accounts – related party from the Company to the subsidiary each includes interest receivable of NT324 thousand and NT516 thousand respectively.

(13) Other Related Party Transactions

Accounts	Category of Related Party	December 31, 2020	December 31, 2019
Operating Expenses	Subsidiary	$ 1,107	$ 1,636
	Associate	205	-
		$ 1,312	$ 1,636

The subsidiaries and associates offer drinks and food to the Company.

(14) Remuneration for Main Management Level

	2020	2019
Shirt-Term Employee Benefit	$ 86,671	$ 49,225
Post-Employment Benefit	2,354	2,519
	$ 89,025	$ 51,744

The remuneration for directors and other main management levels is determined by the Salary and Remuneration Committee according to the personal performance and market trends.

31. Collateral Assets

The following assets of the company are provided as a tender bond of purchase and the collateral for financing and borrowing:

	December 31, 2020	December 31, 2019
Property, plant, and equipment (including investment property)		
Own Land	$ 666,141	$ 666,141
Housing and Building	38,816	41,726
Machinery Equipment	477,339	499,776
Other Noncurrent Assets – Time Deposits	60,000	60,000
	$ 1,242,296	$ 1,267,643

32. Contractual Commitment with Material or Liabilities without Recognition

The Company commits to the following major items and matters on the date of the balance sheet, as shown below:

(1) As of December 31, 2020, the Company issues a letter of credits for material purchase, with NT$53,000 thousand outstanding.

(2) Check Endorsements and Guarantees:

The Company issues checks of endorsements and guarantees for subsidiaries, as shown in the following details of amount:

	December 31, 2020	December 31, 2019
FUSUGAR INDUSTRY	$ 313,046	$ 438,270

The aforementioned amount was the line of endorsement and guarantee resolved and adopted by the Company’s Board of Directors. The real lines drawn are NT$313,046 thousand and NT$375,658 thousand.

The subsidiary issues checks for the Company with details of amount for endorsement and guarantee showed below:

	December 31, 2020	December 31, 2019
HERSHEY ENVIRONMENTAL TECH	$ 3,950	$ 3,950

The aforementioned amount was the line of endorsement and guarantee resolved and adopted by the Company’s Board of Directors. The real line drawn is NT$3,950 thousand.

33. Other Matters

The Company evaluates the economic impact caused by the COVID-19 pandemic and the evaluation reveals that as of the date that the separate financial statements are authorized for issue, COVID-19 does not have any significant impact on the Company. The Company will continue to observe the relevant pandemic condition and assess the impact.

34. Information on Assets and Liabilities in Foreign Currency with Material Impact

The following information is expressed through the summary of foreign currencies other than the Company’s functional currency, which the exchange rate disclosed refers to th8e exchange rate of converting the foreign currency into the functional currency. The assets and liabilities in foreign currency with material impact are described below:

December 31, 2020

	Foreign Currency	Exchange Rate	Book Value
Assets in Foreign Currency			
Monetary Items			
USD	$ 19,179	28.43 (USD: NTD)	$ 545,267
Non-Monetary Items			
Financial Assets at Fair Value through Other Comprehensive Income			
RMB	21,665	4.377 (RMB: NTD)	$ 94,826
JPY	293,800	0.2763 (JPY: NTD)	81,177
			$ 176,003
Subsidiaries, associates and joint venture adopting equity method			
USD	1,117	28.48 (USD: NTD)	$ 31,805
VND	118,246,409	0.0012 (VND: NTD)	146,039
RMB	131,839	4.3648 (RMB: NTD)	575,454
			$ 753,298
Liabilities in Foreign Currency			
Monetary Items			
USD	21,713	28.53 (USD: NTD)	$ 619,474

December 31, 2019

	Foreign Currency	Exchange Rate	Book Value
Assets in Foreign Currency			
Monetary Items			
USD	$ 15,699	29.9300 (USD: NTD)	$ 469,884
Non-Monetary Items			
Financial Assets at Fair Value through Other Comprehensive Income			
RMB	20,645	4.3050 (RMB: NTD)	$ 88,875
JPY	295,711	0.2760 (JPY: NTD)	81,616
			$ 170,491

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	Foreign Currency	Exchange Rate	Book Value
Subsidiaries, associates and joint venture adopting equity method			
USD	$ 1,285	29.98 (USD: NTD)	$ 38,450
VND	112,975,274	0.0013 (VND: NTD)	146,439
RMB	129,559	4.2975 (RMB: NTD)	556,781
			$ 741,670
Liabilities in Foreign Currency			
Monetary Items			
USD	11,214	30.0300 (USD: NTD)	$ 336,743

Foreign exchange gains and losses with material (realized and unrealized) are shown below:

	2020		2019	
Foreign Currency	Exchange rate	Net Exchange Loss	Exchange Rate	Net Exchange Gain
USD	(USD: NTD)	$ 1,273	(USD: NTD)	$ 5,010

35. Notes to Disclosure

(1) Material Transaction Related Information:

1. Loaning funds to others (Table 1）.
2. Endorsement and guarantees for others （Table 2）
3. Holding marketable securities at the end of the year (excluding the investments in subsidiaries, associates, and joint venture equities) (Table 3).
4. Accumulated buy or sell the same marketable security with the amount reaching NTD300 million or more than 20% of the paid-in capital (Table 4).
5. The amount of property acquired reaching NTD300 million or more than 20% of the paid-in capital (None).
6. The amount of property disposal reaching NTD300 million or more than 20% of the paid-in capital (None).

7. The amount of purchasing and selling goods with related parties reaching NTD100 million or more than 20% of the paid-in capital (Table 5).
8. Other receivable – related party reaching NTD100 million or more than 20% of the paid-in capital (None).
9. Engage in derivative instruments for trading (None).

(2) Reinvestment Related Information: Table 6.

(3) Investments in Mainland China:

1. Name of invested company in mainland China, main business lines, paid-in capital, investment methods, funds transfer in and out, shareholding ratio, investment gain and loss, the book value of the investment at the end of the year, investment gain/loss transferred back and limited line for investment in mainland China (Table 7).
2. Following material transactions occurring directly or indirectly via third place with the invested company in mainland China, and the price, payment terms, unrealized gains or losses (Table 5) :
   (1) Ending balance and percentage for the purchase amount and percentage corresponding to relevant accounts payable.
   (2) Ending balance and percentage for the purchase amount and percentage corresponding to relevant accounts receivable.
   (3) Among the gains or losses generated from the property transaction amount.
   (4) Ending balance and purpose for checks endorsement and guarantee and provision of collateral.
   (5) Highest balance for fund financing, ending balance, interest rate interval, and current interest total.
   (6) Transactions with material impact on current gains and losses or financial situations, such as the service provision or reception.

(4) Major Shareholders: Name of shareholders with the percentage of shareholding right reaching 5% or higher, number of shares held, and percentage (Table 8).

Formosan Union Chemical Corporation and Subsidiaries

Lending Funds to Other Parties

From January 1 to December 31, 2020

Table 1

Unit: NTD Thousand

No	Company Lending Loans Out	Borrowers	Transactions	Related Party	Highest Balance of Current Period	Ending Balance	Real Amount Drawn	Interest Rate Interval	Property of Funds Loaning	Amount of Business Transactions	Reasons for short-term financing	Amount of Allowance for bad debt	Collateral		Funds Loaning and Restriction to Individual Borrower	Total Limitation for Funds Loaned	Remarks
													Name	Price			
0	Formosan Union Chemical Corporation	FUSUGAR INDUSTRY CORP	Other accounts receivable	Y	$ 200,000	$ 200,000	$ 40,000	2.616%	Necessary for short-term financing	$ -	Business revolving funds	$ -	-	$ -	The financing limitation for one single company is limited to the 10% of the equity net worth of the latest financial statements of Formosan Union Chemical Corporation (namely NT$717,845 thousand)	The financing limitation for one single company is limited to the 20% of the equity net worth of the latest financial statements of Formosan Union Chemical Corporation (namely NT$1,435,689 thousand)	
0	Formosan Union Chemical Corporation	HERSHEY ENVIRON MENTAL TECHNOL OGY CO., LTD.	Other accounts receivable	Y	350,000	350,000	-	2.616%	Necessary for short-term financing	-	Business revolving funds	-	-	-	The financing limitation for one single company is limited to the 10% of the equity net worth of the latest financial statements of Formosan Union Chemical Corporation (namely NT$717,845 thousand)	The financing limitation for one single company is limited to the 20% of the equity net worth of the latest financial statements of Formosan Union Chemical Corporation (namely NT$1,435,689 thousand)	
0	Formosan Union Chemical Corporation	Great Victory Chemical Industry	Other accounts receivable	Y	50,000	50,000	-	2.616%	Necessary for short-term financing	-	Business revolving funds	-	-	-	The financing limitation for one single company is limited to the 10% of the equity net worth of the latest financial statements of Formosan Union Chemical Corporation (namely NT$717,845 thousand)	The financing limitation for one single company is limited to the 20% of the equity net worth of the latest financial statements of Formosan Union Chemical Corporation (namely NT$1,435,689 thousand)	

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No.	Company Lending Loans Out	Borrowers	Transactions	Related Party	Highest Balance of Current Period	Ending Balance	Real Amount Drawn	Interest Rate Interval	Property of Funds Loaning	Amount of Business Transactions	Reasons for short-term financing	Amount of Allowance for bad debt	Collateral		Funds Loaning and Restriction to Individual Borrower	Total Limitation for Funds Loaned	Remarks
													Name	Price			
1	United Performance Materials Corp.	FUSUGAR INDUSTRY CORP	Other accounts receivable	Y	$ 100,000	$ 100,000	$ -	2.616%	Necessary for short-term financing	$ -	Business revolving funds	$ -	-	$ -	The financing limitation for one single company is limited to the 10% of the equity net worth of the latest financial statements of United Performance Materials Corp. (namely NT$109,599 thousand)	The financing limitation for one single company is limited to the 20% of the equity net worth of the latest financial statements of United Performance Materials Corp. (namely NT$219,198 thousand)	
2	Great Victory Chemical Industry	HERSHEY ENVIRONMENTAL TECHNOLOGY CO., LTD.	Other accounts receivable	Y	80,000	80,000	-	2.616%	Necessary for short-term financing	-	Business revolving funds	-	-	-	The financing limitation for one single company is limited to the 10% of the equity net worth of the latest financial statements of Great Victory Chemical Industry (namely NT$89,673 thousand)	The financing limitation for one single company is limited to the 20% of the equity net worth of the latest financial statements of Great Victory Chemical Industry (namely NT$179,346 thousand)	

Formosan Union Chemical Corporation and Subsidiary

Endorsement and Guarantee for Third Party

January 1 - December 31, 2020

Table 2

Unit: NTD Thousand

No.	Name of Endorsement and Guarantee Company	Object of Endorsement and Guarantee		Limit of Endorsement and Guarantee for One Company	Highest Endorsement and Guarantee Balance this Year	Ending Balance for Endorsement and Guarantee	Real Amount Drawn	Amount of Property Collateral for Endorsement and Guarantee	Accumulated Endorsement and Guarantee Amount to The Percentage of Net worth of Latest Financial Statements (%)	Maximum Limit for Endorsement and Guarantee	Endorsement and Guarantee from Parent Company to Subsidiary	Endorsement and Guarantee from Subsidiary to Parent Company	Endorsement and Guarantee for Mainland China	Remarks
		Name of Company	Relation (Note 1)											
0	FUCC	FUSUGAR INDUSTRY	2	$ 1,435,689 (Note 2)	$ 438,270	$ 313,046	$ 313,046	$ -	4.36%	$ 3,589,223 (Note 3)	Y	N	N	
1	HERSHEY ENVIRONMENTAL TECH	FUCC	3	120,488 (Note 4)	3,950	3,950	3,950	-	0.66%	301,221 (Note 5)	N	Y	N	

Note 1: The relation of the endorsement and guarantee provider and objects includes the following 7 types, mark the type:

(1) Companies with business transactions.

(2) Company owning 50% of the company shares with direct and indirect voting rights.

(3) Company owning over 50% of the company shares with direct and indirect voting rights.

(4) Company owning over 90% of the company shares with direct and indirect voting rights.

(5) Companies provide guarantees for each other according to the contract agreement, on the basis of peers or joint builders for contracting the projects.

(6) Contributing shares provide companies with endorsement and guarantee according to the shareholding ratio, based on a joint investment relation.

(7) Performance bond and joint and several guarantees between peers in the engagement of housing sales contract, according to Consumer Protection Act.

Note 2: The amount of endorsement and guarantee for one company does not exceed 20% of the Company’s net worth, namely $7,178,446×20%＝$1,435,689.

Note 3: The amount of endorsement and guarantee does not exceed 50% of the Company’s net worth, namely $7,178,446×50%＝$3,589,223.

Note 4: The amount of endorsement and guarantee for one company does not exceed 20% of the Company’s net worth, namely $602,441×20%＝$120,488.

Note 5: The total amount of endorsement and guarantee does not exceed 50% of the Company’s net worth, namely $602,441×50%＝$301,221.

Formosan Union Chemical Corporation and Subsidiary

Marketable Security Held at the End of the Year

December 31, 2020

Table 3

Unit: Unless otherwise stated, referring to NTD Thousand

Holding Company	Type and Name of Marketable Securities	Relation with Marketable Security Issuer	Accounts	End of Year				Remarks
				Shares	Book Value	Shareholding Ratio (%)	Market Price	
FUCC	Kanghua Industrial Co., Ltd.／Stocks	—	Financial Assets at Fair Value through Other Comprehensive Income- Noncurrent	4,927,717.00	$ 94,826	19.74%	$ 94,826	
FUCC	Japanese Power Plant ／Anonymous Investment Portfolio	—	Financial Assets at Fair Value through Other Comprehensive Income- Noncurrent	-	81,177	-	81,177	
FUCC	J&V Energy Technology Co., Ltd.／Stocks	—	Financial Assets at Fair Value through Other Comprehensive Income- Noncurrent	8,393,318.00	112,722	11.53%	112,722	
FUCC	Forte Chemical Co., Ltd.／Stocks	—	Financial Assets at Fair Value through Other Comprehensive Income- Noncurrent	1,400,000.00	-	3.14%	-	
FUCC	Gaoling Technology Co., Ltd.／Stocks	—	Financial Assets at Fair Value through Other Comprehensive Income- Noncurrent	70,000.00	-	1.06%	-	
Great Victory Chemical	CAPITAL MONEY MARKET FUND/Beneficiary Certificate	—	Financial Assets at Fair Value Through Profit and Loss - Current	7,019,950.30	114,182	-	114,182	Note 1
Great Victory Chemical	SINO-Japan Chemical Co., Ltd. / Stocks	—	Financial Assets at Fair Value through Other Comprehensive Income - Noncurrent	88,345.00	213,000	6.10%	213,000	

Note 1: The market price of funds beneficiary certificate is estimated based on the net asset value of funds on December 31, 2020.

Note 2: For investments in subsidiaries, associates, and joint ventures, please refer to Table 6 and Table 7 for more information.

Formosan Union Chemical Corporation and Subsidiary

Statement of Accumulated Buying or Selling the Same Marketable Securities Reaching the Amount of NT$300 Million or 20% of Paid-in Capital

From January 1 to December 31, 2020 & 2019

Table 4

Unit: NTD Thousand

Buying/Selling Company	Type and name of Marketable Securities	Accounts	Transacting Objects	Relation	Beginning		Buy		Selling				End of Year	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Cost of Book Value	Disposal Gains and Losses	Shares	Amount
FUCC	TCB Money Market Fund/ Beneficiary Certificate	Financial Assets at Fair Value Through Profit and Loss	—	—	-	$ -	58,133,516.47	$ 595,000	58,133,516.47	$ 595,145	$ 595,000	$ 145	-	$ -

Formosan Union Chemical Corporation and Subsidiary

Statement of Purchase/Sell Amount with Related Party Reaching the NT$100 million or 20% of Paid-in Capital

From January 1 to December 31, 2020 & 2019

Table 5 Unit: NTD Thousand

Buying (Selling) Companies	Name of Transaction Objects	Relation	Transactions				Circumstances and Reason for Discretion between Transaction Criteria and General Transactions		Checks and Account Receivable (Payable)		Remarks
			Buying (Selling)	Amount	Percentage Accounting Total Buying(Selling) of Goods	Credit Period	Unit Price	Credit Period	Balance	Percentage of Checks and Accounts to Total Receivables (Payable)	
FUCC	UPM	Subsidiary	(Note 1)	$ 441,061	7.31%	1~2 months	Contract Price	1~2 months	$ 35,957	5.4%	
UPM	FUCC	Parent Company	(Note 2)	(441,061)	26.58%	1~2 months	Contract Price	1~2 months	(35,957)	48.01%	
FUCC	HERSHEY ENVIRONMENTAL TECH	Subsidiary	(Note 3)	(213,658)	4.45%	1~2 months	Contract Price	1~2 months	(14,446)	8.62%	
HERSHEY ENVIRONMENTAL TECH	FUCC	Parent Company	(Note 4)	213,658	33.57%	1~2 months	Contract Price	1~2 months	14,446	13.95%	
FUCC	Chang Chun Group	Joint Venture	Selling	203,648	3.37%	1 month	Compatible to the criteria of general transactions	1 month	74,368	11.16%	

(Note 1) including rework revenue NT$435,720 thousand and sales revenue NT$5,341 thousand.

(Note 2) including rework revenue NT$435,720 thousand buying at NT$5,341 thousand.

(Note 3) including rework expense of NT$208,236 thousand and buying at NT5,422 thousand.

(Note 4) including rework revenue NT$208,236 thousand and sales revenue of NT$5,422 thousand.

Formosan Union Chemical Corporation and Subsidiary
Information Related to the Information and Venue of Investing Company
From January 1 to December 31, 2020 & 2019

TABLE 6 Unit: NTD Thousand

Name of Investing Company	Name of Company Invested	Location	Main Business Lines	Original Investment Amount		Holding at the End of the Year			Invested Company's Current Gain (Loss)	Investment Gain (Loss)Recognized This year	Remarks
				End of this year	End of last year	Shares	Percentage (%)	Book Value			
FUCC	UPM	Taipei City	Manufacturing, rework and buying/selling hydrocarbon resin, polyester polyo1, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, an d aromatics solvent oil.	$ 603,812	$ 600,532	72,202,200	80.25%	$ 960,529	$ 16,853	$ 13,351	Subsidiary (Note 1), difference NT$(173) thousand is amortization at premium NT$97 thousand, subscribed subsidiary stock equity with new/old shareholding ratio recognized with investment difference as NT(299) thousand and the gain/loss influence of right-of-use asset NT$29 thousand.
FUCC	HERSHEY ENVIRONMENTAL TECH	Taipei City	Petrochemical engineering planning and design, machinery equipment installation, buying and selling, home LPG sale, cylinder maintenance repair and inspection.	510,211	510,211	50,000,000	100.00%	608,170	37,545	41,902	Subsidiary (Note 1), the difference of NT$4,357 thousand is the unrealized gross profit of NT$4,032 thousand and the gain/loss influence for the right-of-use asset is NT$325 thousand.
FUCC	Great Victory Chemical	Taipei City	Pesticide manufacturing and sales.	401,364	401,364	19,800,000	100.00%	896,731	58,869	58,869	Subsidiary (Note 1)
FUCC	FUSUGAR INDUSTRY	Taichung City	Petrochemical raw materials, synthetic resin, rubber and plastic, other chemical products manufacturing and wholesale, and sugar manufacturing.	1,316,555	1,124,473	131,655,475	82.28%	789,737	(208,536)	(170,941)	Subsidiary (Note 1), difference NT$642 thousand is the new/old shareholding ratio recognized as gain/loss on investment of NT626 thousand, and right-of-use asset of NT$ NT$16 thousand.
FUCC	TANQUES DEL PACIFI	Guatemala	Warehouse leasing.	28,513	28,513	900	100.00%	31,805	(4,184)	(6,148)	Subsidiary (Note 2), difference NT$ (1,964) thousand is the discounted amortization NT$ (1,950) thousand and NT$ (14) thousand for the right-of-use asset.
FUCC	DEFIA	Taipei City	Engaging in food buy/sell and bakery.	3,000	3,000	300,000	20.00%	4,272	2,964	1,342	Associate (Note 2), the difference NT$749 thousand is the new/old shareholding percentage recognized as NT$749 thousand before the associate underwent capital increase.
FUCC	Soft Chemical Corp. (SCC)	Vietnam	Engaging in the manufacturing, rework and buying/selling alkyl benzene and sulfonic acid.	43,707	43,707	-	42.03%	58,949	9,632	4,048	Associate (Note 1)
FUCC	Soft Industry Corp. (SIC)	Vietnam	Engaging in the manufacturing, rework and buying/selling alkyl benzene and sulfonic acid.	97,779	97,779	-	50.00%	87,090	5,811	2,906	Joint Venture (Note 1)

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Name of Investing Company	Name of Company Invested	Location	Main Business Lines	Original Investment Amount		Holding at the End of the Year			Invested Company's Current Gain (Loss)	Investment Gain (Loss)Recognized This year	Remarks
				End of this year	End of last year	Shares	Percentage (%)	Book Value			
FUCC	Chang Chun Group	Changshou	Production, rework and selling own products in Nonyl Phenol, DINONYL PHENOL and Olefins bunker oil, providing and producing product-related technology and consulting services; wholesale, warehousing, commission-based agency (except for auction), import/export business of general chemical substances.	$ 689,513	$ 689,513	-	50.00%	$ 575,454	$ 13,834	$ 6,917	Joint Venture (Note 1, 3)
UPM	FUSUGAR INDUSTRY	Taichung City	Petrochemical raw materials, synthetic resin, rubber and plastic, other chemical products manufacturing and wholesale, and sugar manufacturing.	29,913	27,913	2,991,312	1.87%	20,845	(208,536)	(3,939)	(Note 1) difference of (39) thousand is the new/old shareholding ratio recognized under investment gain/loss before the capital increase.
HERSHEY ENVIRON MENTAL TECH	UPM	Taipei City	Manufacturing, rework, and buying/selling hydrocarbon resin, polyester polyo1, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, and aromatics solvent oil.	23,858	23,858	1,216,088	1.35%	19,923	16,853	229	(Note 1) difference of 1 thousand is the new/old shareholding ratio recognized as investment gain/loss difference of (5) thousand and amortization at a premium of 6 thousand, before the change of subsidiary equity.
HERSHEY ENVIRON MENTAL TECH	Yongji Energy	Taipei City	Thermal supply industry, cleaning supplies wholesale, and contracting installation and wholesale of electronic appliance and machine.	3,878	3,878	387,840	50.00%	6,452	1,053	526	Subsidiary (Note 2)
HERSHEY ENVIRON MENTAL TECH	Yongyao Energy	Taipei City	Manufacturing of battery, electronic components, power generation, power transmission, power distributing machine and electric materials selling/buying (energy technical services).	85,500	95,000	8,550,000	100.00%	91,465	4,547	4,547	Subsidiary (Note 1)
Great Victory Chemical	UPM	Taipei City	Manufacturing, rework and buying/selling hydrocarbon resin, polyester polyo1, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, an d aromatics solvent oil.	8,472	8,472	436,800	0.49%	5,321	16,853	80	(Note 1) difference (3) thousand is the new/old shareholding ratio recognized under investment gain/loss before the change of subsidiary equity.
Great Victory Chemical	Yongshen Energy	Taipei City	Manufacturing of battery, electronic components, power generation, power transmission, power distributing machine and electric materials selling/buying (energy technical services).	3,100	3,100	310,000	50.00%	5,510	1,154	577	Subsidiary (Note 2)
Great Victory Chemical	FUSUGAR INDUSTRY	Taichung City	Petrochemical raw materials, synthetic resin, rubber and plastic, other chemical products manufacturing and wholesale, and sugar manufacturing.	94,287	89,287	9,428,700	5.89%	56,557	(208,536)	(12,446)	(Note 1)difference (163) thousand is the new/old shareholding ratio recognized under investment gain/loss before capital; increase by the subsidiary.

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Name of Investing Company	Name of the invested company	Location	Main Business Lines	Benign investment amount		Held end of year			Invested Company's gain (loss) this year	Investment gain (loss) recognized this year	Remarks
				End of this year	End of last year	Shares	Percentage (%)	Book Value			
Great Victory Chemical	Tecnica Cientifica De Guatemala S.A.	Guatemala	Pesticide trading.	$ 9,043	$ 9,043	2,360	73.75%	$ 1,651	$ -	$ -	Subsidiary (Note 2)

Note 1: Invested companies calculated by the financial statements audited by peer accountant in the same period and by the shareholding percentage of the Company.

Note 2: Referring to the invested companies calculated without the financial statements audited by accountant it the same period and according to the shareholding ratio of the Company.

Note 3: For invested companies in mainland China, please refer to Table 7 for more information.

Formosan Union Chemical Corporation and Subsidiary

Investments in Mainland China

From January 1 to December 31, 2020 & 2019

Table 7

Unit: Unless otherwise stated, units are in NTD thousand

Name of Mainland Chines Company Invested	Main Business Lines	Paid-in Capital (Note 2)	Investment Method	Accumulated Inbound Investment Amount from Taiwan (Note 2)	Outbound/Inbound Investment Amount This Year		Accumulated Outbound Investment Amount from Taiwan at the end of the year (Note 2)	Current Year Gain (Loss) of Invested Company	Company's direct o indirect shareholding ratio of investment	Gain (Loss) Recognized This year	Book Value of Investment at the End of the Year	Investment returns Transferred back as of the end of the year	Remarks
					Outbound	Inbound							
Chang-Jia-Gang Enterprise Co.	Triolein and other product unloading, warehousing, storage and sales as well as other businesses.	$ 698,330 (24,520 thousand USD)	Reinvestment in mainland China countries through third-area investment.	$ 57,273 (2,011 thousand USD)	$ -	$ -	$ 57,273 (2,011 thousand USD)	$ 88,479 (20,663 thousand RMB)	10.86%	$ -	$ 94,826	$ 114,069	Note 3
Chang Chun Group	Production, rework and selling own products in Nonyl Phenol, DINONYL PHENOL and Olefins bunker oil, providing and producing product-related technology and consulting services; wholesale, warehousing, commission-based agency (except for auction), import/export business of general chemical substances.	1,281,600 (45,000 thousand USD)	Direct investment in mainland China.	640,800 (22,500 thousand USD)	-	-	640,800 (22,500 thousand USD)	13,834	50.00%	6,917 (Note 1))	575,454	-	

Investment Amount Accumulated for Outbound to Mainland China at the end of the year.	Investment Amount Approved by Investment Commission, Ministry of Economic Affairs	Limited Investment Amount in Mainland China as Regulated by the Investment Commission, Ministry of Economic Affairs
$ 698,073（24,511 thousand USD）	$ 733,388（25,751 thousand USD）	$ 4,307,068

Note 1: Calculation according to the financial statements audited by the accountant during the same period.

Note 2: Except for the investment gain/loss recognized this year is calculated by the average exchange rate between January 1 and December 31 of 2020, all are calculated by the spot exchange rate at the end of December, 2020.

Note 3: Chang-Jia-Gang Enterprise Co is invested by Kanghua Co., Ltd.; Kanghua Industrial Co., Ltd. is a financial asset at fair value through other comprehensive income, and therefore does not include the share and share of other comprehensive profits and loss of associates & joint ventures accounted for using equity method.

Formosan Union Chemical Corporation

Major Shareholders

December 31, 2020

Table 8

Name of Major Shareholders	Shares	
	Shares Holding (Shares)	Shareholding Ratio
HO TUNG CHEMICAL CORP	29,234,040	6.12%
Qidong Investment Co., Ltd.	28,314,750	5.93%
EVERSOFT CO., LTD.	28,239,145	5.91%

Note 1: The information on major shareholders of this table is calculated by shareholding companies having completed the ordinary shares and preferred stocks of 5% or more without physical registration (including treasury stocks) by Taiwan Depository & Clearing Corporation using the end of the quarter as the last business day. The Company's separate financial statements indicate the capital stock recorded and the actual completion stock registration, which preparation could differentiate due to different calculation base.

Note 2: If the shareholders entrust shares, such information will only be disclosed to the consignor's separate accounts that were opened by the consignees. Shareholders shall file insider equity for over 10% of shareholding according to Securities and Exchange Act, while other shareholding, including the shareholder and shares entrusted with the determining right of entrusted property. Please refer to Market Observation Post System for more information on filing for insider equity.

§CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS§

Formosan Union Chemical Corporation

Statement of Cash and Cash Equivalents

December 31, 2020

Table 1 — Unit: Unless otherwise noted, the unit is expressed in NT$ Thousands

Title	Amount
Allowance	$ 525
Bank Deposit	
Checking Account	14,457
Demand Deposits	727,432
Foreign Currency Demand Deposits (Note 1 & 2)	1,414
Total	$743,828

Note 1: US$49,736.73.

Note 2: The amount of foreign currency is converted using the exchange rate at the end of 2020, which exchange rate to New Taiwan Dollars is summarized below:

Currency	Exchange Rate
U. S. Dollars	28.43

Formosan Union Chemical Corporation

Statement of Accounts Receivables

December 31, 2020

Table 2 Unit: NTD Thousand

Client Name	Amount
Company A	$ 172,722
Company B	72,650
Company C	66,687
Company D	41,461
Company E	34,657
Others (Note)	167,419
Total	555,596
Deduction: Allowance for Impairment Loss	-
Net Amount	$ 555,596
Related Parties	
Chang Chun Group	74,368
UPM	35,957
	$ 110,325

Note: Each of the accounts was less than 5% of the total account balance

Formosan Union Chemical Corporation

Statement of Inventories

December 31, 2020

Table 3 Unit: NTD Thousand

Item	Amount	
	Cost	Net Realizable Value
Raw Materials	$ 641,918	$ 818,721
Supplies	310,521	310,519
Work in Process	18,313	27,837
Finished Goods	518,748	704,834
Total	1,489,500	$ 1,861,911
Deduction: Allowance for Inventory Valuation and Obsolescence Losses	6,058	
Net Amount	$ 1,483,442	

Formosan Union Chemical Corporation

Statement of Financial Assets Measured at Fair Value through Other Comprehensive Income -- Non-Current

2020

Table 4

Unit: NTD Thousand

Name	Beginning Balance		Increase This Year		Decrease This Year		Ending Balance		Guarantee or Pledge	Remarks
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value		
Kanghua Industrial Co., Ltd.	4,297,717	$ 88,875	-	$ 5,951	-	$ -	4,297,717	$ 94,826	N/A	Note 1
Godo Kasisha Daiwa Green Energy	-	81,616	-	-	-	439	-	81,177	N/A	Note 2
J&V Energy Technology Co., Ltd.	8,393,318	137,986	-	-	-	25,264	8,393,318	112,722	N/A	Note 2
Forte Chemical Co., Ltd.	1,400,000	-	-	-	-	-	1,400,000	-	N/A	
Gaoling Co., Ltd.	70,000	-	-	-	-	-	70,000	-	N/A	
Total		$ 308,477		$ 5,951		$ 25,703		$ 288,725		

Note 1: The increase this year is a result of the valuation of “financial instruments” in International Financial Reporting Standard 9 (IFRS 9).

Note 2: The decrease this year is a result of the valuation of “financial instruments” in International Financial Reporting Standard 9 (IFRS 9).

Formosan Union Chemical Corporation

Statement of Changes in Investments Accounted for Using the Equity Method

2020

Table 5 | Unit: NTD Thousand

Name	Beginning Balance		Increase This year		Decrease This year		Ending Balance			Guarantee or Pledges	Remarks
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding Ratio %	Amount		
United Performance Materials Corp.	71,883,572	$ 1,012,153	318,628	$ 20,578	-	$ 72,202	72,202,200	80.25%	$ 960,529	N/A	Note 1
HERSHEY ENVIRONMENTAL TECHNOLOGY CO., LTD.	50,000,000	584,291	-	48,879	-	25,000	50,000,000	100.00%	608,170	N/A	Note 2
Great Victory Chemical Industry	19,800,000	864,704	-	61,122	-	29,095	19,800,000	100.00%	896,731	N/A	Note 3
FUSUGAR INDUSTRY CORP	112,447,305	777,716	19,208,170	192,082	-	180,061	131,655,475	82.28%	789,737	N/A	Note 4
TANQUES DEL PACIFI CO SA.	900	38,450	-	-	-	6,645	900	100.00%	31,805	N/A	Note 5
DEFIA Co., Ltd.	300,000	3,665	-	1,342	-	735	300,000	20.00%	4,272	N/A	Note 6
Soft Chemical Corp.	-	57,748	-	4,048	-	2,847	-	42.03%	58,949	N/A	Note 7
Soft Industry Corp.	-	88,691	-	2,906	-	4,507	-	50.00%	87,090	N/A	Note 8
Chang Chun Group	-	556,781	-	18,673	-	-	-	50.00%	575,454	N/A	Note 9
Total		$ 3,984,199		$ 349,630		$ 321,092			$ 4,012,737		

Note 1: The increase this year include the investment in UPM in the amount of NT$3,281 thousand, the investment proceeds of NT$13,351 thousand adopting equity method for recognition, actuarial proceeds of NT$2,406 thousand, and the difference between consideration and carrying amount of subsidiaries acquired or disposed NT$866 thousand and the influence of NT$674 thousand without complying with shareholding ratio; this decrease this year include the cash dividends paid, NT$72,202 thousand by subsidiaries.

Note 2: The increase this year includes the investment proceeds of NT$41,902 thousand from recognition of equity method, actuarial proceeds of NT$41 thousand, the influence of noncompliance with shareholding ratio, NT$12 thousand and subsidiaries adopting equity method but its unrealized gains or losses on financial assets at fair value through other comprehensive income, in the amount of NT$6,924 thousand. The decrease this year include the cash dividend paid in NT$25,000 thousand from the subsidiary.

Note 3: The increase this year includes the investment proceeds in the amount of NT$58,869 thousand recognized under equity method and the influence of non-compliance with shareholding ratio in the amount of NT$2,253 thousand. The decrease this year includes the share of unrealized gains or losses on financial assets at fair value through other comprehensive income for subsidiary adopting equity method, in the amount of NT8,746 thousand, actuarial loss of NT$479 thousand, the share of difference I the conversion of subsidiary adopting equity method in the amount of NT$70 thousand and the receipt of cash dividends paid from the subsidiary in the amount of NT$19,800 thousand.

Note 4: The increase this year includes the investment in FUSUGAR INDUSTRY in the amount of NT$192,082 thousand. The decrease this year includes the investment loss adopting equity method in the amount of NT$170,941 thousand and the influence of noncompliance with shareholding ratio in the amount of 9,120 thousand.

Note 5: The decrease this year includes the investment loss of NT$6,148 thousand for recognition adopting equity method, and difference in conversion for subsidiary adopting equity method in the amount of NT$497 thousand.

Note 6: The increase this year includes the investment proceeds of NT1,342 thousand recognized under equity method; the decrease this year includes the cash dividends paid of NT$570 thousand from the subsidiary and the subsidiary loss adopting equity method for disposal that led to loss of control in the amount of NT$165 thousand.

Note 7: The increase this year includes the investment proceeds from recognition of equity method in the amount of NT$4,048 thousand, the decrease this year includes the difference in conversion by the associate adopting equity method, in the amount of NT$2,847 thousand.

Note 8: The increase this year include the investment proceeds of NT$2,906 thousand recognized using equity method; the decrease this year include the difference in conversion adopting equity method in the amount of NT$4,272 thousand, and the cash dividends paid from the subsidiary in the amount of NT$235 thousand.

Note 9: The increase this year includes the unrealized sales proceeds of NT$2,822 thousand with the joint venture, the investment proceeds of NT6,917 thousand adopting equity method, and the difference in the conversion of joint venture adopting equity method in the amount of NT$8,934 thousand.

Formosan Union Chemical Corporation

Statement of Short-term Loans

December 31, 2020

Table 6

Unit: NT Dollars & Foreign Currency Thousands

Creditor	Borrowing Type	Ending Balance	Contract Maturity	Interest Rate	Financing Line	Guarantee or Pledge
The Export-Import Bank of the Republic of China	Credit Borrowing	$ 300,000	Maturity in 1 year	0.5168%	NTD 300,000	N/A
Mizuho Bank, Ltd.	Credit Borrowing	453,627	Maturity in 1 year	0.9900%	USD 15,900	N/A
DBS Bank Limited	Credit Borrowing	114,120	Maturity in 1 year	0.9700%	USD 4,000	N/A
		$ 867,747				

Formosan Union Chemical Corporation

Statement of Accounts Payable

December 31, 2020

Table 7 Unit: NTD Thousand

Client Name	Amount
Non-Related Party	
Company A	$ 36,692
Company B	22,176
Company C	13,396
Company D	9,110
Company E	7,040
Other (note)	49,054
Total	$137,468
Related Party	
HERSHEY ENVIRONMENTAL TECH	$ 14,446
UPM	3,858
Total	$ 18,304

Note: Each of the accounts was less than 5% of the total account balance

Formosan Union Chemical Corporation

Statement of Net Operating Revenue

2020

Table 8 Unit: NTD Thousand

Name	QTY (KG)	Amount
Total Sales Revenue		
Alkylbenzene	116,414,260	$ 4,331,217
Nonyl Phenol	12,969,395	481,293
Sulfonic Acid	3,701,470	143,734
dodecylphenol	3,460,240	168,641
Other	21,087,961	569,275
		5,694,160
Less: Sales Return	19,560	606
Sales Allowance	-	94,708
Net Sales Revenue		5,598,846
Rework Revenue		435,720
Net Operating Revenue		$ 6,034,566

Formosan Union Chemical Corporation

Statement of Operating Costs

2020

Table 9 Unit: NTD Thousand

Items	Amount
Direct Raw Materials	
Beginning Raw Materials	$ 1,337,525
Increase (Decrease): Inbound this year	2,799,113
Ending Raw Materials	(952,439)
Sell Raw materials and supplies	(536,074)
Others	(51,812)
	2,596,313
Direct Labor	80,669
Manufacturing Expense	862,737
Manufacturing Cost	3,539,719
Increase (Decrease)：Beginning Work in Process	13,834
Ending Work in Process	(18,313)
Others	(10,741)
Cost of Finished Goods	3,524,499
Increase (Decrease)：Beginning Finished Goods	769,069
Ending Finished Goods	(518,748)
Other	141,991
Production and Marketing Cost	3,916,811
Rework Cost	380,112
Gain from Price Recovery of Inventory at Net Realizable Value	(26,198)
Sell Raw materials and supplies	536,074
Revenue from Selling Scraps and Wastes	(1,319)
Total Operating Costs	$ 4,805,480

Formosan Union Chemical Corporation

Statement of Operating Expenses

2020

Table 10 Unit: NTD Thousand

Items	Selling Expenses	Administrative Expenses	R&D Expenses	Total
Delivery Charge	$153,390	$ 4,498	$ -	$157,888
Salary Expenditure	17,599	86,981	20,502	125,082
Packaging Expense	71,441	-	-	71,441
Depreciation Expense	31,120	5,175	-	36,295
Others (Note)	60,901	55,787	3,870	120,558
	$334,451	$152,441	$ 24,372	$511,264

Note: Each of the accounts was less than 5% of the total account balance

Formosan Union Chemical Corporation

Summary statement of current period employee benefits, depreciation, and amortization expenses by function

2020 & 2019

Table 11 Unit: NTD Thousand

	2020			2019		
	Under Operating Cost	Under Operating Expense	Total	Under Operating Cost	Under Operating Expense	Total
Employee Benefit Expense						
Salary Expense	$ 240,917	$ 125,082	$ 365,999	$ 179,911	$ 90,744	$ 270,655
Labor and National Health Insurance Expense	14,873	6,221	21,094	14,031	5,164	19,195
Pension Fund Expense	7,998	4,959	12,957	8,352	3,189	11,541
Director Remuneration	-	22,715	22,715	-	11,629	11,629
Other Employee Benefit Expense	7,776	1,815	9,591	8,051	1,906	9,957
	$ 271,564	$ 160,792	$ 432,356	$ 210,345	$ 112,632	$ 322,977
Depreciation Expense	$ 87,019	$ 36,295	$ 123,314	$ 88,897	$ 35,543	$ 124,440
Amortization Expense	$ 33	$ 389	$ 422	$ 263	$ 425	$ 688

Note:

1. The employees for this year and the previous year are 255 people and 259 people respectively. In particular, 18 directors do not hold the concurrent position as employees.
2. The average employee benefit expense this year is NT1,728 thousand (“total number of employee benefit expense this year－ total director remuneration”／”employee number this year －directors not holding the concurrent position as employees.”).
3. The average employee benefit expense from the previous year was NT$1,292 thousand (“total employee benefit expense from previous year －Total director remuneration” ／ “Number of employees from previous year” －directors not holding the concurrent position as employees”).
4. The average employee salary expense this year is NT$1,544 thousand (total salary expense this year ／” number of employees this year －number of directors not holding the concurrent position as employees”).
5. The average employee salary expense from the previous year was NT$1,123 thousand (total salary expense from previous year／” number of employees from the previous year －number of directors not holding the concurrent position as employees”).
6. The adjustment and change of average employee salary expense is 37.49% (“the average employee salary expense this year －average employee salary expense from previous year”／average employee salary expense from the previous year).
7. The Company does not set up supervisors and has set up the Audit Committee pursuant to relevant law and regulations in replacement of supervisors’ function.
8. Salary Remuneration Policy (including director, independent director, managers, and employees):

   Remuneration for directors and independent directors: Appropriation by provisions stipulated in Articles of Incorporation, formulated by the Salary Remuneration Committee, which will be resolved by the Board of Directors and reported to the Shareholders’ meeting for release.

Remuneration for managers and employees: Standards will be developed according to the job content held, education, the expertise of the position. Salary rise or bonus distribution will apply according to the corporate operation and employee performance. Managers' remuneration shall be reported to the Salary and Remuneration Committee for resolution, and reported to the Board of Directors for approval.