

Ho Tung Chemical Corp.
Parent Company Only Financial Statements and Independent
Auditors' Report
For the Years Ended December 31, 2020 and 2019
(Stock Code: 1714)

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Independent Auditors' Report

(109) TSAI-SHEN-PAO-TZU No. 200004866

To the Board of Directors of Ho Tung Chemical Corp.:

Opinion

We have audited the Parent Company Only Balance Sheet of Ho Tung Chemical Corp. (hereinafter referred to as the Company) as of December 31, 2020 and 2019, the Parent Company Only Comprehensive Income Statement of January 1 to December 31, 2020 and 2019, as well as the Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows and Parent Company Only Financial Statement Notes (including important accounting policies summary).

In our opinions and based on the audit results of us and the audit reports of other CPAs (refer to the Section of Other Matters), the compilations of the above Parent Company Only financial statements present fairly, in all material respects, of the Parent Company Only financial status of December 31, 2020 and 2019 in the Company and the Parent Company Only financial performance and Parent Company Only cash flow of January 1 to December 31, 2020 and 2019 prepared according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

The audit of the financial statements for the year ended December 31, 2020 was conducted by us in accordance with "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", "CHIN-KUAN-CHENG-SHEN-TZU No. 1090360805 Letter Sent by the Financial Supervisory Commission on February 25, 2020" and Generally Accepted Auditing Standards (GAAS) of the Republic of China; the audit of the financial statements for the year ended December 31, 2019 was conducted by us in accordance with "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and Generally Accepted Auditing Standards (GAAS) of the Republic of China. Our responsibilities under these standards will be further explained in the paragraph about the external auditor's responsibility on auditing. We are independent of the Company in accordance with Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on the audit results of us and the audit reports of other CPAs, we believe we have obtained sufficient and appropriate auditing evidence as the basis to express our audit opinions.

Emphasis of matter

As stated in Note I(II) and Note XII(II) to the parent company only financial statements, Ho Tung Chemical Corp on September 10, 2020 merged its 100%-owned subsidiaries, He Hsin Cheng Co., and Hua Tung Investment Co., in a short-form manner, and the merger was a reorganization under common control. According to the IFRS Q&A and related interpretations issued by the Accounting Research and Development Foundation, the comparative financial statements being prepared should be deemed as a consolidation and restatement of prior years' financial statements from the beginning and we have not modified our audit opinion accordingly.

Key Audit Matters

Key audit matters refer to the most important matters on the audits to the Company's Parent Company Only financial statements for the year ended December 31, 2020 based on the professional judgment. The matters have been responded on the whole audited Parent Company Only financial statements and during the process of the expression of the audit opinions. There, we won't express opinions separately towards the matters.

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

The accurate timing of export revenue recognition

Description

Please refer to Note IV (XXVIII) to the consolidated financial report for details of the accounting policies for operating income.

Ho Tung Group's sales of chemical-related products are mainly in foreign trade, and it transfers the control of the promised goods to the buyer and recognizes revenue at the time of the transfer of control. Delivery occurs when the product is delivered to the buyer, when the product is shipped to a specified location, when the risk of obsolescence and loss is transferred to the customer, and when the customer accepts the product pursuant to the sales contract, or when there is objective evidence that all acceptance criteria have been met. As the transaction amount is significant and Income from Sales of Goods is a key indicator in determining the achievement of operating and financial objectives and investors' expectations, the timing of revenue recognition close to the date of the financial statements may not be appropriate. We list the Group's export revenue as one of the most important matters in the current year's audit.

How the matter was addressed in our audit

The procedures that we have performed in response to the above critical audits are

summarized below:

1. Review sales contracts and orders to confirm that revenue recognition is consistent with the terms of the contracts and their related trading conditions.
2. Analyze the changes in sales of various products to understand and recognize the nature of the significant changes.
3. Conduct a sample test on the export revenue in an appropriate period after the date of the financial statements, including the content of the transaction agreement, terms of trade and relevant supporting documents, and recognize the revenue in an appropriate period.

Value of Accounts Receivable

Description

Please refer to notes IV(VIII), IV(IX), V(II) and VI(IV) to the individual financial statements for details of the accounting policy on accounts receivable, accounting estimates for impairment assessment and description of accounting assumptions.

Ho Tung Chemical Corp assesses the impairment of accounts receivable by assessing the probability of collection of accounts receivable individually and on a collective basis based on expected credit losses. The process of assessing impairment of receivables is affected by a number of factors, such as the financial position of the customer, the Group's internal credit ratings, historical transaction history, etc. These factors, which may affect the credit quality of customers, involve subjective management judgement and are subject to a high degree of estimation uncertainty. We consider that Ho Tung Group's accounts receivable and their valuation amounts have a significant impact on the consolidated financial statements and that the valuation of accounts receivable requires the use of judgement and estimates. Therefore, we have identified the valuation of accounts receivable as one of the most significant matters to be audited during the year.

How the matter was addressed in our audit

The procedures that have been performed in respect of the above critical audit matters are set out below:

1. Understanding and assessing policies and internal controls relating to credit risk management and impairment assessment of accounts receivable.
2. Reviewing the supporting documentation provided by management to assess the reasonableness of the probability of recovery regarding significant accounts receivable beyond the normal credit period.
3. Conducting random checks of original certificates and accounts receivable of

significant amounts to verify their collection after the period.

Evaluation on balance of investments using equity method

Please refer to Note IV (XIII) to the Parent Company Only financial statements for the accounting policy for investments under the equity method and Note VI (VI) to the Parent Company Only financial statements for the description of accounting items.

Ho Tung Chemical Corp. holds the investment balance of its subsidiary Chenergy Global Co., Ltd. (hereinafter referred to as Chenergy) under the equity method and the share of profit and loss of the subsidiary, affiliated enterprise and joint venture recognized using the equity method in 2020, which has a significant impact on the financial statements of Ho Tung Chemical Corp. We have included Chenergy's critical audit matter of the oil spill at the pier - provision for liabilities as a critical audit matter of Ho Tung Chemical Corp, as described below:

Description

An oil spill occurred on Oct 24, 2013 at the West No.7 Pier of Taichung Port by Chenergy Management has engaged a professional environmental engineering team and lawyers to assess the environmental restoration obligations and legal proceedings arising from the incident, the impact of which is likely to be significant and the estimation of a liability provision in accordance with IAS 37 requires the exercise of significant accounting judgement on the part of management. Accordingly, our CPAs consider Chenergy's provision for the liabilities arising from this incident to be one of the most significant matters to be audited for the year.

How the matter was addressed in our audit

The consolidated financial statements of Chenergy are audited by other CPAs. The procedures performed by other CPAs regarding the above critical audits are listed below:

1. Interview management for their assessment of the unresolved environmental restoration and litigation cases.
2. Discuss the progress of the case with an external attorney and review the correspondence on the case.
3. Acquire the management's self-assessment letters for environmental restoration and legal advisory letters from outside counsel for pending litigation.
4. Evaluate the appropriateness of the related provision for liabilities and disclosure of contingent liabilities.

Other matters - Reference to the audits of other independent auditors

The financial statements of certain investee companies accounted for using

equity method included in the Parent Company Only financial statements of Ho Tung Group have not been audited by us, but rather by other CPAs. As a result, in our opinion on the above consolidated financial statements, the amounts included in the financial statements of the subsidiaries and the related information disclosed in Note XIII are based on the audit report prepared by other CPAs. The total assets of the aforementioned companies accounted for using equity method were NT\$2,532,452 thousands and \$2,999,323 thousands as of December 31, 2020 and 2019, respectively, accounting for 17.41% and 21.57% of the consolidated total assets, respectively. The recognized liabilities from January 1 to December 31, 2020 and 2019 was NT\$64,537 thousands and \$76,645 thousands, respectively, representing 2.92% and 2.24% of the total liabilities. The recognized comprehensive income towards the aforementioned companies from January 1 to December 31, 2020 and 2019 was NT\$(764,503) thousands and NT\$(40,760) thousands, respectively, constituting (41.15%) and 10.96% of the comprehensive income, respectively.

Responsibility of the Management and the Governing Body for the Parent Company Only Financial Statements

Management's responsibility is to prepare the Parent Company Only financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as maintain necessary internal control related to the preparation of the Parent Company Only financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

When preparing the Parent Company Only financial statements, the responsibility of management also includes evaluating The Company's capability of continuous operation, disclosure of relevant matters, and the application of continuous operation accounting model unless the management intends to liquidate The Company or suspend its business operation or there is no alternative practical and feasible solution other than liquidation or business suspension.

The governance unit at The Company (including Audit Committee) is responsible for supervising the process of financial reports

Auditor's responsibilities for the audit of the parent company only financial statements

The purpose of the Parent Company Only financial statements audited by us is to obtain reasonable assurance on whether the significant untrue expression exists on the whole Parent Company Only financial statements due to fraud or error as well as issue

the audit report. The reasonable assurance is the high certainty; however, it won't be able to guarantee that the significant untrue expression will definitely be able to be detected by generally accepted auditing standards, and the untrue expression might be caused from fraud or error. It is regarded as with significance if the Parent Company Only amount or the aggregation number of the untrue expression can reasonably predict that it will affect the economic decisions made by the users of the Parent Company Only financial statements.

When we conduct the audit according to generally accepted auditing standards, we use professional judgment and maintain our professional suspicion. We also executed the following tasks:

1. Identifying and evaluating the risk of major untrue expression on the Parent Company Only financial statements due to fraud or error; designing and implementing proper responding strategies towards the risk evaluated; and obtaining sufficient and appropriate audit evidence as the basis of audit opinions. Due to fraud might be involving with collusion, counterfeiting, malicious omission untrue declaration, or going out of the internal control, the risk of not detecting the major untrue expression due to fraud will be higher than that due to error.
2. Obtaining necessary understanding of internal control related to audit in order to design proper audit procedure under the situation of the case. However, its purpose is not to express opinion toward the effectiveness of the internal control in The Company.
3. Evaluating the adequacy of the accounting policies used by the management and the rationality of the accounting evaluation and relevant disclosure concluded.
4. Based on the audit evidence obtained, conclusion towards the appropriateness of continuous operation accounting basis that the management adopts and the existence of major uncertainty on events or situations with major concerns affecting The Company's capability in continuous operation are made. If we believe major uncertainty existed on the event or situation, we must remind the users of Parent Company Only financial statements on the audit report to pay attention on the relevant disclosure or modify audit opinion when the disclosure is not appropriate. The conclusion that we made is based on the audit evidence obtained up to the audit report day, but future events or situations might cause the Company not capable in continuous operation.
5. Evaluating the overall expression, structure and content of the Parent Company Only financial statements (including relevant notes) as well as whether the Parent Company Only financial statements present fairly, in all material respects, relevant transaction and events.
6. Obtaining sufficient and appropriated audit evidence of the financial information

from the Consolidated entity within the Company as well as express opinions towards financial statements. We are in charge of the directing, supervision, and execution on the Parent Company Only audit cases as well as concluding audit opinions on the Parent Company Only financial statements.

The communication between us and the governing unit includes the audit scope and time planned and major audit findings (including the significant defects on the internal control identified during the auditing process).

We have also provided information to the governing body that the personnel of the firm—under which we are working—who are subject to independence requirements have complied with the statement of independence in the R.O.C. CPA code of professional ethics and communicated to the governing body all relationships and other matters (including relevant safeguards) that may be considered to affect the independence of CPAs.

We determined the key audit matters that we would like to execute on the Company's Parent Company Only financial statements for the year ended December 31, 2020 from the communication with the governing unit. We clearly stated the related matters on the audit report unless it is the specific matter that is not allowed to be disclosed to the public according to laws, or under a very rare situation that we decided not to communicate specific matters on the audit report because we can reasonably anticipate the negative influence generated by the communication will be greater than the public interests increased.

PricewaterhouseCoopers Taiwan
CPA LAI, TSUNG-HSI
WANG, CHAO-MING
Former Securities and Futures Bureau, FSC,
Executive Yuan
Approval Certificate No.: CHIN-KUAN-
CHENG-LIU-TZU No. 0960038033
Securities Management Commission, Ministry of
Finance
Approval Certificate No.: (85)TAI-TSAI-
CHENG (VI) No. 65945
March 25, 2021

Ho Tung Chemical Corp.
Parent Company Only Balance Sheet
December 31, 2020 and 2019

Unit: NT\$ thousands

(Restatement)

		Dec. 31, 2020		Dec. 31, 2019		
Asset	Notes	Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	VI (I)	\$ 2,401,201	16	\$ 473,774	3
1150	Notes receivable, net	VI (IV)	2,403	-	9,307	-
1170	Accounts receivable, net	VI (IV)	154,594	1	345,259	2
1180	Accounts receivable - related parties	VII	248,395	2	642,356	5
1200	Other receivables		9,001	-	84,626	1
1210	Other receivables - related parties	VII	5,291	-	17,157	-
130X	Inventory	VI (V)& VIII	129,524	1	1,325,617	10
1410	Prepayment		10,901	-	8,454	-
1470	Other current assets		35	-	175	-
11XX	Total current assets		<u>2,961,345</u>	<u>20</u>	<u>2,906,725</u>	<u>21</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income- non-current	VI (II)& VII	563,208	4	472,274	3
1535	Financial assets measured at amortized cost - non-current	VI (III)&VIII	22,029	-	19,523	-
1550	Investments accounted for using the equity method	VI (VI)& VII	10,372,696	71	9,667,504	70
1600	Property, plant and equipment	VI (VIII) & VIII	527,182	4	626,000	5
1755	Right-of-use assets		1,318	-	-	-
1760	Investment property, net	VI (IX)	10,915	-	11,150	-
1780	Intangible assets	VI (X)	4,456	-	10,997	-
1840	Deferred income tax assets	VI (XXV)	79,076	1	52,809	-
1900	Other non-current assets	VI (XIII)	5,933	-	135,664	1
15XX	Total non-current assets		<u>11,586,813</u>	<u>80</u>	<u>10,995,921</u>	<u>79</u>
1XXX	Total assets		<u>\$ 14,548,158</u>	<u>100</u>	<u>\$ 13,902,646</u>	<u>100</u>

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Ho Tung Chemical Corp.
Parent Company Only Balance Sheet
December 31, 2020 and 2019

Unit: NT\$ thousands

(Restatement)

Liabilities and equity	Notes	Dec. 31, 2020		Dec. 31, 2019	
		Amount	%	Amount	%
Current liabilities					
2100 Short-term borrowing	VI (XI)	\$ -	-	\$ 270,094	2
2130 Contract liabilities- current	VI (XVIII)	36,704	-	422	-
2150 Notes payable		1,630	-	1,563	-
2170 Accounts payable		67,673	-	221,971	2
2180 Accounts payable - related parties	VII	183,754	1	313,068	2
2200 Other payables		95,053	1	169,527	1
2220 Other payables - related parties	VII	33,399	-	2	-
2230 Current income tax liabilities		-	-	1,170	-
2300 Other current liabilities	VI(XII)& VII	247,997	2	668,217	5
21XX Total current liabilities		<u>666,210</u>	<u>4</u>	<u>1,646,034</u>	<u>12</u>
Non-current liabilities					
2540 Long-term loans	VI (XII) & VIII	1,477,815	10	1,694,415	12
2570 Deferred income tax liabilities	VI (XXV)	3,009	-	2,345	-
2600 Other non-current liabilities	VI (VI) (XIII)	65,333	1	81,657	1
25XX Total non-current liabilities		<u>1,546,157</u>	<u>11</u>	<u>1,778,417</u>	<u>13</u>
2XXX Total liabilities		<u>2,212,367</u>	<u>15</u>	<u>3,424,451</u>	<u>25</u>
Equity					
Share capital	VI (XIV)				
3110 Share capital - common stock		10,168,248	70	10,168,248	73
Capital surplus	VI (XV)				
3200 Capital surplus		50,541	-	50,541	-
Retained earnings	VI (XVI)				
3310 Legal capital reserve		631,294	4	629,512	5
3320 Special reserve		396,773	3	284,134	2
3350 Unappropriated retained earnings		1,689,647	12	114,421	1
Other equity interest	VI (XVII)				
3400 Other equity interest		(504,761)	(3)	(672,710)	(5)
3500 Treasury stocks	VI (VI), (XIV)	<u>(95,951)</u>	<u>(1)</u>	<u>(95,951)</u>	<u>(1)</u>
3XXX Total equity		<u>12,335,791</u>	<u>85</u>	<u>10,478,195</u>	<u>75</u>
Significant contingent liabilities and unrecognized contract commitments	VI (XII), VII&IX				
3X2X Total liabilities and equity		<u>\$ 14,548,158</u>	<u>100</u>	<u>\$ 13,902,646</u>	<u>100</u>

The notes to the parent company only financial statements are part of the parent company only financial statements and should be read together.

Chief Director: YANG, YU-CHIEH; Manager: CHEN, YI-RU; Accounting Supervisor: LIN, HUI-YEN

Ho Tung Chemical Corp.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2020 and 2019

Unit: NT\$ thousands
(Except the unit of earnings per share is NT\$)
(Restatement)

Item	Notes	2020		2019	
		Amount	%	Amount	%
4000 Operating revenue	VI (XVIII), VII	\$ 5,931,094	100	\$ 4,084,481	100
5000 Operating costs	VI (V), (XXIII), (XXIV), VII	(3,926,858)	(66)	(3,950,098)	(97)
5900 Gross profit		2,004,236	34	134,383	3
5910 Unrealized profit on sales		(12,347)	-	(11,514)	-
5920 Realized profit on sales		11,514	-	4,466	-
5950 Gross profit from operations		2,003,403	34	127,335	3
Operating expenses	VI (XXIII), (XXIV)				
6100 Selling expenses		(164,287)	(3)	(161,441)	(4)
6200 Administrative expenses		(108,662)	(2)	(46,057)	(1)
6300 Research and development expenses		-	-	(1,860)	-
6450 Expected credit losses	XII (V)	(175,409)	(3)	(53,427)	(1)
6000 Total operating expenses		(448,538)	(8)	(262,785)	(6)
6900 Operating profit (loss)		1,555,045	26	(135,450)	(3)
Non-operating income and expenses					
7100 Interest income	VI (XIX)	17,738	-	4,133	-
7010 Other income	VI (XX), VII	42,515	1	33,960	1
7020 Other gains and losses	VI (XXI)	(119,920)	(2)	(40,876)	(1)
7050 Finance costs	VI (XXII)	(94,397)	(1)	(55,969)	(2)
7070 Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	VI (VI)	307,156	5	203,765	5
7000 Total non-operating income and expenses		153,092	3	145,013	3
7900 Pre-tax profit		1,708,137	29	9,563	-
7950 Income tax benefit	VI (XXV)	(21,706)	(1)	8,257	-
8000 Net income for continuing operations		1,686,431	28	17,820	-
8200 Net profit for this period		\$ 1,686,431	28	\$ 17,820	-
Other comprehensive income - net					
Items that will not be reclassified to profit or loss					
8311 Remeasurement of defined benefit plans	VI (XIII)	\$ 3,317	-	\$ 7,086	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	VI (II), (XVII)	82,630	1	(64,265)	(1)
8330 Shares of other comprehensive income arising from subsidiaries, associates and joint ventures accounted for using equity method - components of other comprehensive income that will not be reclassified to profit or loss		88,377	2	5,300	-
8349 Income tax expenses related to items that will not be reclassified subsequently to profit or loss	VI (XXV)	(664)	-	(1,417)	-
8310 Total amount of items that will not be reclassified to profit or loss		173,660	3	(53,296)	(1)

(Continued on next page)

Item	Notes	2020		2019	
		Amount	%	Amount	%
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(3,114)	-	(324,868)	(8)
8380	Shares of other comprehensive income arising from subsidiaries, associates and joint ventures accounted for using equity method - components of other comprehensive income that may be reclassified to profit or loss	812	-	(11,539)	-
8360	Total amount of items that may be reclassified subsequently to profit or loss	(2,302)	-	(336,407)	(8)
8500	Total comprehensive income for the period	(\$ 1,857,789)	31	(\$ 371,883)	(9)
	Earnings per share				
9750	Basic earnings per share	\$	1.68	\$	0.02
9850	Diluted earnings per share	\$	1.68	\$	0.02

The notes to the parent company only financial statements are part of the parent company only financial statements and should be read together.

Chief Director: YANG, YU-CHIEH; Manager: CHEN, YI-RU; Accounting Supervisor: LIN, HUI-YEN

Ho Tung Chemical Corp. and Its Subsidiaries
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2020 and 2019

Unit: NT\$ thousands
(The Book of Business Restatement)

				Retained earnings			Other interests			
	Notes	Share capital- common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign operation financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Treasury stocks	Total
<u>2019</u>										
Balance on January 1, 2019		\$ 10,168,248	\$ 50,541	\$ 603,129	\$ 15,657	\$ 581,166	(\$ 97,125)	(\$ 187,009)	(\$ 95,951)	\$ 11,038,656
Net profit for this period		-	-	-	-	17,820	-	-	-	17,820
Other comprehensive income (loss) for the year	VI (XVII)	-	-	-	-	7,238	(336,407)	(60,534)	-	(389,703)
Total comprehensive income for the period		-	-	-	-	25,058	(336,407)	(60,534)	-	(371,883)
Appropriation and distribution of 2018 earnings:	VI (XVI)									
Legal capital reserve		-	-	26,383	-	(26,383)	-	-	-	-
Special reserve		-	-	-	-	(268,477)	-	-	-	-
Cash dividend		-	-	-	268,477	(152,524)	-	-	-	(152,524)
Changes in ownership of subsidiaries	VI (XXVII)	-	-	-	-	(36,054)	-	-	-	(36,054)
Disposal of equity instruments measured at fair value through other comprehensive income	VI (XVII)	-	-	-	-	(8,365)	-	8,365	-	-
Balance on December 31, 2019		<u>\$ 10,168,248</u>	<u>\$ 50,541</u>	<u>\$ 629,512</u>	<u>\$284,134</u>	<u>\$ 114,421</u>	<u>(\$ 433,532)</u>	<u>(\$ 239,178)</u>	<u>(\$ 95,951)</u>	<u>\$ 10,478,195</u>
<u>2020</u>										
Balance on January 1, 2020		\$ 10,168,248	\$ 50,541	\$ 629,512	\$284,134	\$ 114,421	(\$ 433,532)	(\$ 239,178)	(\$ 95,951)	\$ 10,478,195
Net profit for this period		-	-	-	-	1,686,431	-	-	-	1,686,431
Other comprehensive income (loss) for the year	VI (XXVII)	-	-	-	-	3,409	(2,302)	170,251	-	171,358
Total comprehensive income for the period		-	-	-	-	1,689,840	(2,302)	170,251	-	1,857,789
Appropriation & distribution of 2019 earnings	VI (XVI)									
Legal reserve		-	-	1,782	-	(1,782)	-	-	-	-
Special reserve		-	-	-	112,639	(112,639)	-	-	-	-
Changes in ownership of subsidiaries		-	-	-	-	(193)	-	-	-	(193)
Balance at Dec. 31, 2020		<u>\$ 10,168,248</u>	<u>\$ 50,541</u>	<u>\$ 631,294</u>	<u>\$396,773</u>	<u>\$ 1,689,647</u>	<u>(\$ 435,834)</u>	<u>(\$ 68,927)</u>	<u>(\$ 95,951)</u>	<u>\$ 12,335,791</u>

The notes to the parent company only financial statements are part of the parent company only financial statements and should be read together.

Chief Director: YANG, YU-CHIEH

Manager: CHEN, YI-RU

Accounting Supervisor: LIN, HUI-YEN

Ho Tung Chemical Corp.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2020 and 2019

Unit: NT\$ thousands

(Restatement)

	Notes	From Jan. 1 to Dec. 31, 2020	From Jan. 1 to Dec. 31, 2019
Cash flows from operating activities			
Profit before tax for the period		\$ 1,708,137	\$ 9,563
Adjustments			
Income and expenses having no effect on cash flows			
Net gain on financial assets at fair value through profit or loss	VI(XXI)	(1,373)	-
Depreciation charge	VI (VIII) (VIX)	50,770	38,458
Expected credit loss	VI (IV), XII (V)	175,409	53,427
Amortization	VI (X), (XXIII)	11,034	10,996
Impairment loss	VI (VIII), (XXI)	80,937	3,017
Interest expense	VI (XXII)	94,397	55,969
Interest income	VI (XIX)	(17,738)	(4,133)
Dividend income	VI (XX)	(16,699)	(15,301)
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	VI (VI)	(307,156)	(203,765)
Disposal of property, plant and equipment	VI (XXI)	-	96
Overdue accounts payable transferred to other income	VI (XX)	(10,090)	-
Unrealized profits on sales		12,347	11,514
Realized profits on sales		(11,514)	(4,466)
Change in assets/liabilities relating to operating activities			
Financial assets at fair value through profit or loss		1,373	-
Notes receivable		6,904	5,814
Accounts receivable		15,256	294,840
Accounts receivable- related parties		393,961	91,552
Other receivables		76,085	(11,772)
Other receivables - related parties		11,866	(4,628)
Inventory		1,203,555	(81,702)
Prepayment		(3,469)	(64)
Other current assets		140	(116)
Net changes in liabilities relating to operating activities			
Contract liabilities - current		36,287	417
Notes payable		67	(456)
Accounts payable		(154,298)	198,852
Accounts payable - related parties		(129,314)	(343,400)
Other payables		(65,331)	(6,585)
Other payables -related parties		(2)	(7)
Other current liabilities		(2,871)	15,747
Other non-current liabilities		(899)	(1,221)
Cash inflow (outflow) generated from operations		3,156,951	112,646
Interests received		17,738	4,133
Dividend received		16,699	299,938
Income tax refunded (paid)		(49,603)	(2,058)
Interest paid		(95,873)	(58,739)
Net cash flows from operating activities		3,045,912	355,920

(Continued on next page)

Ho Tung Chemical Corp.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2020 and 2019

Unit: NT\$ thousands

(Restatement)

	Notes	From Jan. 1 to Dec. 31, 2020	From Jan. 1 to Dec. 31, 2019
Cash flows from investing activities			
Financial assets measured at fair value through other comprehensive income			
Return of share payment after capital reduction		\$ -	\$ 15,387
Decrease (increase) in financial assets measured at amortized cost		(2,506)	171,596
Acquisition of right-to-use assets		(1,345)	-
Acquisition of investment accounted for using the equity method- subsidiaries		(300,000)	-
Invested companies accounted for using the equity method	VI (VI)		
Return of share payment after capital reduction		-	190,405
Acquisition of property, plant and equipment	VI (XXVIII)	(34,430)	(111,623)
Acquisition of intangible assets	VI(X)	(4,493)	-
Increase (decrease) in other non-current assets		129,731	(696)
Cash flow of investment activities (Inflow)		(213,043)	265,069
Cash flows in financing activities			
Decrease in short-term loans		(270,094)	(589,927)
Current borrowings for long-term loans		-	1,700,000
Current repayments of long-term loans		(635,348)	(1,646,875)
Cash dividend paid	VI (XVI)	-	(152,524)
Net cash flows from financing activities		(905,442)	(689,326)
Increase (Decrease) in current cash and cash equivalents		1,927,427	(68,337)
Beginning cash and cash equivalents		473,774	542,111
Ending Cash and cash equivalents		\$ 2,401,201	\$ 473,774

The notes to the parent company only financial statements are part of the parent
company only financial statements and should be read together.

Chief Director: YANG, YU-CHIEH; Manager: CHEN, YI-RU; Accounting Supervisor: LIN, HUI-YEN

Ho Tung Chemical Corp.
Notes to the Parent Company Only Financial Statements
For the Years Ended December 31, 2020 and 2019

Unit: NT\$ thousands
(except as otherwise indicated)

I. Company history

- (I) Ho Tung Chemical Corp. (the "Company") was established in the Republic of China in August 1980 and the Company's stock has been listed on the Taiwan Stock Exchange since August 30, 1991. The Company's principal business is the manufacturing, processing and trading of n-paraffin, n-alkene and other chemical products, and the trading of general merchandise.
- (II) In accordance with the Group's organizational plan, the Company's Board of Directors on June 19, 2020 approved a short-form merger with He Hsin Cheng Co and Hua Tung Investment Co. The Company is the surviving company after the merger while He Hsin Cheng Co and Hua Tung Investment Co. are the extinguished ones. All rights and obligations of the extinguished companies would be assumed by the Company in general with effect from September 10, 2020, the date of the merger, as described in Note XII(II).
- (III) The names and abbreviations of the subsidiaries of the Company and their relationship with the Company are as follows:

Name and Relationship with the Company	Abbreviation
<u>Subsidiaries of the Company</u>	
Paotze Investment Ltd.	Paotze
Hsin Tay Petroleum Co., Ltd.	Hsin Tay Petroleum
He Hsin Cheng Co., Ltd. (Note 8)	He Hsin Cheng
He Mao Venture Capital Co., Ltd.	He Mao VC
Zortech Corporation	Zortech
Inadvance Holdings Ltd.	Inadvance
Ho Tung Cement Corp.	Ho Tung Cement
Hua Chung Co., Ltd.	Hua Chung
Signpost Enterprises Ltd.	Signpost
Hua Tung Investment Co., Ltd. (Note 8)	Hua Tung
Chenergy Global Co., Ltd. (Note 9)	Chenergy
Top Device Investment Ltd. (Note 1)	Top Device
Sharpinvest International Ltd.	Sharpinvest
Ally Solution Ltd.	Ally Solution
<u>Subsidiaries of Paotze</u>	
Hsin Tay (Shanghai) Co., Ltd. (Note 7)	Hsin Tay Shanghai
Nanjing He Sheng Pao New Energy Technology Co., Ltd.	Nanjing He Sheng Pao
Jintung Fine Chemical Co., Ltd.(dissolved)(Note 2)	Nanjing Fine
Jiangsu Jintung Chemical Corp., Ltd.	Jiangsu Jintung
Jintung Petrochemical Corp., Ltd.	Nanjing Jintung
Tianjin Tianzhi Fine Chemical Co., Ltd.	Tianjin Tianzhi

Name and Relationship with the Company	Abbreviation
Nanjing Kuan Hsin Optoelectronics Co., Ltd.	Nanjing Kuan Hsin
Xiamen Jintung Synthetic Detergent Co., Ltd.	Xiamen Jintung
<u>Subsidiaries of Hsin Tay Petroleum</u>	
Hsin Tay Ltd.	Hsin Tay
<u>Subsidiaries of Signpost</u>	
Signpost (HK) Ltd.	Signpost (HK)
<u>Subsidiaries of Chenergy</u>	
Big Success Co., Ltd.	Big Success
<u>Subsidiaries of Jiangsu Jintung</u>	
Jiangsu Jintung Surfactant Co., Ltd.	Jiangbei Sutung
<u>Subsidiaries of Nanjing Jintung</u>	
Sichuan Jintung Petrochemical Co., Ltd.	Sichuan Jintung
Sichuan Jintung Fine Chemical Corp., Ltd.	Sichuan Fine
Anhui Jintung Fine Chemical Co., Ltd.	Anhui Jintung
<u>Subsidiaries of Hsin Tay</u>	
Beijing Tung Sheng Tai Trade Co., Ltd.	Beijing Tung Sheng Tai
Hsin Tay (HK) Ltd.(dissolved)(Note 3)	Hsin Tay (HK)
Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	Tianjin Hsing Tung
Lien Ting Technology Consultancy Co., Ltd.(dissolved) (Note 4)	Lien Ting Tech
Oceanwise International Ltd.	Oceanwise
Shanghai Hsin Tay Investment (HK) Co., Ltd. (Note 6)	Shanghai Hsin Tay Investment
<u>Subsidiaries of Signpost (HK)</u>	
ZhiSheng (Huizhou) Petrochemical Co., Ltd.	ZhiSheng Huizhou
Guangzhou Litze Co., Ltd.	Guangzhou Litze
<u>Subsidiaries of Lien Ting Tech</u>	
Lien Ting (Guangzhou) International Trade Co., Ltd.(dissolved)(Note 5)	Lien Ting Guangzhou

Note 1: In response to the planning of the Group's organization, Top Device was dissolved by the Board of Directors on August 12, 2016, and the shares were returned on September 20, 2016. The dissolution process is currently in progress.

Note 2: In response to the planning of the Group's organization, Nanjing Fine was dissolved by the Board of Directors on February 13, 2018, and the shares were returned on December 26, 2018. The dissolution process was completed on April 1, 2019.

Note 3: In response to the planning of the Group's organization, Hsin Tay (HK) was dissolved by the Board of Directors on October 24, 2018, and the shares were returned on November 28, 2018. The dissolution process was completed on November 29, 2019.

Note 4: In response to the planning of the Group's organization, Lien Ting Tech was dissolved by the Board of Directors on May 4, 2018, and the shares were returned on December 27, 2018. The dissolution process was completed on December 9, 2019.

- Note 5: In response to the planning of the Group's organization, Lien Ting Guangzhou was dissolved by the Board of Directors on May 4, 2018, and the shares were returned on December 24, 2018. The dissolution process was completed on January 7, 2019.
- Note 6: In response to the planning of the Group's organization, Shanghai Hsin Tay Investment Co., Ltd. was dissolved by the Board of Directors on January 9, 2020, the refund of shares was returned on January 13, 2020, and the dissolution process was completed on January 29, 2021.
- Note 7: Formerly a subsidiary of HsinTay. In line with the Group's organizational planning, HsinTay transferred its shareholding in Hsin Tay (Shanghai) to Paotze by a resolution of the Board of Directors on Feb 27, 2020 and the relevant change registration procedures have been completed.
- Note 8: In response to the Group's organizational plan, the Company's Board of Directors on June 19, 2020 approved a short-form merger with Hua Tung Investment Co. and He Hsin Cheng Co on September 10, 2020, and the relevant change registration procedures have been completed.
- Note 9: Formerly a subsidiary of Hsin Tay Petroleum Co. In line with the Group's organizational planning, Hsin Tay Petroleum Co. was approved by the Board of Directors on August 14, 2020 to reduce its capital by \$489,300, eliminating 48,930 shares in thousands and returning its shares in Chenenergy Global Corp. to the Company. The relevant change registration procedures have been completed.

II. Approval Date and Procedures of the Parent Company Only Financial Statements

The Parent Company Only financial reports were approved and announced by Board of Directors on March 25, 2021.

III. Application of New and Amended Standards and Interpretations

(I) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted

The following table sets out the newly issued, amended and revised standards and interpretations of the applicable IFRSs for 2020 as recognized by the FSC:

Principle and explanation for new announcement/amendment/revision	Effective Date Announced by IASB
Amendments to IAS 1 and IAS 8 "Disclosure Initiative - Definition of Material"	Jan. 1, 2020
Amendments to IFRS 3 "Definition of a Business"	Jan. 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	Jan. 1, 2020
Amendments to IFRS 16 "Covid-19 Related Rent Concessions"	June 1, 2020 (Note)

Note: The FSC allows for an earlier application date of Jan. 1, 2020.

The Company has assessed that the above standards and interpretations do not have a material impact on the financial position and financial performance of the Company.

(II) The effect or impact that may arise when it has not applied newly issued and amended IFRSs endorsed by the FSC.

The following table presents the new, amended and revised IFRSs and interpretations of IFRSs endorsed by the FSC for application in 2021:

Newly Issued/Amended/Revised Standards and Interpretations	Effective date of issue by IASB
Amendments to IFRS 4 “Extension of Temporary Exemption from Applying IFRS 9”	Jan 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform - Phase II	Jan 1, 2021

The Company has assessed that the above standards and interpretations have no significant influence on the financial position and financial performance of the Company.

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

The following table sets out the newly issued, modified and revised standards and interpretations of IFRSs that have been issued by the IASB but not yet incorporated into the FSC's approved IFRSs:

Principle and explanation for new announcement/amendment/revision	Effective Date Announced by IASB
Amendments to IFRS 3 “Reference to the Conceptual Framework”	Jan. 1, 2022
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	Jan. 1 , 2021
Amendments to IFRS 17 “Insurance Contracts”	Jan. 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Jan. 1 , 2023
Amendments to IAS 1 "Disclosure of Accounting Policies”	Jan. 1 , 2023
Amendments to IAS 8 "Definition of Accounting Estimates”	Jan. 1 , 2023
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	Jan. 1 , 2022
Amendments to IAS 37 “Onerous Contracts: Cost of Fulfilling a Contract”	Jan. 1 , 2022
Annual Improvements - 2018-2020 Cycle	Jan. 1 , 2022

The Company has assessed that the above standards and interpretations have no significant influence on the financial position and financial performance of the Company

IV. Summary of Significant Accounting Policies

The main accounting policies adopted for the preparation of the Parent Company Only financial statements are described as follows. These policies shall be applicable in all reporting periods unless any description is otherwise provided.

(I) Compliance statement

The Parent Company Only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. The Parent Company Only financial statements are prepared at historical cost, except for the

following significant items:

- (1) Financial assets and liabilities at fair value through profit or loss (including derivatives).
- (2) Financial Assets Measured at Fair Value through Other Comprehensive Income.
- (3) Defined benefit liabilities are recognized at the pension fund's assets less the net present value of the defined benefit obligation.

2. The preparation of financial statements in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IAS, interpretations and interpretative declarations as approved by the Financial Supervisory Commission (FSC) requires the use of certain significant accounting estimates and requires that management to use its judgment in the application of the Company's accounting policies. For items involving a high degree of judgment or complexity, or items involving significant assumptions and estimates in the Parent Company Only financial statements, please refer to Note V for details.

(III) Foreign currency translation

Items included in the Parent Company Only financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates (i.e. the functional currency). The functional currency of the Company and the presentation currency in the Parent Company Only financial statements should be "New Taiwan Dollar".

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into functional currency using the spot exchange rate at the date of the transaction or measurement and the resulting translation differences are recognized in profit or loss for the period.
- (2) The balances of monetary assets and liabilities in foreign currencies are adjusted at the spot exchange rates prevailing on the balance sheet date and the resulting translation differences are recognized in profit or loss for the period.
- (3) Non-monetary assets and liabilities in foreign currencies that are measured at fair value through profit or loss are adjusted at the spot exchange rates prevailing on the balance sheet date and the resulting exchange differences are recognized in profit or loss for the period; that are measured at fair value through other comprehensive income are adjusted at the spot exchange rates prevailing on the balance sheet date, and the resulting exchange differences are recognized in other comprehensive income; that are not measured at fair value are measured at historical exchange rates at the date of the initial transaction.
- (4) All profits and losses from exchange shall be listed under "other gains and losses" in the Statement of Income.

2. Translation of foreign operations

- (1) The results of operations and financial position of subsidiaries and associates whose functional currency differs from the presentation currency are translated into the presentation currency in the following manners:
 - A. The assets and liabilities presented in each Balance sheet are translated at the closing rate at the balance sheet date;
 - B. Income and expenses presented in each Statements of Comprehensive Income are translated at the average exchange rate for the period; and

- C. All exchange differences arising from the translation are recognized in other comprehensive income.
- (2) When a foreign operation that is partially disposed of or sold is an associate, the exchange differences under other comprehensive income are reclassified proportionately to profit or loss for the period as part of the gain or loss on sale. However, when the Company retains part of its interest in a former associate but has lost material influence over the foreign operation's associate, the treatment is to dispose of the entire interest in the foreign operation.
 - (3) When a foreign operation that is partially disposed of or sold is a subsidiary, the cumulative amount of the exchange difference recognized in other comprehensive income is re-attributed proportionately to the non-controlling interest in the foreign operation. However, when the Company retains a partial interest in a former subsidiary but has lost control of the foreign operation's subsidiary, the treatment is to dispose of the entire interest in the foreign operation.

(IV) Classification of current and non-current items

1. An asset which meets any of the following conditions shall be determined as a current asset:
 - (1) An asset expected to be realized, sold or consumed in an ordinary operating cycle.
 - (2) An asset held mainly for transaction purposes.
 - (3) An asset to be realized within 12 months after the Balance sheet is issued.
 - (4) Cash and cash equivalents which do not include cash used to exchange or clear liability within 12 months after the Balance sheet is issued or with other restrictions.

The Company determine all assets which do not meet the conditions mentioned above as the non-current assets.

2. A liability which meets any of the following conditions shall be determined as a current liability:
 - (1) A liability expected to be paid in an ordinary operating cycle.
 - (2) A liability held mainly for transaction purposes.
 - (3) A liability which shall be paid within 12 months after the Balance sheet is issued.
 - (4) A liability toward which the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the Balance sheet is issued. The terms of the liabilities may, at the option of the counterparty, be settled by the issuance of equity instruments without affecting their classification.

The Company determine all liabilities which do not meet the conditions mentioned above as the non-current liabilities.

3. Assets and liabilities associated with construction and long-term construction contracts are classified as current or non-current based on the operating cycle, which is usually two years, as the operating cycle for building sales and contract work is usually longer than one year.

(V) Cash equivalents

Cash equivalents includes time deposits or investments that are highly liquid and can be converted to cash at any time and have little risk of change in value. Time deposits that meet the aforementioned definition and are held for the purpose of meeting short-term cash commitments

from operations are classified as cash equivalents.

(VI) Financial assets measured at FVTOCI

1. The equity instruments are initially recognized as an irrevocable option to report changes in the fair value of investments in equity instruments that are not held for trading to other comprehensive income.
2. The Company uses settlement date accounting for financial assets measured at fair value through other comprehensive income that comply with trade practices.
3. The Company measures at fair value plus transaction costs at initial recognition and subsequently at fair value. Changes in the fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss and is transferred to retained earnings. The Company recognizes dividend income in profit or loss when the right to receive the dividend is established, the economic benefits associated with the dividend are likely to flow in and the amount of the dividend can be measured reliably.

(VII) Financial assets measured at amortized cost

1. This means those who, at the same time, meet the following conditions.
 - (1) The financial asset is held under a business model that aims to collect contractual cash flows.
 - (2) The contractual terms of the financial asset generate cash flows at a specific date that are solely for the payment of principal and interest on the outstanding principal amount.
2. The Company uses trade date accounting for financial assets that are measured at amortized cost in accordance with trade practices.
3. The Company measures at its fair value plus transaction costs at initial recognition, and subsequently recognizes interest income over the period in which it is outstanding using the effective interest method and recognizes an impairment loss and, upon derecognition, a gain or loss is recognized in profit or loss.

(VIII) Accounts and notes receivable

1. The Company's accounts and notes are those for which it has unconditional rights to receive consideration amount for the transfer of goods or services in accordance with the contract.
2. Short-term receivables and notes with unpaid interest are measured at the original invoice amount as the influence of discounting is not significant.

(IX) Impairment of financial assets

At each Balance sheet date, for financial assets measured at amortized cost, the Company measures an allowance for credit losses at the amount of 12 months' expected credit losses if the credit risk has not increased significantly since the initial recognition, taking into account all reasonable and probable information, including forward-looking statements; an allowance for credit losses is measured at the amount of expected credit losses over the duration to which the credit risk has increased significantly since initial recognition; for accounts receivable that do not contain a significant financial component, an allowance for losses is measured at the amount of expected credit losses over the duration.

(X) Derecognition of financial assets

When the Company's contractual rights to receive cash flows from financial assets lapse, the

financial assets are derecognized.

(XI) Operating leases (lessor)

Lease proceeds from operating leases, net of any incentives given to the lessee, are amortized over the lease term and recognized in profit or loss for the period on a straight-line method.

(XII) Inventories

1. Aside from lands for construction, inventories are valued at lower of cost or net realizable value. Cost carry-forwards are calculated using the FIFO, except for the weighted-average method for work in progress. The costs of finished goods and work-in-progress include the expenses for raw materials, direct labor, other direct costs and manufacturing related to production (allocated according to normal capacity), excluding the loan costs. The item-by-item method shall be adopted when comparing a cost and a net realizable value. Net realizable value is the balance in the estimated selling price of goods under normal circumstances minus the estimated cost to be invested for completion and the estimated cost required for sale.
2. Land for construction is recorded on a perpetual inventory system, using the cost of acquisition as the basis of accounting and capitalizing interest over the period of construction (premises under construction), with the cost carried forward calculated using the weighted average method. Ending inventories are measured at the lower of cost or net realizable value, and the lower of comparative cost or net realizable value is compared on an item-by-item basis. Net realizable value is the estimated selling price under normal circumstances less costs to be invested to completion and related variable selling expenses.

(XIII) Investments accounted for under equity method/subsidiaries and associates

1. A subsidiary means an entity (including a structured entity) controlled by the Company when the Company is exposed to, or has rights to, variable reward from participation in such entity and has the ability to influence such reward through power over such entity.
2. Unrealized profits or losses arising from transactions between the Company and its subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to be consistent with the policies adopted by the Company.
3. The Company recognizes its share of profit or loss after the acquisition of a subsidiary as profit or loss for the current period and its share of other comprehensive income as other comprehensive income after it is acquired. If the Company's share of the loss recognized in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize a loss based on its proportionate share of the subsidiary.
4. Changes in holdings in subsidiaries that do not result in a loss of control (transactions with non-controlling interests) are treated as equity transactions, i.e. transactions with owners. The difference between the adjusted amount of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity.
5. When the Company loses control of a subsidiary, the remaining investment in the former subsidiary is remeasured at fair value and recognized as either the fair value of the initial recognized financial asset or the cost of the initial recognized investment in an associate, with the difference between the fair value and the carrying amount recognized in profit or loss for the period. The accounting for all amounts previously recognized in other comprehensive income

related to the subsidiary is based on the same basis as if the Company had directly disposed of the related assets or liabilities, i.e., if the gain or loss previously recognized in other comprehensive income is reclassified to profit or loss upon disposal of the related assets or liabilities, the gain or loss is reclassified from equity to profit or loss upon loss of control over the subsidiary.

6. An associate is an entity over which the Company has significant influence but over which it has no control, generally holding, directly or indirectly, more than 20% of the shares with voting rights. The Company's investments in associates are accounted for using the equity method and are recognized at cost when acquired.
7. The Company recognizes the share of associates' profits after acquisition as profit or loss for the current period and recognizes the share of associates' other comprehensive income after acquisition as other comprehensive income. If the Company's share of losses in an associate equals or exceeds its interest in that associate (including any other unsecured receivables), the Company does not recognize further losses unless the Company has incurred legal obligations, constructive obligations or made payments on behalf of that associate.
8. The Company recognizes all changes in equity as "capital surplus" in proportion to the Company's shareholding in the associates when changes in equity in non-income or other comprehensive income occur to the associates and do not affect the Company's proportional shareholding in the associates.
9. Unrealized profits or losses arising from transactions between the Company and its associates have been eliminated in proportion to its interest in the associates; unrealized losses are also eliminated unless there is evidence of impairment of the assets transferred on the transaction. The accounting policies of the associates have been adjusted as necessary and are in conformity with the policies adopted by the Company.
10. If the Company does not subscribe for or acquire new shares on a prorata basis, which results in a change in the proportion of investment but still has a material influence on the associate, the increase or decrease in the change in equity is adjusted for "Capital surplus" and "Investments under the equity method". In the event of a decrease in the proportionate share of the investment, in addition to the above adjustments, any gain or loss associated with the decrease in the ownership interest that was previously recognized in other comprehensive income and that would have to be reclassified to profit or loss upon disposal of the related assets or liabilities is reclassified to profit or loss in proportion to the decrease.
11. When the Company loses a material influence on an associate, the remaining investment in the former associate is remeasured at fair value and the difference between fair value and carrying amount is recognized in profit or loss for the current period.
12. When the Company disposes of an associate, all amounts previously recognized in other comprehensive income relating to that associate are accounted for on the same basis as if the Company had directly disposed of the related assets or liabilities, if the material influence on that associate is lost, i.e., if the gain or loss previously recognized in other comprehensive income were reclassified to profit or loss on disposal of the related assets or liabilities, the gain or loss is reclassified from equity to profit or loss when the material influence on the associate is lost. If it

still has a material influence on the associate, only the amount previously recognized in other comprehensive income will be transferred out in the manner described above on a pro rata basis.

13. When the Company disposes of an associate, capital surplus relating to that associate is transferred to profit or loss if the Company loses material influence over that associate; or is transferred to profit or loss in proportion to the disposal if it still has material influence over that associate.
14. In accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the current profit or loss and other comprehensive income of an Parent Company Only financial statement shall be the same as the share of the current profit or loss and other comprehensive income attributable to the owners of the parent company in the consolidated financial statements, and the interest of the owners of the Parent Company Only financial statement shall be the same as the interest attributable to the owners of the parent company in the consolidated financial statements.

(XIV) Joint operation

For interests in joint operations, the Company recognizes its direct rights (and its share) in the assets, liabilities, revenues and expenses of joint operations, which are included in the applicable line items in the financial statements.

(XV) Property, plant and equipment

1. Property, plant and equipment are accounted for on an acquisition cost basis.
2. Subsequent costs are included in the carrying amount of an asset or recognized as a separate asset only when it is probable that future economic benefits associated with the project will flow to the Company and the cost of the project can be measured reliably. The carrying amount of the portion being replaced shall be derecognized. All other maintenance costs are recognized in profit or loss as incurred.
3. Property, plant and equipment are subsequently measured using the cost model and depreciated on a straight-line method over their estimated useful lives, except for land, which is not depreciated. Depreciation is provided separately for each component of property, plant and equipment that is material.
4. The Company reviews each asset's residual value, useful life and method of depreciation at the end of each financial year, and if the expected residual value and useful life differ from previous estimates, or if there has been a material change in the expected pattern of consumption of future economic benefits embedded in the asset, the change in accounting estimate is treated in accordance with IAS No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of change. The useful lives of each asset are as follows:

Construction (with accessory)	2-55 years
Machinery equipment	2-15 years
Other equipment	2-20 years

(XVI) Lessee's lease transactions - right-of-use assets/lease liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they become available for use by the Company. When a lease contract is a short-term lease or a lease of a low-value underlying asset, the lease payments are recognized as an expense on a straight-line basis over

the period of the lease.

2. Lease liabilities are recognized at the present value of the lease payments outstanding at the inception date of the lease, discounted at the Company's incremental borrowing rate. Lease payments consist of:
 - (1) fixed payments, net of any lease incentives receivable;
 - (2) variable lease payments that depend on an index or rate; interest expense is subsequently accrued over the lease term using the interest method measured at amortized cost. When non-contractual amendments result in changes to the lease term or lease payments, the lease liability is reassessed and the right-of-use asset is remeasured.
3. Right-of-use assets are recognized at cost at the inception date of the lease and the cost comprises:
 - (1) the original measurement amount of the lease liability;
 - (2) Any lease payments made on or before the commencement date; subsequently measured using the cost model, depreciation is provided at the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any remeasurement of the lease liability.

(XVII) Investment property

Investment property is recognized at cost of an acquisition and subsequently measured using the cost model. Depreciation is provided on a straight-line basis over the estimated useful life, which is 50 years, except for land.

(XVIII) Intangible assets

1. Intangible assets are primarily customer relationships and are amortized using the straight-line method over a 5-year period.
2. Computer software is recognized at acquisition cost and amortized on a straight-line basis over its estimated useful life of 10 years.

(XIX) Impairment of non-financial assets

The Company estimates the recoverable amount of assets that show signs of impairment at the balance sheet date and recognizes an impairment loss when the recoverable amount is less than their carrying value. The recoverable amount is the higher of the fair value of an asset less costs to dispose of or its value in use. An impairment loss is reversed if there is no or a decrease in an asset for which an impairment loss has been recognized in prior years, provided that the carrying amount of the asset increased by the reversal of the impairment loss does not exceed the carrying amount of the asset net of depreciation or amortization if no impairment loss had been recognized.

(XX) Borrowings

1. Borrowings refer to short-term and long-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
2. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is

probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(XXI) Notes and accounts payable

1. Refers to liabilities incurred for the purchase of raw materials, goods or services and notes payable incurred for operating and non-operating purposes.
2. Short-term accounts and notes payable with no stated interest rate are measured at the initial invoice amount as the effect of discounting is immaterial.

(XXII) Derecognition of financial liabilities

The Company derecognizes financial liabilities upon the performance, cancellation or expiry of obligations specified in the contract.

(XXIII) Financial guarantee contracts

A contract in which the Company is required to pay a specific benefit to reimburse a loss to the holder when a specific borrower is unable to repay the debt as it becomes due under the terms of the initial or modified debt instrument. The Company measures at fair value on initial recognition and subsequently at the higher of the allowance for expected credit losses and the cumulative amount of revenue recognized.

(XXIV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the non-discounted amount of expected payments and are recognized as an expense when the related services are provided.

2. Pensions

(1) Defined contribution plans

In the case of defined contribution plans, the amount of pension fund contributions is recognized as pension cost on an accrual basis. Prepayments of future contributions are recognized as an asset to the extent that they are refundable in cash or reduce future payments.

(2) Defined benefit plan

A. The net obligation under a defined benefit plan is calculated by discounting the amount of future benefits earned by the employee for current or past service, and deducting the fair value of plan assets from the present value of the defined benefit obligation at the balance sheet date. The net defined benefit obligation is calculated annually by the actuary using the projected unit credit method. The discount rate is the market yield rate on government bonds (at the balance sheet date) in the same currency and period as the defined benefit plan.

B. The remeasurement resulting from defined benefit plans is recognized in other comprehensive income for the period in which it is incurred and is presented in retained earnings.

C. The related expense for prior period service costs is recognized immediately in profit or loss.

3. Remuneration for employees and directors and supervisors

Remuneration for employees and directors and supervisors is recognized as an expense and

liability when there is a legal or constructive obligation and the amount can be reasonably estimated. Any subsequent difference between the actual allotment amount and the estimated amount is treated as a change in accounting estimate. The basis for calculating the number of shares is the closing price on the day before the Board of Directors' resolution.

(XXV) Income tax

1. Income tax expense consists of current and deferred income taxes. Income taxes are recognized in profit or loss, except for those items included in other comprehensive income or directly in equity are respectively classified under other comprehensive income or directly in equity.
2. The Company calculates current income tax at the tax rates that have been enacted or substantively enacted at the balance sheet date in the countries in which the Group operates and derives its taxable income. Management periodically assesses the status of income tax returns with respect to applicable income tax-related regulations and, where applicable, estimates income tax liabilities based on taxes expected to be paid to the revenue service office. The income tax on Unappropriated retained earnings under the Income Tax Act is recognized as income tax expense on the Unappropriated retained earnings in the year following the year in which the earnings are generated and after a proposal for distribution of earnings is adopted at the stockholders' meeting.
3. Deferred income tax is recognized using the Balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts on the Parent Company Only Statements of Changes in Equity. Deferred income tax liabilities arising from initially recognized goodwill are not recognized if the deferred income tax arises from the original recognition of an asset or liability in a transaction (excluding a business combination) that does not affect accounting profit or taxable income (tax loss) at the time of the transaction. If the Company has control over the point at which the temporary difference arising from investments in subsidiaries and associates reverses and it is probable that the temporary difference will not reverse in the foreseeable future, the Company will not recognize the temporary difference. Deferred income tax is determined using tax rates (and tax laws) that are enacted or substantively enacted at the balance sheet date and are expected to be applicable when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized to the extent that it is probable that the temporary differences will be used to offset future taxable income and the unrecognized and recognized Deferred income tax assets are reassessed at each Balance sheet date.
5. Current income tax assets and liabilities are offset when there is a legally enforceable right to offset the amounts of current tax assets and liabilities recognized and there is an intention to settle the assets and liabilities on a net basis or to realize both; Deferred income tax assets and liabilities are offset when there is an offset between current income tax assets and current income tax liabilities and when the deferred income tax assets and liabilities arise from the same taxable entity for which the tax is levied by the same taxing authority, or from different taxable entities, but each entity intends to settle the assets and settle the liabilities on a net basis or both.

(XXVI) Share capital

1. Common stock is classified as equity. The incremental cost directly attributable to the issuance of new stock or stock options is accounted for in equity as a proceeds deduction , net of income taxes.
2. When the Company repurchases the outstanding stock, the consideration paid, including any incremental costs that can be directly attributed, is recognized as a reduction in stockholders' equity, net of tax. Upon subsequent reissuance of purchased stock, the difference between the consideration received, net of any directly attributable incremental costs and income tax effects, and the carrying value is recognized as an adjustment to stockholders' equity.

(XXVII) Dividends

Dividends distributed to the Company's stockholders are recognized in the financial statements when the Company's stockholders resolve to distribute dividends, cash dividends are recognized as a liability, and stock dividends are recognized as stock dividends to be distributed and are reclassified to common stock on the basis of the new share issuance date.

(XXVIII) Revenue

Sales of Products

1. The Company mainly manufactures and sells chemical and oil related products, and recognizes contractual liabilities when payments due from customers exceed the amount of goods already provided by the Company.
2. Income from Sales of Goods is recognized when control of the product is transferred to the customer, i.e. when the product is delivered to the buyer. Delivery occurs when the product is shipped to the specified location, the risk of obsolescence and loss is transferred to the customer, and the customer accepts the product in accordance with the sales contract, or when there is objective evidence that all acceptance criteria have been met.
3. The Company has not adjusted the transaction price to reflect the time value of currency as the time interval between the transfer of the promised goods to the customer and payment by the customer has not exceeded one year in the case of contracts entered into between the Company and the customer.

Land development & Resale

The Company operates land development and recognizes revenue when control of the real estate is transferred to the customer.

(XXIX) Government grants

Government grants are recognized at fair value when it is reasonably certain that an enterprise will comply with the conditions attached to the project grant and it will receive the grant. If the nature of the project grants is to compensate the Company for expenses incurred, the project grants are recognized in profit or loss on a systematic basis for the period in which they are incurred.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

In preparing the Company's Parent Company Only financial statements, management has used its judgment in determining the accounting policies used and has made accounting estimates and

assumptions that give rise to reasonable expectations of future events based on circumstances existing at the balance sheet date. Major accounting estimates and assumptions made may differ from actual results and will be continually evaluated and adjusted taking historical experience and other factors into account. These estimates and assumptions have the risk of causing significant adjustments to the carrying amounts of assets and liabilities in the next year. Please read the following description of the uncertainties in major estimates and assumptions:

- (I) Financial assets - fair value measurement of unlisted (not over-the-counter) company shares with no active market

The fair value of the Company's holdings in unlisted (not over-the-counter) companies with no active market is estimated by reference to recent fundraising activities, evaluation of similar companies, technological development, market conditions and other economic indicators. Any changes in judgment and estimates could affect the fair value measurement. For a description of the fair value of financial instruments, please refer to Note XII (VI). On December 31, 2020, the carrying amount of the Company's unlisted (not over-the-counter) company shares with no active market was \$71,174.

- (II) The allowance for loss on accounts receivable is estimated based on the risk of default and the expected rate of loss. The Company considers historical experience, current market conditions and forward-looking estimates at each reporting date to determine the assumptions to be used in calculating impairment. For a description of the credit risk of financial instruments, please refer to Note XII (V).

On December 31, 2020, the Company had an allowance for loss on accounts receivable of \$228,836.

- (III) Assessment of impairment of tangible and intangible assets (other than goodwill)

In assessing asset impairment, the Company relies on subjective judgement and relies on asset use patterns and industry characteristics to determine the individual cash flows, the useful life of assets and the likely future revenues and expenses of a particular group of assets. Any change in estimates due to changes in economic conditions or in the Company's strategy could result in a material impairment in the future. At Dec 31, 2020, the carrying value of the Company's building and construction, machinery and other equipment after recognizing impairment losses was \$67,444, \$83,982 and \$55,263, respectively.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	Dec. 31, 2020	Dec. 31, 2019
Cash on hand	\$ 190	\$ 240
Check accounts	372	299
Demand deposits	1,640,639	448,482
Time deposits	760,000	9,050
Debts of repurchased agreements	-	15,703
	<u>\$ 2,401,201</u>	<u>\$ 473,774</u>

1. The Company's dealings with financial institutions are of good credit quality and the Company deals with a number of financial institutions to diversify its credit risk, the probability of default

is expected to be low.

- The Company's cash restricted for use on December 31, 2020 and 2019 was \$22,029 and \$19,523, respectively, which are presented in the tables "Financial assets measured at amortized cost - non-current" as described in Note VIII.

(II) Financial assets measured at FVTOCI

Item	Dec. 31, 2020	Dec. 31, 2019
Non-current items:		
Equity instruments		
Listed and OTC stocks	\$ 529,878	\$ 529,878
Unlisted stocks	119,563	111,259
	649,441	641,137
Valuation adjustment	(86,233)	(168,863)
Total	\$ 563,208	\$ 472,274

- The Company elected to classify equity investments, which are strategic investments, as financial assets measured at fair value through other comprehensive income, with fair values of \$563,208 and \$472,274 on December 31, 2020 and 2019, respectively.
- The details of financial assets measured at fair value through other comprehensive income recognized in profit or loss and comprehensive income are as follows:

	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 82,630	(\$ 64,265)

- In line with the Group's organizational planning, the Company's Board of Directors resolved on June 19, 2020 to purchase the equity interests in Yuan He Bioapplication Co. and Vita Genomics Inc from Zortech and the relevant equity transactions have been completed.
- Dividend income recognized in 2020 and 2019 was \$16,699 and \$15,301, respectively, both related to investments still held at the end of the reporting period.
- The most representative of the Company's holdings of financial assets measured at fair value through other comprehensive income, without considering collateral held or other credit enhancements, were the most exposed to credit risk on December 31, 2020 and 2019 in the amounts of \$563,208 and \$472,274, respectively.
- The Company has not pledged financial assets that are measured at fair value through other comprehensive income.
- Please refer to Notes XII (V) and (VI) for price risk information and fair value information on financial assets measured at fair value through other comprehensive income.

(III) Financial assets measured at amortized cost

Item	Dec. 31, 2020	Dec. 31, 2019
Non-current:		
Restricted cash and cash equivalents	\$ 22,029	\$ 19,523

1. Details of financial assets measured at amortized cost that are recognized in profit or loss are as follows:

	2020	2019
Interest income	\$ 50	\$ 25

2. The most representative of the Company's holdings of financial assets measured at amortized cost, without considering collateral held or other credit enhancements, were the most exposed to credit risk on December 31, 2020 and 2019 in the amounts of \$22,029 and \$19,523, respectively.
3. Please refer to Note VIII for details of the Company's financial assets measured at amortized cost to be pledged as collateral.
4. Please refer to Note XII (V) for more information on the credit risk of financial assets measured at amortized cost.

(IV) Notes and accounts receivable

	Dec. 31, 2020	Dec. 31, 2019
Notes receivable	\$ 2,403	\$ 9,307
Accounts receivable	\$ 383,430	\$ 398,686
Less: Allowance for bad debts	(228,836)	(53,427)
	\$ 154,594	\$ 345,259

1. The aging analysis of accounts receivable and notes receivable are as follows:

	Dec. 31, 2020		Dec. 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 154,594	\$ 2,403	\$ 189,603	\$ 9,307
Past due				
Within 90 days	-	-	36,011	-
91-180 days	-	-	117,537	-
Over 181 days	228,836	-	55,535	-
	\$ 383,430	\$ 2,403	\$ 398,686	\$ 9,307

The above aging analysis is based on the number of days past due.

2. On December 31, 2020, December 31, 2019 and January 1, 2018, the Company had balances of \$385,833, 407,993 and \$708,647, respectively, in respect of receivables (including notes receivable) under contracts with customers.
3. The Company does not hold any collateral for its notes and accounts receivable.
4. The most representative of the Company's notes receivable, without considering collateral held or other credit enhancements, were the most exposed to credit risk on December 31, 2020 and 2019 in the amounts of \$2,403 and \$9,307, respectively; and the most representative of the

Company's accounts receivable were the most exposed to credit risk on December 31, 2020 and 2019 in the amounts of \$154,594 and \$345,259, respectively.

5. Please refer to Note XII (V) for information on the credit risk of the related accounts receivable and notes receivable.

(V)Inventories

	Dec. 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 56,320	\$ -	\$ 56,320
Work in progress	1,308	-	1,308
Finished goods	57,383	(371)	57,012
Inventories	14,245	-	14,245
Inventory in transit	639	-	639
	<u>\$ 129,895</u>	<u>(\$ 371)</u>	<u>\$ 129,524</u>
	Dec. 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 104,204	\$ -	\$ 104,204
Work in progress	2,053	-	2,053
Finished goods	98,368	(1,480)	96,888
Inventories	51,951	-	51,951
Inventory in transit	2,213	-	2,213
Land for construction sites	1,068,308	-	1,068,308
	<u>\$ 1,327,097</u>	<u>(\$ 1,480)</u>	<u>\$ 1,325,617</u>

Inventory costs recognized as an expense for the current period:

	2020	2019
Cost of inventories sold	\$ 3,913,697	\$ 3,933,381
Gains from price recovery of inventory	(1,109)	(5,158)
(Gain) loss on physical inventory	(7,510)	(5,631)
Unallocated fixed manufacturing overheads	21,780	27,506
	<u>\$ 3,926,858</u>	<u>\$ 3,950,098</u>

1. Inventories recorded as an allowance for declines at the end of 2018 were sold in 2019 and product prices rebounded, resulting in gains from price recovery of inventory.
2. Inventory that was provided for as an allowance for decline in value at the end of 2019 was sold in fiscal 2020 and product prices recovered, resulting in a gain from price recovery of inventory.
3. The amount of borrowing costs capitalized and the range of interest rates for land for construction are:

	2020	2019
Capitalized amount	\$ -	\$ 17,779
Capitalized rate		2.88%~3.01%

4. Please refer to Note VIII for the above inventory guarantee.

(VI) Investments accounted for using equity method

1. The details are as follows:

Name of subsidiary and associates	Dec. 31, 2020	Dec. 31, 2019
Asset accounts:		
<u>Subsidiary</u>		
Paotze	\$ 6,620,117	\$ 5,468,423
Hsin Tay Petroleum	1,032,658	2,168,121
He Mao VC	120,039	112,872
Zortech	54,943	58,249
Inadvance	199,526	191,102
Ho Tung Cement	267,026	220,873
Signpost	373,533	359,069
Chenergy	677,668	-
Top Device	29,646	31,208
Sharinvest	14,420	80,017
Ally Solution	798,879	794,149
Less: Treasury stocks	(95,951)	(95,951)
<u>Subtotal</u>	<u>10,092,504</u>	<u>9,388,132</u>
<u>Associate</u>		
Tung Bao Corp. (Tung Bao)	280,192	279,372
	<u>\$ 10,372,696</u>	<u>\$ 9,667,504</u>
Name of subsidiary and associates	Dec. 31, 2019	Dec. 31, 2018
Liabilities accounts:		
<u>Subsidiary</u>		
Hua Chung	\$ 64,537	\$ 76,645

2. The Company's subsidiaries are treated as Treasury stocks by virtue of their holdings of the Company's stock, the details of which are as follows.

Name of subsidiaries	Dec. 31, 2020	Dec. 31, 2019
Paotze	\$ 78,973	\$ 78,973
Ho Tung Cement	16,978	16,978
	<u>\$ 95,951</u>	<u>\$ 95,951</u>

3. The shares of profit or loss of associates under the equity method are as follows:

Name of subsidiaries and associates	2020	2019
<u>Subsidiary</u>		
Paotze	\$ 1,058,213	\$ 410,713
Hsin Tay Petroleum	(593,827)	(201,930)
He Mao VC	(322)	180
Zortech	2,017	(119)
Inadvance	5,132	9,794
Ho Tung Cement	25,592	(3,623)
Hua Chung	8,244	(859)
Signpost	8,497	19,316
Chenergy	(134,795)	-
Top Device	-	-
Sharinvest	(72,337)	(27,538)
Ally Solution	(79)	(60)
<u>Subtotal</u>	<u>306,335</u>	<u>205,874</u>
<u>Associate</u>		
Tung Bao	821	(2,109)
	<u>821</u>	<u>(2,109)</u>
	<u>\$ 307,156</u>	<u>\$ 203,765</u>

4. For information on the Company's subsidiaries, see the Company's Consolidated Financial Statements for the year ended December 31, 2020 in Note IV(III).

5. Hsin Tay Petroleum made a cash capital reduction in November 2019, returning \$139,700 in shares, respectively.
6. Hua Chung made a cash capital reduction in August 2019, returning \$19,865 in shares.
7. Zortech made a cash capital reduction in October 2019, returning \$30,840 in shares.
8. Hsin Tay Petroleum Co. was approved by the Board of Directors on Aug 14, 2020 to reduce its capital by \$489,300, eliminating 48,930 shares in thousands and returning its shares in Chenergy Co. to the Company. The relevant change registration procedures have been completed.
9. In response to the Group's organizational adjustment, the Company's Board of Directors on June 19, 2020 resolved to purchase the equity interests in Hua Chung Co. and Ho Tung Cement Co, and the relevant equity transaction has been completed.
10. In November 2020, the Company increased its shareholding in Chenergy Global Corp from 98.56% to 99.07% by adding 20,000,000 shares at NT\$15 per share for \$300,000 in cash, and the relevant change registration procedures have been completed.
11. Aggregate financial information of the Company's associates is as follows:

	Assets	Liabilities	Revenue	Profit or loss	Shareholding percentage
Dec. 31, 2020					
Tung Bao	<u>\$ 992,134</u>	<u>\$ 179,433</u>	<u>\$ 260,237</u>	<u>(\$ 2,414)</u>	34%
Dec. 31, 2019					
Tung Bao	<u>\$ 965,452</u>	<u>\$ 155,165</u>	<u>\$ 265,729</u>	<u>(\$ 6,204)</u>	34%

12. Of the share of profit or loss of subsidiaries and associates using the equity method of accounting above, investment losses of \$764,607 and \$235,998 were recognized in 2020 and 2019, respectively, for Hsin Tay Petroleum, He Mao VC, Zortech, Hua Chung, Ho Tung Cement, Chenergy, Sharpinvest and Tung Bao, respectively, based on the financial statements of the respective companies' appointed accountants.
13. The Company has not pledged investments using equity methods.

(VII) Joint operation

In November 2006, the Company entered into a "Joint Investment and Development Agreement" with other joint operators to jointly purchase four parcels of land at Nos. 271, 271-4, 271-5 and 271-7 in two Yucheng sections, Nangang District, Taipei City, and entrusted one of the operators to handle the change of urban planning, and upon completion of the urban planning change process, the operator planned, constructed and sold the building, and shared the benefits in proportion to the investment, less necessary expenses.

The Company holds the 12.25% share of the above-mentioned Great Nangang project. The Company's share of the assets, liabilities and results of sales and operations of the project is included in the balance sheet and the statement of comprehensive income as below:

	2020	2019
Assets:		
Current assets	\$-	\$1,038,861
Debts		
Current debts	-	(886,450)
Net assets	-	\$152,411

	2020	2019
Operating income	2,950,334	-
Operating cost	(1,115,789)	-
Operating profit margin	1,834,545	-
Operating expense	(697)	(1,608)
Operating profit (loss)	1,833,848	(1,608)
Non-operating income		
Interest income	13,553	6
Net profit (loss) before tax	1,847,401	(1,602)
Income tax expense	(45,935)	-
Net profit (loss) for the period	\$ 1,801,466	(\$1,602)
Agreed shares of joint operation	12.25%	12.25%

1. The Company has no contingent liabilities in relation to this joint operation commitment and the joint operation itself has no contingent liabilities.
2. On May 7, 2020, the Company and other joint operators sold the land located in the two Yucheng sections, Nangang District, Taipei City through public tendering to Fubon Life Insurance Co. for a total bid of \$28,287,000 to strengthen the working capital and increase the efficiency of capital utilization. A landowners' meeting was held on June 8, 2020 to determine the first cash distribution and the distribution was made on June 10, 2020; a further landowners' meeting was held on July 7, 2020 to decide on the settlement of the landowners' interests and the second cash distribution for the Great Nangang project, and the settlement was completed on the following day.

(VIII) Properties, plants and equipments

	Land	Buildings	Machinery equipment	Other equipment	Unfinished constructions and equipment to be tested	Total
Jan. 1, 2020						
Cost	\$229,092	\$ 234,986	\$ 856,470	\$210,810	\$ 94,940	\$ 1,626,298
Accumulated depreciation	-	(152,075)	(714,251)	(130,955)	-	(997,281)
Accumulated impairment	-	(2,546)	(270)	(201)	-	(3,017)
	<u>\$229,092</u>	<u>\$ 80,365</u>	<u>\$141,949</u>	<u>\$79,654</u>	<u>\$ 94,940</u>	<u>\$ 626,000</u>
<u>2020</u>						
Jan. 1	\$229,092	\$ 80,365	\$141,949	\$79,654	\$ 94,940	\$626,000
Addition	-	331	5,228	247	26,821	32,627
Transfer	-	385	29,975	-	(30,360)	-
Depreciation charge	-	(6,491)	(27,124)	(16,893)	-	(50,508)
Impairment	-	(7,146)	(66,046)	(7,745)	-	(80,937)
Dec. 31	<u>\$229,092</u>	<u>\$ 67,444</u>	<u>\$83,982</u>	<u>\$ 55,263</u>	<u>\$91,401</u>	<u>\$ 527,182</u>
Dec. 31, 2020						
Cost	\$229,092	\$ 235,182	\$891,673	\$203,775	\$91,401	\$ 1,651,123
Accumulated depreciation	-	(158,046)	(741,375)	(140,566)	-	(1,039,987)
Accumulated impairment	-	(9,692)	(66,316)	(7,946)	-	(83,954)
	<u>\$229,092</u>	<u>\$ 67,444</u>	<u>\$83,982</u>	<u>\$ 55,263</u>	<u>\$91,401</u>	<u>\$ 527,182</u>

	Land	Construction	Machinery equipment	Other equipment	Unfinished constructions and equipment to be tested	Total
Jan. 1, 2019						
Cost	\$229,092	\$ 234,110	\$842,317	\$201,112	\$ 12,339	\$ 1,518,970
Accumulated depreciation	-	(145,714)	(705,693)	(115,836)	-	(967,243)
	<u>\$229,092</u>	<u>\$ 88,396</u>	<u>\$136,624</u>	<u>\$85,276</u>	<u>\$ 12,339</u>	<u>\$ 551,727</u>
<u>2019</u>						
Jan. 1	\$229,092	\$ 88,396	\$136,624	\$ 85,276	\$ 12,339	\$ 551,727
Addition	-	138	1,506	416	113,717	115,777
Disposition	-	-	(96)	-	-	(96)
Transfer	-	738	20,636	9,574	(31,116)	(168)
Depreciation charge	-	(6,361)	(16,451)	(15,411)	-	(38,223)
Impairment loss	-	(2,546)	(270)	(201)	-	(3,017)
Dec. 31	<u>\$229,092</u>	<u>\$ 80,365</u>	<u>\$141,949</u>	<u>\$ 79,654</u>	<u>\$ 94,940</u>	<u>\$ 626,000</u>
Dec. 31, 2019						
Cost	\$229,092	\$ 234,986	\$856,470	\$210,810	\$ 94,940	\$ 1,626,298
Accumulated depreciation	-	(152,075)	(714,251)	(130,955)	-	(997,281)
Accumulated impairment	-	(2,546)	(270)	(201)	-	(3,017)
	<u>\$229,092</u>	<u>\$ 80,365</u>	<u>\$141,949</u>	<u>\$ 79,654</u>	<u>\$ 94,940</u>	<u>\$ 626,000</u>

1. The Company recorded an impairment loss of \$80,937 and \$3,017 in December 2020 and June 2019, respectively, for fixed assets with recoverable amounts lower than carrying amounts due to competition in the market. The recoverable amount is calculated based on value in use, using a discount rate of 9.06% based on pre-tax cash flow projections prepared by management for the five-year financial budget.
2. Please refer to Note VIII for details of the collaterals for the property, plant and equipment.

(VIII) Investment Property

	Land	Construction	Total
Jan. 1, 2020			
<u>Cost</u>	\$ 8,658	\$ 6,040	\$ 14,698
Accumulated depreciation	-	(3,548)	(3,548)
	<u>\$ 8,658</u>	<u>\$ 2,492</u>	<u>\$ 11,150</u>
<u>2020</u>			
Jan. 1	\$ 8,658	\$ 2,492	\$ 11,150
Depreciation charge	-	(235)	(235)
Dec. 31	<u>\$ 8,658</u>	<u>\$ 2,257</u>	<u>\$ 10,915</u>
Dec. 31, 2020			
<u>Cost</u>	\$ 8,658	\$ 6,040	\$ 14,698
Accumulated depreciation	-	(3,783)	(3,783)
	<u>\$ 8,658</u>	<u>\$ 2,257</u>	<u>\$ 10,915</u>
	Land	Construction	Total
Jan. 1, 2019			
<u>Cost</u>	\$ 8,658	\$ 6,040	\$ 14,698
Accumulated depreciation	-	(3,313)	(3,313)
	<u>\$ 8,658</u>	<u>\$ 2,727</u>	<u>\$ 11,385</u>
<u>2019</u>			
Jan. 1	\$ 8,658	\$ 2,727	\$ 11,385
Depreciation charge	-	(235)	(235)
Dec. 31	<u>\$ 8,658</u>	<u>\$ 2,492</u>	<u>\$ 11,150</u>
Dec. 31, 2019			
<u>Cost</u>	\$ 8,658	\$ 6,040	\$ 14,698
Accumulated depreciation	-	(3,548)	(3,548)
	<u>\$ 8,658</u>	<u>\$ 2,492</u>	<u>\$ 11,150</u>

1. Rental receipts and direct Operating expenses for investment properties:

	2020	2019
Rental income from investment property	<u>\$ 400</u>	<u>\$ 343</u>
Direct operating expenses arising from the investment property generating rental income in the period	<u>\$ 235</u>	<u>\$ 235</u>

2. the fair value of the Company's investment property held as of December 31, 2020 and 2019 was \$23,896 and \$23,048, respectively, and the above fair value was assessed based on the market transaction prices of similar properties in the vicinity of the underlying assets, which is a Level 3 fair value.

3. The Company has not pledged investment properties.

(X) Intangible assets

	Relationship to the customer	Computer software	Total
Jan. 1, 2020			
<u>Cost</u>	\$ 54,981	\$ -	\$ 54,981
Accumulated amortization and impairment	(43,984)	-	(43,984)
	<u>\$ 10,997</u>	<u>\$ -</u>	<u>\$ 10,997</u>
<u>2020</u>			
Jan. 1	\$ 10,997	\$ -	\$ 10,997
Addition	-	4,493	4,493
Amortization expense	(10,997)	(37)	(11,034)
Dec. 31	<u>\$ -</u>	<u>\$ 4,456</u>	<u>\$ 4,456</u>
Dec. 31, 2020			
<u>Cost</u>	\$ 54,981	\$ 4,493	\$ 59,474
Accumulated amortization and impairment	(54,981)	(37)	(55,018)
	<u>\$ -</u>	<u>\$ 4,456</u>	<u>\$ 4,456</u>

	Relationship to the customer
Jan. 1, 2019	
<u>Cost</u>	\$ 54,981
Accumulated amortization and impairment	(32,988)
	<u>\$ 21,993</u>
<u>2019</u>	
Jan. 1	\$ 21,993
Amortization expense	(10,996)
Dec. 31	<u>\$ 10,997</u>
Dec. 31, 2019	
<u>Cost</u>	\$ 54,981
Accumulated amortization and impairment	(43,984)
	<u>\$ 10,997</u>

The details of the amortization of intangible assets are as follows:

	2020	2019
Marketing expenses	<u>\$ 11,034</u>	<u>\$ 10,996</u>

(XI) Short-term borrowings

Loan type	Dec. 31, 2019	Interest range
Bank credit loan	\$ 245,000	1.28%~1.77%
Bank purchase loan	25,094	2.81%
	<u>\$ 270,094</u>	

1. There were no short-term borrowings as of December 31, 2020.
2. For the years ended December 31, 2020 and 2019, the Company issued guaranteed notes in the amount of \$1,305,440 and \$1,509,940, respectively.

(XII) Long-term borrowings

Loan type	Dec. 31, 2020	Interest range
Collateralized loan from bank	\$ 1,680,000	2.1579%
Less: Fees for leading the syndicated loan	(4,185)	
Less: due within one year (other current liabilities in the table)	(198,000)	
	<u>\$ 1,477,815</u>	
Issue guaranteed bill	<u>\$ 1,750,000</u>	
Loan type	Dec. 31, 2019	Interest range
Collateralized loan from bank	\$ 2,315,348	2.32%~2.88%
Less: Fees for leading the syndicated loan	(6,194)	
Less: due within one year (other current liabilities in the table)	(614,739)	
	<u>\$ 1,694,415</u>	
Issue guaranteed bill	<u>\$ 1,750,000</u>	

1. (1) In January 2013, the Company entered into a joint credit agreement with a group of guarantee banks, including Land Bank of Taiwan, for the Company to improve its financial structure. The contract period ran from January 2013 to January 2018 and was divided into three categories: A, B and C, with a total credit facility of NT\$4,000,000.

Category A: The loan limit was NT\$2,750,000, which shall be drawn at one time, but not on a revolving basis. As of December 31, 2018, the loan amount was drawn at NT\$2,750,000 and was repaid in quarterly installments beginning on the date of

draw down until the date upon the expiration of two years (January 28, 2015).

Category B: The loan limit was NT\$600,000, which may be drawn for several times, but not on a revolving basis. If the time limit for use had expired, subsequent drawdown was not allowed.

Category C: The borrowing amount is NT\$650,000 and may be drawn on a revolving basis. As of December 31, 2018, the borrowing limit had been utilized at NT\$650,000.

(2) The Company's main commitments under the joint credit agreement are as follows:

- a. No endorsement and guarantee shall be made for any third party during the term of this credit agreement without the consent of the majority of the banks extending credit facilities, except for the general lending of funds and the operational procedures for endorsements/guarantees.
- b. The following financial ratios shall be maintained for the duration of this credit agreement:
 - (a) Current ratio: not less than 100%.
 - (b) Debt ratio: not more than 100%.
 - (c) Interest coverage ratio: Not less than 2 times.
 - (d) Tangible net worth: not less than NT\$8,000,000.

The above financial ratios and restrictions are calculated based on the consolidated financial report audited and certified by a CPA for each fiscal year. If the above financial ratios or restrictions are not met, the Company shall complete the improvement to meet all financial ratios and restrictions within five months of May 1 of the year following the year of the audit (the "Annual Report Improvement Period"). If the improvement meets all financial ratios and restrictions during the Annual Report Improvement Period, it will not be deemed a breach of financial commitment, but interest shall be payable on the balance of credit extended from May 1 to the date of actual improvement at the applicable interest rate plus 0.2% per annum. If improvement is not completed within the Annual Report Improvement Period, in addition to interest at the applicable interest rate plus 0.2% per annum, a penalty at the rate of 0.03% of the total outstanding principal balance at the end of the improvement period (i.e., September 30) shall be paid to the managing bank, which shall be transferred to each bank extending credit facilities based on the credit risk ratio. The borrower shall pay interest on the balance of credit extended, plus 0.40% per annum, from the day following the expiration of the Annual Report Improvement Period until the date when the actual improvement tallies with all financial ratios and restrictions.

- (3) On January 16, 2017, the Company entered into an addendum to the aforementioned joint credit contract with a group of guarantee banks, including Land Bank of Taiwan, which, in addition to amending the contract period to January 2013 to January 2020, made the following amendments:
- a. Modifying the interest rates on loans under categories A and C.
 - b. Adjusting the amount of principal repayment for each installment as the contract period was extended.
 - c. Adding the directors of the Company as joint and several guarantors.
 - d. Parcel No. 124, Chunghsing section, Wuku District, New Taipei City, the buildings and auxiliary facilities of Nos. 211, 213, 215, 217, 219, 221, 223, 225 and 227, and Parcel No. 8, Tayu section, Sanchung District are jointly collateralized by the Company. The aforementioned addendum to

the contract came into effect January 17, 2017.

2. (1) The Company on December 28, 2018 entered into a joint credit agreement with a group of guarantee banks, including Land Bank of Taiwan, to repay the vested debts, the term of which runs from the date of first-time drawdown until the expiration of five years, and which is divided into two categories, A and B, with an aggregate credit amount of NT\$1,750,000. The Company shall complete the first drawdown under the joint credit agreement within two months from the date of signing of the agreement, otherwise, for the purpose of calculating the credit period, the date of expiry of two months from the date of signing of the agreement shall be deemed to be the first drawdown date

Category A: The loan limit was NT\$1,650,000, which shall be drawn at one time, but not on a revolving basis. The Company drew on the amount on January 28, 2019, which is repaid in quarterly installments beginning on the date of drawdown until the date upon the expiration of two years (January 28, 2021).

Category B: The loan limit was NT\$100,000, which may be drawn on a revolving basis. The Company drew on the amount on December 31, 2020 at NT\$30,000.

- (2) The Company's main commitments under the joint credit agreement are as follows:

- a. No endorsement and guarantee shall be made for any third party during the term of this credit agreement without the consent of the majority of the banks extending credit facilities, except for the general lending of funds and the operational procedures for endorsements/guarantees.
- b. The following financial ratios shall be maintained for the duration of this credit agreement:
 - (a) Current ratio: not less than 100%.
 - (b) Debt ratio: not more than 100%.
 - (c) Interest coverage ratio: Not less than 2 times.
 - (d) Tangible net worth: not less than NT\$8,000,000.
- c. Fifteen lots at Nos. 474, 474-1, 481, 488, 503, 504, 505, 507, 508, 523, 524, 525, 526, 527 and 528, Chuyuan section, Renwu District, Kaohsiung City; a total of five buildings and their ancillary facilities at Nos. 1, 797-1, 797-2, 797-3 and 804, Chuyuan section, Renwu District, Kaohsiung City; parcel No. 124 and buildings and their ancillary facilities at Nos. 211, 213, 215, 217, 219, 221, 223, 225 and 227, Chunghsing section, Wuku District, New Taipei City; and parcel No. 8, Tayu section, Sanchung District are jointly collateralized by the Company.

The above financial ratios and restrictions are calculated based on the annual consolidated financial report audited and certified by a CPA approved by the managing bank, and the audited semi-annual (second quarter) consolidated financial report, which are audited semi-annually, with the annual audit date being March 31 of each year and the semi-annual audit date being August 15 of each year. If the above financial ratios and restrictions are not met, the Company shall complete improvement to accord with all financial ratios and restrictions before the audit year or the next audit date following the end of the second quarter (hereinafter the "Improvement Period"). If improvement has been made during the Improvement Period, it shall not be deemed as a breach of financial commitment. However, from the date of the current audit until the date of actual improvement, interest shall be payable at the applicable interest rate plus 0.20% per annum for each credit facility. If the company fails to complete improvement during the Improvement Period, the Company shall

be deemed to have breached the contract and the managing bank shall be entitled to take actions as agreed, including but not limited to some or all of the following measures:

- a. Suspend the borrower's right to use all or part of the credit line under this agreement.
- b. Cancel all or part of any unused credit line under this agreement.
- c. Declare that the principal balance, interest, fees and other amounts payable under this agreement, which have been drawn on and are outstanding thereunder, are due, in whole or in part, on the same day in advance.
- d. Exercise mortgage, pledge, other equity or interests in the transfer of contracts.
- e. Make a request for payment in respect of a promissory note.
- f. Exercise other rights conferred on the managing bank or each bank extending credit facilities by law, this agreement or other relevant documents.
- g. Other treatments as agreed by a majority decision of the banks extending credit facilities.

3. As of December 31, 2020, please refer to Note VIII for details of the collaterals for long-term loan.

4. Details of the credit lines that the Company did not drawdown are as follows:

	Dec. 31, 2020	Dec. 31, 2019
Due after 1 year	\$ 70,000	\$ 50,000

(XIII)Pensions

1.(1)In accordance with the Labor Standards Act, the Company has a defined benefit pension plan that applies to all regular employees who have served before the implementation of the Labor Pension Act on July 1, 2005, and who have elected to continue to serve under the Labor Standards Act after the implementation of the Labor Pension Act. If an employee meets the retirement requirements, the pension is calculated based on the number of years of service and the average salary of the six months prior to retirement, with two base numbers for each year of service up to and including 15 years and one base number for each year of service beyond 15 years, subject to a maximum accumulation of 45 base numbers. The Company makes monthly contributions to a pension fund of 2% of total payroll, which is deposited in the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve. In addition, the Company will estimate the balance of the pension fund before the end of each year, and if the balance is insufficient to pay the pension to the employees who are expected to qualify for retirement in the following year, the difference will be transferred to the pension fund by the end of March of the following year by the Company.

(2)The amounts recognized in the Balance sheet are determined as follows:

	Dec. 31, 2020	Dec. 31, 2019
Present value of defined benefit obligations	(\$ 40,509)	(\$ 49,748)
Fair value of employee benefit plan assets	40,960	45,832
Net defined benefit liabilities	\$451	(\$ 3,916)

(3)The changes in the net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of employee benefit plan assets	Net defined benefit liabilities
2020			
Balance as of Jan. 1	(\$ 49,748)	\$ 45,832	(\$ 3,916)
Current service cost	(77)	-	(77)
Interest income (expense)	(332)	307	(25)
	(50,157)	46,139	(4,018)
Remeasurement:			
Return on plan assets(not including interest revenue or expenses)	-	1,570	1,570
Effects of changes in financial assumptions	(123)	-	(123)
Experience adjustments	1,870	-	1,870
	1,747	1,570	3,317
Pension fund contributions	-	1,152	1,152
Pension paid	7,901	(7,901)	-
Balance as of Dec. 31	(\$ 40,509)	\$ 40,960	\$ 451
	Present value of defined benefit obligations	Fair value of employee benefit plan assets	Net defined benefit liabilities
2019			
Balance as of Jan. 1	(\$ 56,362)	\$ 43,883	(\$ 12,479)
Current service cost	(73)	-	(73)
Interest income (expense)	(524)	408	(116)
	(56,959)	44,291	(12,668)
Remeasurement:			
Return on plan assets(not including interest revenue or expenses)	-	1,544	1,544
Effects of changes in demographic assumptions	559	-	559
Effects of changes in financial assumptions	(1,191)	-	(1,191)
Experience adjustments	6,174	-	6,174
	5,542	1,544	7,086
Pension fund contributions	-	1,666	1,666
Pension paid	1,669	(1,669)	-
Balance as of Dec. 31	(\$ 49,748)	\$ 45,832	(\$ 3,916)

(4)The assets of the defined benefit pension plans of the Company are entrusted to the Bank of Taiwan for operation in accordance with Article 6 of the “Regulations for Revenues, Expenditures,

Safeguard and Utilization of the Labor Retirement Fund” (i.e., deposits with domestic and foreign financial institutions, investments in domestic and foreign listed, OTC or private equity securities, and investments in domestic and foreign securitized real estate) within the proportion and amount of the entrusted projects under the annual investment and utilization plan and the relevant utilization is supervised by the Supervisory Committee of Labor Retirement Reserve. The minimum income from the annual final distribution of the fund shall not be less than the income calculated on the basis of the local bank's two-year fixed-term deposit rate, and any shortfall shall be made up by the National Treasury with the approval of the competent authorities. As the Company does not have the right to participate in the operation and management of the fund, it cannot disclose the classification of the Fair value of employee benefit plan assets in accordance with IAS 19, paragraph 142. For the fair value of the total assets of the fund constituted on December 31, 2020 and 2019, please refer to the report on the utilization of the Labor Pension Fund for each year as announced by the Government.

(5) The principal actuarial assumptions relating to pensions are summarized as follows:

	2020	2019
Discount rate	0.60%	0.67%
Future salary increase rate	2.00%	2.00%

The assumptions for future mortality were estimated based on the Taiwan Life Insurance Second Mortality Table.

The analysis of the present value of defined benefit obligations resulting from changes in the principal actuarial assumptions used is as follows:

	Discount rate		Future salary increase rate	
	+0.5%	-0.5%	+0.5%	-0.5%
Dec. 31, 2020				
Effects on present value of defined benefit obligation	(\$874)	\$ 898	\$ 900	(\$ 859)
Dec. 31, 2019				
Effects on present value of defined benefit obligation	(\$ 2,099)	\$ 2,266	\$ 2,224	(\$ 2,083)

The sensitivity analysis above is based on an analysis of the effect of a single change in assumptions when other assumptions are held constant. Practically many of the changes in assumptions are likely to be linked. The sensitivity analysis is consistent with the approach used to calculate the net pension liability on the Balance sheet. The approach and assumptions used in the preparation of the sensitivity analysis are the same as in the previous period.

(6) The Company expects to make a contribution of \$1,152 to the retirement plan in 2021.

(7) As of December 31, 2020, the weighted average duration of the retirement plan is 9 years. The maturity analysis of pension payments is as follows:

Year	Benefits Paid
2021	\$ 33,700
2022	861
2023	1,240
2024	504
2025	1,550
2026~2029	1,048
	<u>\$ 38,903</u>

2.(1) On July 1, 2005, the Company established a defined benefit pension plan in accordance with the Labor Pension Act, which is applicable to employees of domestic nationality. The Company makes

monthly contributions to the employees' Parent Company Only accounts of the Bureau of Labor Insurance at the rate of 6% of their salaries and wages for the portion of the employees' pension plan that is subject to the "Labor Pension Act". Employees' pensions are paid on the basis of their Parent Company Only pension accounts and the amount of accumulated earnings is received as a monthly pension or as a lump sum.

- (2) For 2020 and 2019, the Company recognized pension costs of \$3,296 and \$3,052, respectively, under the aforementioned pension plan.

(XIV) Share capital

- On December 31, 2020, the Company had an authorized capital of \$11,000,000 and paid-in capital of \$10,168,248, divided into 1,016,825 thousands shares with a par value of \$10 each. Receipts have been made in respect of the issued shares of the Company.
- The reconciliation of the number of shares of the Company's common stock outstanding at the beginning of the period to the end of the period is as follows:

	2020	2019
Jan. 1/Dec. 31	1,016,825 thousands shares	1,016,825 thousands shares

3. Treasury stocks

- (1) Information on the Company's and subsidiaries' shareholdings in the Company's stock is as follows:

Name of entities for which the Company holds stocks	Dec. 31, 2020		Dec. 31, 2019	
	shares (thousands shares)	Book value	shares (thousands shares)	Book value
Ho Tung Cement (Note)	3,518	\$ 16,978	3,518	\$ 16,978
Paotze (Note)	10,142	78,973	10,142	78,973
		<u>\$ 95,951</u>		<u>\$ 95,951</u>

Note: The Company's shares acquired and held by subsidiaries for the purpose of investment are accounted for as treasury shares.

- The Securities and Exchange Act stipulates that the proportion of the number of shares repurchased by the Company shall not exceed 10% of the Company's total issued shares, and the total amount of shares purchased shall not exceed the retained earnings plus the premium on shares issued and the amount of realized capital surplus.
- The Treasury stocks held by the Company shall not be pledged under the Securities and Exchange Act and shall not be entitled to shareholders' rights until they are transferred.
- In accordance with the Securities and Exchange Act, shares purchased for transfer to employees shall be transferred within three years from the date of purchase, and if the shares are not transferred after that date, they shall be deemed to be unissued shares of the Company and shall be subject to change registration for cancellation. In order to protect the company's credit and shareholders' interests, the shares purchased should be registered for cancellation within six months from the date of purchase.

(XV) Capital surplus

In accordance with the Company Act, the premium from the issuance of shares in excess of par value and the capital surplus from gifts may be used to cover losses and, if the Company has no

accumulated losses, to issue new shares or cash in proportion to the shareholders' initial shares. In addition, in accordance with the relevant provisions of the Securities and Exchange Act, the capitalization of the above-mentioned capital surplus shall not exceed 10% of the paid-in capital annually. The Company is not allowed to make up capital deficits from capital surplus except when there is still a shortfall in capital deficit from surplus.

		2020	
		Difference between the price received from acquisition or disposal of a subsidiary and its book value	Total
Issue premium	Treasury stocks trade		
Jan. 1/Dec. 31	\$ 8	\$ 40,744	\$ 9,789
			\$ 50,541
		2019	
		Difference between the price received from acquisition or disposal of a subsidiary and its book value	Total
Issue premium	Treasury stocks trade		
Dec. 31	\$ 8	\$ 40,744	\$ 9,789
			\$ 50,541

(XVI)Retained earnings

1. According to the Company's Articles of Incorporation, in addition to paying all taxes in accordance with the law, the Company shall first make up the deficit of previous years, and the next 10% shall be set aside as Legal capital reserve, and after setting aside special reserve in accordance with the law, if there is any surplus, it shall be retained or distributed according to the resolution of the shareholders' meeting.
2. The Company's dividend policy is to pay cash dividends at a rate of not less than 10%. However, if future capital requirements and capital expenditures are taken into account, all dividends may be paid as stock dividends if there is a need for capital for plant expansion or future investment plans.
3. Legal capital reserve may not be used other than to cover corporate deficits and to issue new shares or cash in proportion to the shareholders' original shares, to the extent that such reserve exceeds 25% of the paid-in capital.
4. When the Company distributes earnings, the Company is required by law to make a special reserve for the debit balance of other equity items at the balance sheet date. In the event of a subsequent reversal of the debit balance of other equity items, the reversal amount may be included in distributable surplus.
5. On June 19, 2020 and June 25, 2019, the Company, by resolution of the General Meeting of Shareholders, approved the following surplus distributions for 2019 and 2018 respectively:

2019		2018	
Amount	Dividend per share(NT\$)	Amount	Dividend per share(NT\$)
Legal capital reserve	\$ 1,782	\$ 26,383	
Special reserve	112,639	268,477	
Cash dividends	-	152,524	\$ 0.15
	\$ 114,421	\$ 447,384	

(XVII)Other equity items

	2020		
	Unrealized gain (loss) on valuation	Foreign Currency Translation	Total
Jan. 1	(\$ 239,178)	(\$ 433,532)	(\$ 672,710)
–The Company	82,630	(3,114)	79,516
–Subsidiary	87,621	-	87,621
–Associates	-	812	812
Dec. 31	(\$ 68,927)	(\$ 435,834)	(\$ 504,761)

	2019		
	Unrealized gain (loss) on valuation	Foreign Currency Translation	Total
Jan. 1	(\$ 187,009)	(\$ 97,125)	(\$ 284,134)
–The Company	(64,265)	(324,868)	(389,133)
–Subsidiary	3,731	-	3,731
–Associates	-	504	504
–Associates–Disposition	-	(12,043)	(12,043)
–Valuation adjustment transferred to retained earnings	8,365	-	8,365
Dec. 31	(\$ 239,178)	(\$ 433,532)	(\$ 672,710)

(XVIII)Operating revenue

	2020	2019
Revenue from Contracts with Customers		
Sales revenue	\$ 5,931,094	\$ 4,084,491

1.Breakdown of revenue from contracts with customers

The Company's revenue is derived from merchandise transferred at a point in time and can be divided into the following primary geographic areas:

	2020					
	Taiwan	China	Southeast Asia	British Virgin Islands	Others	Total
Construction	\$ 2,950,334	\$ -	\$ -	\$ -	\$ -	\$ 2,950,334
Chemicals	202,466	1,108,772	1,429,973	143,651	95,898	2,980,760
	<u>\$ 3,152,800</u>	<u>\$ 1,108,772</u>	<u>\$ 1,429,973</u>	<u>\$ 143,651</u>	<u>\$ 95,898</u>	<u>\$ 5,931,094</u>
	2019					
	Taiwan	China	Southeast Asia	British Virgin Islands	Others	Total
Chemicals	<u>\$ 395,915</u>	<u>\$ 59,622</u>	<u>\$ 1,422,780</u>	<u>\$ 1,784,734</u>	<u>\$ 421,430</u>	<u>\$ 4,084,481</u>

2.Contract liability

As of December 31, 2020 and 2019, the Provision recognized by the Company are as follows:

	Dec. 31, 2020	Dec. 31, 2019	Jan. 1, 2019
Contract liabilities:			
Contract liabilities-advances	<u>\$ 36,704</u>	<u>\$ 422</u>	<u>\$ 5</u>

Revenue recognized that was included in the contract liability balance at the beginning of the period

	2020	2019
Opening balance of contract liabilities recognized as income for the period		
Prepayments	<u>\$ 422</u>	<u>\$ -</u>

(XIX)Interest income

	2020	2019
Interest received from bank deposits	\$ 17,688	\$ 3,912
Interest received from financial assets measured at amortized cost	50	25
Other Interest income	-	196
Interest income-total	<u>\$ 17,738</u>	<u>\$ 4,133</u>

(XX)Other income

	2020	2019
Dividend income	\$ 16,699	\$ 15,301
Overdue accounts payable transferred to other income	10,910	-
Government subsidy income	-	1,015
Commission income	-	6,561
Other income-others	14,906	11,083
	<u>\$ 42,515</u>	<u>\$ 33,960</u>

(XXI)Other gains and losses

	2020	2019
Financial assets at fair value through profit or loss	\$ 1,373	\$ -
Net foreign exchange gains (losses)	(\$ 32,257)	(21,834)
Losses from the disposal of property, plant and equipment	-	(96)
Impairment loss of property, plant and equipment	(80,937)	(3,017)
Miscellaneous expenses	(8,099)	(15,929)
	<u>(\$ 119,920)</u>	<u>(\$ 40,876)</u>

(XXII)Financial costs

	2020	2019
Interest expense:		
Bank loans	\$ 42,804	\$ 54,569
Amortization of syndication fee	1,400	1,400
Joint operation unfunded funds	50,193	-
	<u>\$ 94,397</u>	<u>\$ 55,969</u>

(XXIII)Additional information on the nature of expense

	2020		
	Cost	Expense	Total
Employee benefits expenses	\$ 38,306	\$ 82,472	\$ 120,778
Depreciation charge for property, plant and equipment	48,098	2,410	50,508
Depreciation expense on right-of-use assets	27	-	27
Amortization expense of intangible assets	-	11,034	11,034
	2019		
	Cost	Expense	Total
Employee benefits expenses	\$ 32,818	\$ 36,514	\$ 69,332
Depreciation charge for property, plant and equipment	36,726	1,497	38,223
Amortization expense of intangible assets	-	10,996	10,996

(XXIV)Employee benefit expenses

	2020	2019
Salary expense	\$ 89,066	\$ 51,126
Labor insurance and National Health Insurance expense	6,437	6,102
Pension expense	3,398	3,241
Directors' remuneration	17,430	4,041
Other personnel cost	4,447	4,822
	<u>\$ 120,778</u>	<u>\$ 69,332</u>

1. In accordance with the Company's Articles of Incorporation, the Company shall contribute no less than 1% to the remuneration of employees and no more than 3% to the remuneration of directors

and supervisors, if any, after deducting the accumulated losses from the profitability position of the current year.

2. The Company's estimated employee remuneration for 2020 and 2019 is \$17,430 and \$103, respectively, and directors and supervisors' remuneration are \$17,430 and \$103, respectively, which are recorded in the payroll expense account. Employee remuneration for 2020 is estimated at 1% based on profitability for the year. The Board of Directors resolves not to allocate employee remuneration and directors' and supervisors' remuneration. The 2019 employee remuneration and directors' and supervisors' remuneration have not been virtually allotted as of December 31, 2019. Information on the remuneration of employees and directors and supervisors approved by the Board of Directors of the Company is available on the Market Observation Post System.

(XXV)Income tax

1.(1)Components of income tax expense:

	2020	2019
Current Income Taxes:		
Income taxes arising from current income	\$ 3,209	\$ 257
Land appreciation tax	45,935	-
10% surtax on unappropriated earnings	-	1,221
Overestimated prior income taxes	(1,171)	(770)
Total current income tax	47,973	708
Deferred income tax:		
Initial recognition and reversal of temporary differences	(26,267)	(8,965)
Total deferred income tax	(26,267)	(8,965)
Income tax expense (benefits)	\$ 21,706	(\$8,257)

(2)The income tax relating to components of other comprehensive income is as follows:

	2020	2019
Remeasurement of defined benefit obligations	(\$ 664)	(\$ 1,417)

2.Reconciliation between income tax expense and accounting profits:

	2020	2019
Income tax calculated based on profit before tax and at the statutory rate	\$ 341,627	\$ 1,913
Effects from items disallowed by tax regulation	(389,958)	23,892
Land appreciation tax	45,935	-
Amount of overestimated prior income taxes	(1,171)	(770)
Changes in the assessment of the realizability of deferred income tax assets	25,273	(34,513)
10% surtax on unappropriated earnings	-	1,221
Income tax expense (benefits)	\$ 21,706	(\$ 8,257)

3. The amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

2020				
	Jan. 1	Recognized in profit and loss	Recognized in Other Comprehensive Income	Dec. 31
Temporary differences:				
-Deferred income tax assets:				
Unrealized exchange losses	\$ 5,131	(\$ 2,685)	\$ -	\$ 2,446
Impairment loss of property, plant and equipment	603	16,188	-	16,791
Unrealized selling gross profit	2,303	166	-	2,469
Compensation to unused annual leave	662	(302)	-	360
Allowance for inventory write-down	296	(222)	-	74
Expected credit loss	8,515	18,483	-	26,998
Deductible loss	35,299	(5,361)	-	29,938
Subtotal	52,809	26,267	-	79,076
-Deferred income tax liabilities:				
Pension remeasurement	(2,345)	-	(664)	(3,009)
Subtotal	(2,345)	-	(664)	(3,009)
Total	\$ 50,464	\$ 26,267	(\$ 664)	\$ 76,067

2019				
	Jan. 1	Recognized in profit and loss	Recognized in Other Comprehensive Income	Dec. 31
Temporary differences:				
-Deferred income tax assets:				
Unrealized exchange loss	\$ -	\$ 5,131	\$-	\$ 5,131
Impairment loss of property, plant and equipment	-	603	-	603
Unrealized selling gross profit	893	1,410	-	2,303
Compensation to unused annual leave	1,054	(392)	-	662
Allowance for inventory write-down	1,328	(1,032)	-	296
Expected credit loss	-	8,515	-	8,515
Deductible loss	42,180	(6,881)	-	35,299
Subtotal	45,455	7,354	-	52,809
-Deferred income tax liabilities:				
Unrealized exchange gains	(1,611)	1,611	-	-
Pension remeasurements	(928)	-	(1,417)	(2,345)
Subtotal	(2,539)	1,611	(1,417)	(2,345)
Total	\$ 42,916	\$ 8,965	(\$1,417)	\$ 50,464

4. The expiry dates and the amount of unused tax losses that are not yet utilized by the Company. are as follows:

Dec. 31, 2020			
Year incurred	Amount filed/approved	Amount not yet credited	Final credited year
2016	Amount approved	\$ 57,820	2026
2017	Amount approved	118,675	2027
		<u>\$ 176,495</u>	
Dec. 31, 2019			
Year incurred	Amount filed/approved	Amount not yet credited	Final credited year
2016	Amount approved	\$ 57,820	2026
2017	Amount filed	118,675	2027
		<u>\$ 176,495</u>	

5. The profit-seeking enterprise income tax of the Company had been examined by the tax authorities as of 2018:

(XXVI)Earnings per share

	2020		
	Amount after tax	Weighted average number of common shares outstanding (thousands shares)	Earnings per share (NT\$)
<u>Basic earnings per share:</u>			
Net profit for this period	\$ 1,686,431	1,003,165	\$ 1.68
<u>Diluted earnings per share:</u>			
Net profit for this period	\$ 1,686,431	1,003,165	
Effect of dilutive potential ordinary shares			
Employee bonus	-	1,680	
Net current profit for shareholders of ordinary shares and assumed conversion of potential ordinary shares	\$ 1,686,431	1,004,845	\$ 1.68
	2019		
	Amount after tax	Weighted average number of common shares outstanding(thousands shares)	Earnings per share (NT\$)
<u>Basic earnings per share:</u>			
Net profit for this period	\$17,820	1,003,165	\$ 0.02
<u>Diluted earnings per share:</u>			
Net profit for this period	\$17,820	1,003,165	
Effect of dilutive potential ordinary shares			
Employee bonus	-	107	
Net current profit for shareholders of ordinary shares and assumed conversion of potential ordinary shares	\$17,820	1,003,272	\$ 0.02

(XXVII)Transactions with non-controlling interests

Signpost (HK) loaned funds to Moral Rich, a related party, and the parties agreed that Moral Rich would repay the loan of funds and related interest with the shares of Signpost (HK) held by them in the total amount of US \$9,126 thousands (equivalent to \$281,365), the shares were transferred to Signpost (HK) on January 23, 2019, at the same time the cancellation was made, and the change registration process was completed on March 6, 2019, please refer to Note VII (VII).

The carrying amount of the above shares at the repurchase date was \$235,278 and the transaction reduced the non-controlling interest by \$235,278 and the interest attributable to the owners of the parent by \$46,089. The influence of the change in interest in Signpost (HK) from January 1 to December 30, 2019 on the interest attributable to the owners of the parent was as follows:

	2019
Consideration of non-controlling interest	(\$ 281,365)
Book value of the buyback non-controlling interest	235,278
Other equity - exchange differences on translation of financial statements of foreign operating entities	10,033
Retained earning— Recognized changes in ownership of subsidiaries	(\$ 36,054)

(XXVIII)Supplemental cash flow information

1.Investing activities with partial cash paid:

	2020	2019
Acquisition of financial assets at fair value through other comprehensive income	\$ 8,304	\$ -
Less: other payables at the end of the period- related parties	(8,304)	-
Cash paid in the period	\$ -	\$ -
	2020	2019
Acquisition of investments accounted for using the equity method	\$ 25,095	\$ -
Less: other payables at the end of the period- related parties	(25,095)	-
Cash paid in the period	\$ -	\$ -
	2020	2019
Purchase of property, plant and equipment	\$ 32,627	\$ 115,777
Add: Payables for equipment at the beginning of the period	7,163	3,009
Less: Payables for equipment at the end of the period	(5,360)	(7,163)
Cash paid in the period	\$ 34,430	\$ 111,623

2.Operating activities with no cash flow effect:

	2020	2019
Transfer of inventories to property, plant and equipment	\$ -	\$ 168

VII. Related party transactions

(I)Name of related parties and relationship

Name, relationship and abbreviation of related parties	Relationship to the Company
For the names and abbreviations of the subsidiaries, please see Note I (III)	-
Tung Bao	Associate
HT-S Venture Philippines Corporation (HT-S Venture)	"
Chia He Co., Ltd. (Chia He)	Other associates
Hung I Investment Co., Ltd. (Hung I Investment)	"
Yuan He Bioapplication Co., Ltd. (Yuan He Bioapplication)	"
Jiangsu Hsintai Chemical S&T Corp., Ltd. (Jiangsu Hsintai)	"
Dynamic Ever Investments Ltd. (Dynamic Ever)	"

(II)Significant transactions with related parties

1.Operating revenue

	2020	2019
Sales of goods:		
Subsidiary		
Jiangbei Sutung	\$ 629,252	\$ -
Jiangsu Jintung	479,520	-
Sharpinvest	143,651	1,678,437
Others	-	84,202
Associates		
HT-S Venture	387,550	550,250
	\$ 1,639,973	\$ 2,312,889

The trading price of a commodity sale is determined by the negotiation between the buyer and seller. Collection terms are not materially different from those of non-relatives, which are collected between 30 and 90 days after the completion of sales, except for some related parties, which are collected within 120 days after the completion of sales.

2.Purchase

	2020	2019
Purchase of goods:		
Subsidiary		
Sharinvest	\$ 474,149	\$ 1,145,407
Jiangsu Jintung	447,663	143,734
Jiangbei Sutung	350,310	574
Paotze	-	17,983
Others	3,705	127,158
Other associates		
Jiangsu Hsintai	-	3,781
	<u>\$ 1,275,827</u>	<u>\$ 1,438,637</u>

The purchase price of a commodity is determined by a negotiation between the buyer and seller. Payment terms are not materially different from those of non-relatives, which are 30 to 90 days after the completion of the purchase of the goods.

3.Accounts receivable

	December 31, 2020	December 31, 2019
Receivables from related parties:		
Subsidiary		
Jiangbei Sutung	\$ 193,780	-
Sharinvest	-	\$ 434,413
Others	-	306
Associates		
HT-S Venture	54,615	207,637
	<u>\$ 248,395</u>	<u>\$ 642,356</u>

(1) Accounts receivable are primarily generated from sales transactions.

(2)The aging analysis of accounts receivable - related parties is as follows:

	December 31, 2020	December 31, 2019
Not past due	<u>\$ 248,395</u>	<u>\$ 642,356</u>

4.Accounts payable

	December 31, 2020	December 31, 2019
Payables from related parties:		
Subsidiary		
Jiangsu Jintung	\$ 156,251	\$ 33,797
Sharinvest	-	278,707
Jiangbei Sutung	27,503	-
Other associates		
Others	-	564
	<u>\$ 183,754</u>	<u>\$ 313,068</u>

5.Other ending balances

(1)Other receivables

	December 31, 2020	December 31, 2019
Other receivables from related parties:		
Subsidiary		
Signpost(HK)Ltd.	\$ 3,857	\$ -
Inadvance	639	-
Paotze	506	13,161
Sharinvest	-	1,808
Others	284	-
Other associates	5	2,188
	<u>\$ 5,291</u>	<u>\$ 17,157</u>

Services fee receivable, handling charges receivable and advance money for another.

(2)Other payables

	December 31, 2020	December 31, 2019
Other payables from related parties:		
Subsidiary		
Zortech	\$ 33,399	\$ -
Others	-	2
	<u>\$ 33,399</u>	<u>\$ 2</u>

The abovementioned mainly are collected by the company for other parties.

(3)Other current liabilities

	December 31, 2020	December 31, 2019
Advance receipts from related parties:		
Subsidiary		
Top Device	\$ 32,537	\$ 32,537
Hsin Tay	14,443	17,767
	<u>\$ 46,980</u>	<u>\$ 50,304</u>

1. The receipt in advance of Top Device is a refund of the investments made and in response to the Group's planning, Top Device was dissolved by the Board of Directors in 2016 and the dissolution process is still underway.

2. The receipt in advance of Hsin Tay is a Prepayment for the Company's human resources support.

6. Property transactions

Acquisition of Financial Assets

				2020
	Item	Shares	Subject of transaction	Acquisition of prices
Zortech	Financial assets measured at fair value through other comprehensive income	1,403,959	Yuan He Bioapplication	7,315
“	“	127,072	Vita Genomics Inc	989
“	Investments using the equity method	117,896	Hua Chung Co.	4,053
“	“	1,740,770	Ho Tung Cement Co.	21,042
Total				<u>33,999</u>

7. Other income

	2020	2019
Subsidiary		
Paozte	\$ 3,169	\$ 8,103
Signpost (HK)	2,840	855
Hsin Tay	1,900	1,617
ZhiSheng (Huizhou)	1,890	330
Chenergy	1,435	1,238
Ho Tung Cement	919	1,348
Others	53	796
Other associates	60	229
	<u>\$ 12,266</u>	<u>\$ 14,516</u>

Other revenue primarily consists of service revenue, commission revenue and handling fee revenue.

8. Endorsements and guarantees

(1) Endorsements/guarantees provided by the Company:

	December 31, 2020	December 31, 2019
Subsidiary		
Sharpinvest	\$ 85,440	\$ 505,063
ZhiSheng (Huizhou)	-	755,036
Hsin Tay	-	334,910
Paozte	-	296,802
	<u>\$ 85,440</u>	<u>\$ 1,891,811</u>

(2) Endorsements/guarantees provided by related parties:

	December 31, 2020	December 31, 2019
The Company's key management	\$ 3,055,440	\$ 3,316,902

(III) Key management compensation

	2020	2019
Salary and other short-term employees' benefits	\$ 65,014	\$ 16,654
Benefits after retirement	107	326
	<u>\$ 65,121</u>	<u>\$ 16,980</u>

VIII. Pledged assets

Details of the Company's assets pledged as collaterals are as follows:

Name of assets	December 31, 2020	December 31, 2019	Nature of pledges
Deposit	\$ 10,529	\$ 10,523	Long term loans
(Financial assets measured at amortized cost – non-current)	11,500	9,000	
Demand deposits			Performance bond
(Financial assets measured at amortized cost – non-current)	284,248	286,337	Long term loans
Property, plant and equipment	-	1,068,308	Financing guarantee
Inventory	<u>\$ 306,277</u>	<u>\$ 1,374,138</u>	

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Contingencies

None.

(II) Commitments

In addition to the commitments described in Notes VI (XII) and VII, other significant commitments are as follows:

1. The Company entered into a contract with CPC Corporation, Taiwan for the purchase of kerosene and the parties thereto agreed that raffinate was sold back to CPC. The contract period runs from January 20, 2019 to January 19, 2020 and January 20, 2020 to January 19, 2021. The Company

purchased kerosene from CPC on December 31, 2020 and 2019 with purchase guarantees from banks in the amount of \$98,000 and \$230,000 respectively.

2. The application of the Group (including the Company, Hsin Tay Petroleum and Chenery) for indirect investment in China to establish Fujian Gulei Petrochemical Co., Ltd. (hereinafter “Gulei Petrochemical”) on December 3 2013 was approved by the Investment Commission of the Ministry of Economic Affairs on January 27, 2014. The investment was jointly made by the Group (including the parent companies - Ho Tung Chemical, Hsin Tay Petroleum and Chenery) and external third parties. Pursuant to a new joint venture agreement dated September 30, 2016 between the Group and external third parties and other companies, each joint venture shall invest a total of US\$640,505 thousands while the Group shall invest a total of US\$114,020 thousands. On December 18, 2019, the Group and external third parties and other companies re-signed a new joint venture agreement, and the total amount to be invested by each joint venture company was adjusted to US\$618,885 thousands and the amount to be invested by the Group was US\$57,185 thousands.

The contents of the contract and the progress of the Group's investment are as follows:

(1) Contract content:

- A. The shareholders agreed to jointly invest in Ever Victory pursuant to the contract and invest in Gulei Petrochemical and other businesses approved by the ROC competent authorities and operated based on the resolution by the board of directors of the joint venture through the establishment of Dynamic Ever, a 100%-owned subsidiary in Hong Kong (the shareholding in Dynamic Ever has dropped to 85% due to the addition of new investors).
- B. Dynamic Ever established Gulei Petrochemical in a joint venture with Fujian Petrochemical Co., Ltd., an affiliate of Sinopec Group, and acquired a 50% stake in Gulei Petrochemical.
- C. Gulei Petrochemical was established and completed on November 3, 2016, and construction had begun.

- (2) Investment progress: The Group invested in Ever Victory through Ally Solution, Big Success and Oceanwise and then invested in Dynamic Ever, and the Group invested US\$9,553 in thousands in April 2020 and US\$11,034 in thousands in November 2020. As at Dec 31 2020, the Group has invested US\$57,185 in thousands in accordance with the new joint venture agreement.

X. Significant disaster loss

None.

XI. Significant Events after the End of the Financial Reporting Period

None.

XII. Others

- 1) The chairman of the Company was found guilty by the Taiwan New Taipei City District Court under Section B of the Securities and Exchange Act, and the main contents of the ruling, the response strategy and the impact on the Company's operations are explained as follows:

1. Main contents of adjudication: The New Taipei District Prosecutors Office on April 28,

2014 brought an indictment against Yang Yu-chieh, chairman of the Company, and others for knowing that Ho Mao Venture Capital, a 100%-owned subsidiary of the Company, had provided a guarantee worth NT\$60,000 for a loan from July 27, 2012 to October 5 2012 to Hua Jie Engineering Co., Ltd., which had no business dealings with the Group, which should have been disclosed in the Company's consolidated financial report for the third quarter of 2012. Judgment given by the New Taipei District Court on August 29, 2018 (2014 Chin-Chung-Su-Tzu No. 3): By accepting the facts contained in the indictment, the court found the parties guilty of making false financial statements. Against which, the parties have filed a second instance appeal.

2. Company response strategy: The chairman of the Company has appointed an attorney to file an appeal, which will prove its innocence through the second and third trial proceedings. The Company awaits the result after a final verdict is reached.
3. Impact on the Company's operations: The Company's business and finances are currently normal and the Company's operations have not been affected in any way by this lawsuit.
- 2) The Company's Board of Directors resolved on June 19, 2020 to effect a short-form merger with its subsidiaries He Hsin Cheng Co. and Hua Tung Investment Co. in line with the Group's organizational planning, and the same Board meeting decided on a merger date of September 10, 2020. As He Hsin Cheng Co. and Hua Tung Investment Co. are 100% owned subsidiaries of the Company, according to the Q&A released by the Accounting Research and Development Foundation in Taiwan (ARDF) regarding "IFRS3 Business Combinations under Common Control," since IFRS3 "Business Combinations" does not contain explicit provisions on business combinations under common control, the provisions of the relevant interpretations issued by the nation shall still apply.

The Company's short-form merger with He Hsin Cheng Co. and Hua Tung Investment Co. was in substance a reorganization. In accordance with the relevant interpretations issued by the ARDF, when the Company acquired He Hsin Cheng Co. and Hua Tung Investment Co. in a short-form merger, it should record the book value of all assets and liabilities in the accounts of He Hsin Cheng Co. and Hua Tung Investment Co. and prepare a consolidated balance sheet accordingly, and when preparing the comparative financial statements, the financial statements should be deemed to have been consolidated from the beginning and restated for the comparative period.

The financial performance of He Hsin Cheng Co. and Hua Tung Investment Co. for the period from January 1 to December 31, 2019 has been incorporated in the Company's parent company only statement of comprehensive income for the period from January 1 to December 31, 2019 and the Company's parent company only financial statements for the period from January 1 to December 31, 2019 have been retrospectively restated.

- 3) Certain accounts in the 2019 financial statements have been reclassified for comparison with the 2020 financial statements.

4) Capital management

The Company's capital management objectives are to safeguard the Company's ability to continue as a going concern, to maintain an optimal capital structure to reduce the cost of capital and to

provide compensation to shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors its capital using a debt-to-capital ratio, which is calculated by dividing net debt by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as reported in the parent company only balance sheets) less cash and cash equivalents.

This total is calculated as "equity" plus net debt as reported in the consolidated balance sheets. The Company's strategy for 2020 remained the same as in 2019, both striving to keep debt-to-capital ratios at a reasonable level. As on December 31 2020 and 2019, the Company's debt-to-capital ratios were as follows:

	Dec. 31, 2020	Dec. 31, 2018
Total loans	\$ 1,675,815	\$ 2,579,248
Less: Cash and cash equivalents	(2,401,201)	(473,774)
Net liabilities	(725,386)	2,105,474
Total equity	12,335,791	10,478,195
Total assets	\$ 11,610,405	\$ 12,583,669
Debt/capital ratio	(6.25%)	16,73%

(V) Financial instrument

1.Categories of financial instruments

	Dec. 31, 2020	Dec. 31, 2019
<u>Financial assets</u>		
Financial assets measured at FVTOCI		
Investment on designated equity instruments	\$ 563,208	\$ 472,274
Financial assets measured at amortized cost		
Cash and cash equivalents	2,401,201	473,774
Financial assets measured at amortized cost - non-current	22,029	19,523
Notes receivable	2,403	9,307
Accounts receivable	154,954	345,259
Accounts receivable- related parties	248,395	642,356
Other receivables	9,001	84,626
Other receivables - related parties	5,291	17,157
Refundable deposit	1,052	1,506
	<u>\$ 3,407,174</u>	<u>\$ 2,065,782</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term borrowing	\$ -	\$ 270,094
Notes payable	1,630	1,563
Accounts payable	67,673	221,971
Accounts payable- related parties	183,754	313,068
Other payables	95,053	169,527
Other payables- related parties	33,399	2
Long-term borrowings(including those due within one year or one operating cycle)	1,675,815	2,309,154
Refundable deposit	472	467
	<u>\$ 2,057,796</u>	<u>\$ 3,285,846</u>

2.Risk management policy

(1)The Company's daily operations are subject to a number of financial risks, including market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on unpredictable events in the financial markets and seeks to mitigate potential adverse effects on the Company's financial

position and financial performance.

- (2) Risk management is carried out by the Company's Finance Department in accordance with the policies approved by the Boards of Directors. The Company's Finance Department is responsible for identifying, assessing and hedging financial risks by working closely with the various operating units within the Company. The Board has written principles for overall risk management and also provides written policies for specific areas and issues such as currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of circulating capital.

3. Nature and extent of significant financial risk

(1) Market risk

Currency risk

- A. The Company operates on a multinational basis and is therefore exposed to currency risk arising from a number of different currencies, primarily the U.S. dollar. The related currency risk arises from future business transactions, recognized assets and liabilities.
- B. The Company's management has established a policy that it should hedge its overall currency risk through the Company's Finance Department. To manage currency risk from future business transactions and recognized assets and liabilities, forward exchange contracts are used through the Company's Finance Department. Currency risk arises when future business transactions, recognized assets or liabilities are denominated in a currency other than the functional currency of the Company.
- C. The Company is engaged in operations involving certain non-functional currencies (the functional currency of the Company is NTD) and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities subject to significant exchange rate fluctuations is as follows:

Dec. 31, 2020

Dec. 31, 2020

	Foreign currency (in thousands)	Exchange rate	Book Value (NT\$)	Sensitivity analysis		
				Range of change	Effect on income	Effect on other comprehensive income
(Foreign Currency: Functional Currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD: NTD	\$ 35,062	28.48	\$ 998,566	5%	\$ 49,928	\$-
<u>Non-Monetary items</u>						
USD: NTD	284,096	28.48	8,091,064	5%	-	404,553
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD: NTD	8,702	28.48	247,833	5%	12,392	-

Dec. 31, 2019

	2020-01-01, 2019					
	Foreign currency (in thousands)	Exchange rate	Book Value (NT\$)	Range of change	Effect on income	Effect on other comprehensive income
(Foreign Currency: Functional Currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD: NTD	\$ 37,727	29.98	\$ 1,131,055	5%	\$ 56,553	\$ -
RMB: NTD	32,990	4.2933	141,636		7,082	-
<u>Non-Monetary items</u>						
USD: NTD	232,896	29.98	6,892,217	5%	-	349,111
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD: NTD	15,683	29.98	470,176	5%	23,509	-

D. The aggregate amount of all exchange (losses) gains (both realized and unrealized) recognized in 2020 and 2019 for the Group's monetary items due to the significant impact of exchange rate fluctuations was \$32,257 and \$21,834, respectively.

Price risk

- A. Equity instruments to which the Company is exposed to price risk are the financial assets held at fair value through other comprehensive income. In order to manage the price risk of investments in equity instruments, the Company diversifies its investment portfolio in accordance with the limits set by the Company.
- B. The Company primarily invests in financial instruments listed and issued in domestic and foreign companies and the prices of these financial instruments are subject to the uncertainty of the future value of the underlying investment. If the price of these financial instruments increases or decreases by 5% and all other factors remain constant, there would be an increase or decrease of \$28,160 and \$23,614 for 2020 and 2019, respectively, in other comprehensive income that was classified as a gain or loss on equity investments measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- A. The Company's interest rate risk arises primarily from long-term and short-term borrowings issued at floating rates, exposing the Company to cash flow interest rate risk, partially offset by cash and cash equivalents held at floating rates. During 2020 and 2019, the Company's loans at variable rates were mainly denominated in NTD and USD.

- B. The Company's loans are measured at amortized cost and are re-priced based on contractual annual interest rates, thus exposing the Company to future market interest rate changes.
- C. When the interest rate on NTD loans increases or decreases by 0.25% and all other factors remain constant, Profit before tax for the periods for 2020 and 2019 will decrease or increase by \$4,190 and \$6,149, respectively, primarily due to changes in interest expense resulting from floating rate loans.
- D. When the interest rate on USD loans increases or decreases by 0.25% and all other factors remain constant, Profit before tax for the periods for 2020 and 2019 will decrease or increase by \$0 and \$63, respectively, primarily due to changes in interest expense resulting from floating rate loans.

(2) Credit risk

- A. The Company's credit risk is the risk of financial loss to the Company due to the inability of customers or counterparties to financial instruments to meet their contractual obligations, mainly arising from the inability of counterparties to settle receivables that are payable in accordance with the terms of collection and financial assets classified as amortized cost.
- B. The Company's approach to credit risk management is company-based. For banks and financial institutions, only those with an independent credit rating of at least "A" can be accepted as counterparties. In accordance with its internal credit policy, each operating unit within the Company and each new customer is required to conduct a management and credit risk analysis before making payment and proposing terms and conditions for delivery. Internal risk management assesses the quality of customers' credit by considering their financial position, past experience and other factors. The Board of Directors determines the limits of individual risks based on internal or external evaluations and regularly monitors the use of credit facilities.
- C. The Company uses IFRSs9 to provide the premise that a default is deemed to have occurred when contractual payments are more than 90 days past due in accordance with the agreed payment terms.
- D. The Company uses IFRSs9 to provide the following premise to determine whether there has been a significant increase in credit risk on a financial instrument since its initial recognition: when contractual payments are more than 30 days past due according to the agreed payment terms, the credit risk of the financial asset has increased significantly since the initial recognition.
- E. The indicators used by the Company to determine that investments in debt instruments are impaired by credit are as follows:
 - (A) The probability that the issuer will experience significant financial difficulties or will enter bankruptcy or other financial reorganization is significantly increased;
 - (B) The issuer's financial difficulties have resulted in the disappearance of an active market for that financial asset.
 - (C) The issuer delays or fails to pay interest or principal;
 - (D) adverse changes in national or regional economic conditions that result in the issuer's default.

- F. The Company's receivables to customers are grouped by geographic region, trade credit risk and customer characteristics, and a simplified approach is used to estimate expected credit losses based on the loss ratio method.
- G. The Company writes off amounts of financial assets that cannot reasonably be expected to be recoverable as a result of recourse proceedings, but the Company continues to pursue recourse proceedings to preserve the right to the debt.
- H. The Company has included the National Development Council's business indicator and monitoring indicator and OECD composite leading indicator in its estimates of allowance for losses on notes receivable and accounts receivable (including related parties) based on historical and current information for a specific period; the provision matrix on December 31, 2019 is as follows:

	Not past due	Less than 90 days	90-180 days	Over 181 days
Dec. 31, 2020				
Expected loss rate	0.015%~0.06%	0.18%~59.24%	100%	100%
Dec. 31, 2019				
Expected loss rate	0.03%	10%~30%	20%~50%	50%~100%

- I. The statement of changes in the Company's allowance for losses on accounts receivable using the simplified approach is as follows:

	2020
Jan. 1	Accounts receivable
Impairment loss reported	\$ 53,427
Dec. 31	175,409
	228,836
	2019
	Accounts receivable
Jan. 1	\$ -
Impairment loss reported	53,427
Dec. 31	\$ 53,427

The Company's account for impairment loss is from one of the Company's Central and South American customers, and an impairment loss is recorded for 2020 and 2019 at the expected loss rate.

- J. The Company's financial assets carried at amortized cost are restricted bank deposits. The probability of default is expected to be low due to the good credit quality of the financial institutions to which they are dealing and the fact that the Company has dealings with various financial institutions to diversify its credit risk.

(3)Liquidity risk

- A. Cash flow forecasts are executed by operating entities within the Company and are aggregated by the Company Finance Department. The Company's finance department supervises forecasts of the Company's circulating capital requirements to ensure that it has sufficient funds to meet its operating needs and maintains sufficient unspent loan commitments at all times so that the Company does not breach the relevant loan limits or terms, taking into account the Company's debt financing plan, compliance with debt terms and compliance with the target capital structure of internal Balance sheet.
- B. Surplus cash held by each operating entity in excess of what is required for working capital management will be transferred back to the Company Finance Department. The Company

Finance Department invests surplus funds in interest-bearing demand deposits, time deposits, bonds repurchase and short-term marketable securities with appropriate maturities or sufficient liquidity in the instruments it chooses to provide sufficient level of dispatch in response to these forecasts. On December 31, 2020 and 2019, the Company held money market positions of \$2,400,639 and \$473,235, respectively, which are expected to generate immediate cash flows to manage liquidity risk.

C. The following table shows the Company's non-derivative financial liabilities, which are grouped according to their respective maturity dates. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date, and the contractual cash flow amounts disclosed in the table are the undiscounted amounts.

Non-derivative financial liabilities:

Dec. 31, 2020	Less than 1 Year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Notes payable	\$ 1,630	\$ -	\$ -	\$ -
Accounts payable	67,673	-	-	-
Accounts payable - related parties	183,754	-	-	-
Other payables	95,053	-	-	-
Other payables - related parties	33,399	-	-	-
Long-term borrowings(including due within one year or one operating cycle)	231,288	838,273	691,210	-

Non-derivative financial liabilities:

Dec. 31, 2019	Less than 1 Year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Short-term borrowing	\$ 270,094	\$ -	\$ -	\$ -
Notes payable	1,563	-	-	-
Accounts payable	221,971	-	-	-
Accounts payable - related parties	313,068	-	-	-
Other payables	169,527	-	-	-
Other payables - related parties	2	-	-	-
Long-term borrowings(including due within one year or one operating cycle)	631,496	593,203	1,193,478	-

The Company does not expect the cash flows analyzed at maturity to occur significantly earlier or the actual amounts to be significantly different.

(VI) Fair value information

1. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Level 1 is composed of the quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions in assets or liabilities occur with sufficient frequency and volume to provide quoted prices on a continuous basis. The fair value of the Company's investments in listed stocks and over-the-counter stocks is classified in level 1.

Level 2: Level 2 is composed of the inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Level 3 is composed of the inputs which are unobservable inputs for the asset or liability.

The Company's investment in equity instruments in inactive markets is classified in level 3.

2. Please refer to Note VI (IX) for more information on the fair value of investment properties that are measured at cost.
3. The carrying amounts of the Company's financial instruments (cash and cash equivalents, notes receivable, accounts receivable [including related parties], other receivables [including related parties], financial assets carried at amortized cost, refundable deposits, short-term borrowings, notes payable, accounts payable [including related parties], other payables [including related parties], long-term borrowings and deposits received) that are not measured at fair value represent reasonable approximations of fair value.
4. The Company classifies financial instruments measured at fair value on the basis of the nature, characteristics and the level of risk and fair value of assets and liabilities, as follows:

(1) The Company's classification according to the nature of its assets and liabilities is based on the following information:

Dec. 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets measured at				
FVTOCI -Equity securities	\$ 492,034	\$ -	\$ 71,174	\$ 563,208
Dec. 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets measured at				
FVTOCI -Equity securities	\$ 416,210	\$ -	\$ 56,064	\$ 472,274

(2) The methods and assumptions used by the Company to measure fair value are described below:

- A. The Company uses quoted market prices as fair value inputs (i.e., Level 1) for shares of listed (over-the-counter) companies, and the closing prices are quoted market prices.
- B. Except for the above financial instruments with active markets, the fair value of other financial instruments was obtained by using valuation techniques or by referring to counterparties' quotation. The fair value obtained through valuation techniques can be determined by reference to the current fair value of other financial instruments with substantially similar conditions and characteristics, the discounted cash flow method or other valuation techniques, including the use of models using market information available at the date of the Balance sheet.
- C. The output of the valuation model is an estimate of the estimated value, and valuation techniques may not reflect all relevant factors for the Company's holdings of financial and non-financial instruments. Therefore, the estimated value of the valuation model is appropriately adjusted for additional parameters, such as model risk or liquidity risk. In accordance with the Company's fair value valuation model management policy and related control procedures, management believes that valuation adjustments are appropriate and necessary to properly present the fair value of financial and non-financial instruments in the consolidated Balance sheet. The price information and parameters used in the evaluation process have been carefully evaluated and appropriately adjusted based on current market conditions.

5. There were no transfers between Level 1 and Level 2 in 2020 and 2019.

6. There were no transfers in and out of Level 3 in 2020 and 2019.

7. The following table shows the changes in level 3 for 2020 and 2019:

	2020
	Equity securities
Jan. 1	\$ 56,064
Purchase in current period	8,304
Gains and losses recognized in other comprehensive income	
Fair value carried through other comprehensive income	
Unrealized valuation loss (gain) on investment listed as equity instrument measured at FVTOCI	6,806
Dec. 31	\$ 71,174
	2019
	Equity securities
Jan. 1	\$ 54,951
Gains and losses recognized in other comprehensive income	
Fair value carried through other comprehensive income	
Unrealized valuation loss (gain) on investment listed as equity instrument measured at FVTOCI	1,113
Dec. 31	\$ 56,064

8. The quantitative information and sensitivity analysis of changes in significant unobservable inputs, which are significant unobservable inputs to the valuation model used for Level 3 fair value measurement items, are described below:

	Fair value on Dec. 31, 2020	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instruments: unlisted shares	\$70,479	Market comparative companies	Net multiplier and discount for lack of marketability	The higher the multiplier premium and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
Unlisted shares	695 Dec. 31, 2019 Fair value	Net asset value approach	Not applicable Critical input not observable	Not applicable Relationship of inputs to fair value
Non-derivative Equity instruments: Unlisted shares	\$ 55,369	Market comparative companies	Net multiplier and discount for lack of marketability	The higher the multiplier premium and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
Unlisted shares	695	Net asset value approach	NA	NA

9. The Company has carefully evaluated the evaluation models and evaluation parameters selected. However, the use of different evaluation models or evaluation parameters may result in different evaluation results. For financial assets and financial liabilities classified as Level 3, changes in valuation parameters would have the following impact on profit or loss or other comprehensive income for the period:

			Dec. 31, 2020	
			Recognized in other comprehensive profit and loss	
			Favorable change	Unfavorable change
Financial assets	Input	Change		
Equity instruments	Discounts for lack of marketability	±1%	\$ 705	(\$ 705)
			Dec. 31, 2019	
			Recognized in other comprehensive profit and loss	
			Favorable change	Unfavorable change
Financial assets	Input	Change		
Equity instruments	Discounts for lack of marketability	±1%	\$ 554	(\$ 554)

XIII. Supplementary Disclosures

(I) Information about significant transactions:

1. To loan to others: please refer to table 1.
2. Endorsement and warranties for others: please refer to table 2.
3. Marketable securities held at the end of the period (excluding the investment within subsidiaries, associates and jointly controlled entities): please refer to table 3.
4. The cumulative purchase or sale of the same marketable securities amounted to at least NT\$300 million or 20% of the paid-in capital: please refer to table 4.
5. Acquisition of properties amounted to at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of properties amounted to at least NT\$300 million or 20% of the paid-in capital: None.
7. Purchases and sales to related parties amounted to at least \$100 million or 20% of the paid-in capital: please refer to table 5.
8. Related parties receivables amounted to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 6.
9. Engaging in derivative transactions: Please refer to Note VI (II) to the Company's 2020 Consolidated Financial Statements for details.
10. Business relationships and significant transactions between the Parent Company and its subsidiaries and each of its subsidiaries and the amounts thereof: please refer to table 7.

(II) Information on investees

Information on the investee company's name, location, etc. (not including the Chinese investee company): please refer to table 8.

(III) Information on investments in Mainland China

1. Basic information: please refer to table 9.
2. Significant transactions that occurred directly or indirectly through third-party businesses with investees that have invested in China: please refer to table 7.

(IV) Information on main shareholders

Information on main shareholders: please refer to table 10.

XIV. Information on Operating Segments

Not applicable.

Ho Tung Chemical Corp. and Its Subsidiaries

To Loan Funds to Others

From January 1, 2020 to December 31, 2020

Unit: NT\$ thousands
(except as otherwise indicated)

Table 1

No. (Note I)	Lending company	Counterparty	Items (Note II)	Related party or not	Highest amount of the period (Note III)	Balance at end of the period (Note VIII)	Actual drawdown amount	Range of interest rate	Nature of the loan (Note IV)	Amount of transaction (Note V)	Reason for short-term financing (Note VI)	Collaterals		Limit on the loan amount to individual counterparty (Note VII)	Total limit amount on loan to others (Note VII)	Note	
												Name	Value				
1	Paotze Investment Ltd.	Nanjing Kuan Hsin Optoelectronics Co., Ltd.	Other receivables from subsidiaries	Yes	\$213,186	\$200,712	\$200,712	0.00~2.70%	Short-term financing	\$-	Business turnover	\$200,712	\$-	\$-	\$2,574,306	\$2,574,306	Note 10
2	Jintung Petrochemical Corp., Ltd.	Anhui Jintung Fine Chemical Co., Ltd.	Other receivables from subsidiaries	“	129,744	-	-	-	Short-term financing	-	Purchase of equipments	-	-	-	1,578,215	1,578,215	
2	Jintung Petrochemical Corp., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	Other receivables from subsidiaries	“	1,089,850	375,596	375,596	4.35%~5.60%	Short-term financing	-	Business turnover	-	-	-	1,578,215	1,578,215	
3	Jiangsu Jintung Chemical Corp., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	Other receivables from subsidiaries	“	265,716	131,022	131,022	4.35%~5.60%	Short-term financing	-	Business turnover	-	-	-	1,386,087	1,386,087	
4	Hsin Tay Ltd.	BELLFIELD INVESTMENT LIMITED	Other receivables from subsidiaries	“	41,182	-	-	-	Short-term financing	-	Business turnover	Note 9	-	-	411,302	411,302	
4	Hsin Tay Ltd.	Beijing Tung Sheng Tai Trade Co., Ltd.	Other receivables from subsidiaries	“	60,807	54,347	54,347	3.30%	Short-term financing	-	Business turnover	-	-	-	411,302	411,302	
6	Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	Tianjin Zhongran Ship Fuel Co., Ltd.	Other receivables from subsidiaries	“	29,964	-	-	-	Business' current account	-	-	-	-	-	-	63,610	

Note 1: The descriptions of the “No.” field are as follows:

(1) Fill in 0 as issuer.

(2) Investee companies are numbered by company type starting with the Arabic numeral 1.

Note 2: The following items including the accounts receivable from related companies, receivables from related parties, shareholders' current accounts, prepayments, temporary payments, and other items, shall be filled in this field if they are in the nature of loan of funds.

Note 3: The maximum balance of current year funds loaned to others.

Note 4: The nature of the loan shall be filled in a business' current account or as necessary for short-term financing.

Note 5: If the loan is in the nature of business' current account, the business' current account amount shall be recorded. The business' current account amount refers to the business' current account amount of the company that lent the funds and the person to whom the funds were loaned in the most recent year.

Note 6: If the nature of the loan is necessary for short-term financing, the reason for the loan, and the purpose of the loan shall be specified, e.g., repayment of loans, purchase of equipment, business turnover, etc.

Note 7: The Company and its subsidiaries are limited to a single loan to each of that Company and its subsidiaries that is necessary for short-term financing up to a maximum of 10% of the shareholders' equity in the current financial statements of the Company; The single loan limit for an entity with business' current accounts is limited to the amount of business' current accounts between the two parties in the most recent year; The maximum amount of the total loan of funds shall not exceed 40% of the shareholders' equity in the current financial statements of each company.

Subsidiary – Paotze and its subsidiaries are limited to a single loan to each of that Company and its subsidiaries that is necessary for short-term financing up to a maximum of 40% of the shareholders' equity in the current financial statements of the Company; The single loan limit for an entity with business' current accounts is limited to the amount of business' current accounts between the two parties in the most recent year; The maximum amount of the total loan of funds shall not exceed 40% of the shareholders' equity in the current financial statements of each company.

Subsidiary – Hsin Tay Petroleum and its subsidiaries are limited to a single loan to each of that Company and its subsidiaries that is necessary for short-term financing up to a maximum of 40% of the shareholders' equity in the current financial statements of the Company; The single loan limit for an entity with business' current accounts is limited to the amount of business' current accounts between the two parties in the most recent year; The maximum amount of the total loan of funds shall not exceed 40% of the shareholders' equity in the current financial statements of each company.

Note 8: If a public company submits a board of directors' resolution on "loaning of funds" pursuant to Article 14, paragraph 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount of the board of directors' resolution shall be included in the balance of the announcement to disclose its exposure to risk even though the funds have not been appropriated; however, if the funds are subsequently repaid, the balance after repayment shall be disclosed to reflect the risk adjustment. If the Board of Directors resolves to authorize the Chairman of the Board of Directors pursuant to Article 14, Paragraph 2 of the Regulations to make loans or revolve the funds within a certain amount and over a period of one year, the balance of the announcement shall be reported as the amount of the loan and the amount of funds approved by the Board of Directors. Although the funds will be repaid later on, consideration may still be given to the possibility of reallocating the funds, therefore, the balance of the funds approved by the Board of Directors should be used as the reported balance.

Note 9: Pursuant to a tripartite agreement, the debt of Chenenergy Co., Ltd. was repaid by its parent company, BELLFIELD INVESTMENTS LIMITED, with UL Taiwan stock as security for the loans, but as the recoverable amount was less than the book value, an Impairment Loss of US\$5,100 thousands was provided in 2012 and US\$5,739 thousands was recovered and BELLFIELD INVESTMENTS LIMITED was dissolved in October 2019, and the Group has engaged counsel to conduct subsequent legal proceedings for the protection of shareholders' interests. In July 2020, the Group assessed that the recourse of the account no longer brought substantial benefit and in Sept 2020 appointed a solicitor to conduct a benefit assessment in relation to the recovery of the offshore debt. The allowance loss was written off in Nov 2020, after taking advice from the appointed solicitor.

Note 10: Subsidiary - Paotze's loans to Nanjing Kuan Hsin was past due for more than one year due to the need for short-term financing, in violation of Article 3 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and Guarantees, but Nanjing Kuan Hsin's operating condition was not good, resulting in a less than expected collection status. On July 17, 2015, the Board of Directors of Paotze approved the termination of the receipt of the funds loan and interest payments from Nanjing Kuan Hsin.

Ho Tung Chemical Corp. and Its Subsidiaries
Endorsement and Warranties for Others
From January 1, 2020 to December 31, 2020

Table 2

Table 2														Unit: NT\$ thousands (except as otherwise indicated)	
No. (Note I)	Name of the endorser/guarantor	Guaranteed party		Limits on endorsement/guarantee amount provided to	Maximum balance for the period (Note IV)	Ending balance (Note V)	Amount actually drawn (Note VI)	Amount of endorsement/gu arantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement/guarantee amount allowable (Note III)	Guarantee provided by parent company (Note VII)	Guarantee provided by a subsidiary (Note VII)	Guarantee provided to	Note	
		Company name	Relationship (Note II)	each guaranteed party (Note III)									entities in Mainland China (Note VII)		
0	Ho Tung Chemical Corp.	Hsin Tay Ltd.	2	\$ 2,467,158	\$ 336,125	\$ -	\$ -	\$ -	-	\$ 6,167,896	Y	N	N		
0	Ho Tung Chemical Corp.	Sharpinvest International Ltd.	2	2,467,158	523,850	85,440	-	-	0.69	6,167,896	Y	N	N		
0	Ho Tung Chemical Corp.	Paotze Investment Ltd.	2	2,467,158	298,881	-	-	-	-	6,167,896	Y	N	N		
0	Ho Tung Chemical Corp.	ZhiSheng(Huizhou) Petrochemical Co., Ltd.	2	2,467,158	760,496	-	-	-	-	6,167,896	Y	N	Y		
1	Hsin Tay Petroleum Co., Ltd.	Chenergy Global Co., Ltd.	4	516,329	190,000	190,000	190,000	-	18.40	516,329	N	N	N		
2	Jintung Petrochemical Corp., Ltd.	Anhui Jintung Fine Chemical Co., Ltd.	2	2,367,323	131,499	131,022	-	-	3.32	2,367,323	Y	N	Y		
3	Jiangsu Jintung Chemical Corp., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	2	2,079,131	876,660	873,480	-	-	25.21	2,079,131	Y	N	Y		

Note 1: The descriptions of the “No.” field are as follows:

(1) Fill in 0 as issuer.

(2) Investee companies are numbered by company type starting with the Arabic numeral 1.

Note 2: There are 7 types of relationships between the endorser and the endorsed Parties. Fill in the numbers:

(1) Companies with business' current accounts.

(2) Companies in which the Company directly and indirectly holds more than 50% of the voting rights.

(3) Companies that hold more than 50% of the voting rights in the Company, both directly and indirectly.

(4) Companies in which the Company directly and indirectly holds more than 90% of the voting shares.

(5) Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project

(6) Where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages

(7) Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The amount of the Company's endorsement/guarantee for a single corporate is limited to an amount not exceeding 20% of the shareholders' equity in the Company's current financial statements; the maximum amount of the external endorsement/guarantee is limited to an amount not exceeding 50% of the shareholders' equity in the Company's current financial statements.

Subsidiary-Paotze and its subsidiaries' limit of endorsements/guarantees to a single enterprise is limited to a maximum of 60% of the shareholders' equity in the financial statements of each company for the current period, and the maximum limit of external endorsements/guarantees is limited to a maximum of 60% of the shareholders' equity in the financial statements of each company for the current period.

Subsidiary-Hsin Tay Petroleum and its subsidiaries' limit of endorsements/guarantees to a single enterprise is limited to a maximum of 50% of the shareholders' equity in the financial statements of each company for the current period, and the maximum limit of external endorsements/guarantees is limited to a maximum of 50% of the shareholders' equity in the financial statements of each company for the current period.

Note 4: The maximum balance of the endorsements/guarantees for others for the current year.

Note 5: The amount approved by the Board of Directors should be recorded. However, the amount approved by the Board of Directors is the amount determined by the Chairman of the Board of Directors in accordance with Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of expenses incurred by the endorsed/guaranteed company to the extent that the balance endorsed/guaranteed is used.

Note 7: Fill in Y for listed (OTC) parent company's endorsements/guarantees made for its subsidiaries; subsidiaries' endorsements/guarantees made for their listed (OTC) parent companies; endorsements/guarantees made for China region.

Ho Tung Chemical Corp. and Its Subsidiaries

Marketable securities held at the end of the period (excluding the investment within subsidiaries, associates and jointly controlled entities)

As of December 31, 2020.

Table 3

Unit: NT\$ thousands
(except as otherwise indicated)

Holding Company	Type and name of marketable securities (Note I)	Relationship with the issuer of the marketable securities (Note II)	Financial statement account	End of the Period.				Note (Note IV)
				Shares	Carrying value (Note III)	Shareholding percentage	Fair value	
Ho Tung Chemical Corp.	Stock - O-Bank Co., Ltd.	-	Financial assets measured at FVTOCI	5,192,384	\$35,983	0.17%	35,983	
“	Stock - Formosan Union Chemical Corp.		“	29,234,040	456,052	6.13%	456,052	
“	Stock - WK Technology Fund	-	“	37,970	695	0.19%	695	
“	Stock - Hsing Tai Enterprise Co., Ltd	Related party in substance	“	2,850,000	-	19.00%		--
“	Stock - Vita Genomics Inc.	“	“	963,925	13,291	1.61%	13,291	
“	Stock - Yuan He Bioapplication Co., Ltd.	“	“	8,702,824	57,187	4.25%	57,187	
					<u>\$ 563,208</u>		<u>\$ 563,208</u>	
He Mao Venture Capital Co., Ltd.	Stock - Formosan Union Chemical Corp.	-	“	9,857	\$ 154	0.00%	154	
“	Stock - Vita Genomics Inc.	Related party in substance	“	1,243,528	17,148	2.08%	17,148	
“	Stock - Yuan He Bioapplication Co., Ltd.	“	“	13,739,040	90,281	6.70%	90,281	
					<u>\$ 107,583</u>		<u>\$ 107,583</u>	
Zortech Corporation	Stock - HannsTouch Solution Inc.	-	“	210,000	<u>\$ 2,373</u>	0.03%	<u>\$ 2,578</u>	
Paotze Investment LTD.	Beneficiary certificate - Capital Money Market Fund	-	Financial assets measured at fair value through profit or loss – current	32,425	<u>\$ 527</u>	-	<u>\$ 527</u>	
“	Stock - Ho Tung Chemical Corp.	The Company	Financial assets measured at FVTOCI	10,141,558	<u>\$ 105,472</u>	0.99%	<u>\$ 105,472</u>	
Ho Tung Cement Corp.	"	"	"	3,518,286	<u>\$ 36,590</u>	0.34%	<u>\$ 36,590</u>	
Ally Solution Ltd.	Stock - Ever Victory Global Ltd.	This company's Director is the Company's Chairman of the Board	"	26,865,000	<u>\$ 797,962</u>	4.34%	<u>\$ 797,962</u>	
Big Success Co.,Ltd.	"	"	"	14,500,000	<u>\$ 430,689</u>	2.34%	<u>\$ 430,689</u>	
Oceanwise International Ltd	"	"	"	15,820,000	<u>\$ 469,896</u>	2.56%	<u>\$ 469,896</u>	

Holding Company	Type and name of marketable securities (Note 1)	Relationship with the issuer of the marketable securities (Note 2)	Financial statement account	End of the Period.				Note (Note 4)
				Shares	Carrying value (Note 3)	Shareholding percentage	Fair value	
Xiamen Jintung Synthetic Detergent Co., Ltd.	Lingtung hotline ultra-short-term financial product without fixed term from Industrial and Commercial Bank of China	-	Financial assets measured at fair value through profit or loss – current assets	38,000,000	\$ 166,097	-	\$ 166,097	
"	China Minsheng Bank Superior Asset Management Cuizhu 1W Financial Instrument	-	"	9,000,000	39,307	-	39,307	
"	Daily plan financial product from Bank of China	-	"	700,000	3,057	-	3,057	
					<u>\$ 208,461</u>		<u>\$ 208,461</u>	

Note 1: The marketable securities referred to in this table are stocks, bonds, beneficial certificates and marketable securities derived from the above items that fall within the scope of IFRS 9, “Financial Instruments”.

Note 2: If the issuer of the marketable securities is not a related party, the field is excluded.

Note 3: For those measured at fair value, the “carrying amounts” shall be recorded as carrying amounts adjusted for fair value less accumulated impairment loss; for those not measured at fair value, the “carrying amounts” shall be recorded as carrying amounts adjusted for original acquisition cost or amortized cost less accumulated impairment loss.

Note 4: Any users of the marketable securities listed who are restricted by the provision of guarantees, pledged loans or other contractual restrictions shall be recorded in the “Note” with the number of shares guaranteed or pledged, the amount of the guarantee or pledge and restrictions on its use.

Ho Tung Chemical Corp. and Its Subsidiaries

The cumulative purchase or sale of the same marketable securities amounted to at least NT\$300 million or 20% of the paid-in capital

From January 1, 2020 to December 31, 2020

Table 4

Investor	Types and Names of Marketable Securities (Note 1)	Financial statement account	Transaction counterparty (Note 2)	Relation ships (Note 2)	Beginning of the period		Acquisition (Note 3)		Sale (Note 3)				End of the period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Jintung Petrochemical Co., Ltd.	Bank of Communications Wealth Transfer Callable Structured Deposit	Financial assets measured at fair value through profit or loss – current	Bank of Communications	No	-	\$ -	107,000,000	\$ 467,312	107,000,000	\$ 470,350	\$ 467,312	\$ 3,038	-	\$ -
	CITIC Bank Win-Win Wise Interest Rate Structure RMB Structured Deposit		China CITIC Bank				420,000,000	1,834,308	420,000,000	1,837,611	1,834,308	3,303	-	-
	CITIC Bank Win-Win Wise Interest Rate Structure RMB Structured Deposit						285,000,000	1,244,709	285,000,000	1,247,401	1,244,709	2,692	-	-
Jiangsu Jintung Petrochemical Corp., Ltd.	Ping An Bank Public Structured Deposit RMB Products	"	Ping An Bank	"	-	-	230,000,000	1,004,502	230,000,000	1,006,656	1,004,502	2,154	-	-
	CITIC Bank Win-Win Wise Interest Rate Structure RMB Structured Deposit	"	China CITIC Bank	"	-	-	486,000,000	2,122,556	486,000,000	2,125,876	2,122,556	3,320	-	-
	CITIC Bank Win-Win Wise Exchange Rate Linked RMB Structured Deposit	"	"				219,000,000	956,461	219,000,000	958,440	956,461	1,979	-	-
Xiamen Jintung Co., Ltd.	Ningbo Bank Unit Structured Deposit	"					70,000,000	305,718	70,000,000	306,453	305,718	735		
	Lingtung hotline ultra-short-term financial product without fixed term from Industrial and Commercial Bank of China	"	Industrial and Commercial Bank of China	"	27,500,000	120,104	129,500,000	565,578	119,900,000	522,778	519,721	3,057	38,000,000	166,097
Ho Tung Chemical Co., Ltd.	Jih Sun Money Market Fund		Land Bank of Taiwan				20,114,788	\$ 300,000	20,114,788	\$ 300,469	\$ 300,000	\$ 469		
	Capital Money Market Fund						18,479,506	300,000	18,479,506	300,381	300,000	381		
	CTBC Hwa-win Money Market Fund						27,057,741	300,000	27,057,741	300,371	300,000	371		

Note 1: Marketable securities referred to in this schedule refer to stocks, bonds, beneficial certificates and marketable securities derived from the above items.

Note 2: Investors whose marketable securities are accounted for under the equity method shall be recorded in these two fields and the remaining fields are not required.

Note 3: The cumulative purchase and sale amounts shall be calculated separately at market price to determine whether they amount to \$300 million or 20% of paid-in capital.

Note 4: The amount of paid-in capital represents the amount of paid-in capital of the parent company. If the issuer's shares have no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the balance sheet equity which belongs to the owner of the parent company of 10%.

Note 5: In accordance with the Group's plan, the Company's Board of Directors on June 19, 2020 approved a simple merger with He Hsin Cheng Co to be made on Sept 10, 2020, with all of the securities held by He Sin Cheng Co to be transferred to the Company.

Ho Tung Chemical Corp. and Its Subsidiaries
Purchases and sales to related parties amounted to at least \$100 million or 20% of the paid-in capital
From January 1, 2020 to December 31, 2020

Table 5

Unit: NT\$ thousands
(except as otherwise indicated)

							Situation and reason of why trading conditions are different from general trading		(except as otherwise indicated)	
Company Name	Name of the counterparty	Relationships	Transaction details					Notes/ accounts receivable or payable		Note
			Purchases (Sales)	Amounts	Ratio to total purchases/sales amount	Loan period	Unit price	Loan period	Balance	
Ho Tung Chemical Corp.	Sharinvest International Ltd.	Subsidiary	Sales	\$ 143,651	4.8	30-120 days	\$ -	-	\$ -	-
"	Jiangsu Jintung Chemical Corp. Co., Ltd.	"	"	479,520	16.1	30-90 days	-	-	7,713	1.9
"	Jiangsu Jintung Surfactants Co., Ltd.	"	"	629,252	21.1	"	-	-	193,780	47.8
"	HT-S Venture Philippines Corporation	Long-term equity investments using equity method	"	387,550	13.0	120 days	-	-	54,615	13.5
"	Sharinvest International Ltd.	Subsidiary	Purchases	474,149	18.8	60-90 days	-	-	-	-
"	Jiangsu Jintung Chemical Corp. Co., Ltd.	"	"	447,663	17.8	30-90 days	-	-	(161,592)	63.9
"	Jiangsu Jintung Surfactants Co., Ltd.	"	"	350,310	13.9	"	-	-	(32,480)	12.8
Jintung Petrochemical Corp., Ltd.	Jiangsu Jintung Checmical Corp. Co., Ltd.	"	"	191,898	6.8	"	-	-	(27,027)	47.0
"	Jiangsu Jintung Surfactants Co., Ltd.	"	"	952,416	33.7	"	-	-	(9,442)	16.4
"	Jinling Petrochemical Co., Ltd.	Joint ventures that jointly invest in subsidiaries in Mainland China with the Company	"	884,857	31.4	"	-	-	-	-
Jiangsu Jintung Chemical Corp. Co., Ltd.	Ho Tung Chemical Corp.	The Company	Sales	447,663	10.5	"	-	-	161,592	70.2
"	Jintung Petrochechemical Co., Ltd.	Subsidiary	"	191,898	4.5	"	-	-	27,027	11.7
"	Xiamen Jintung Synthetic Degetgent Co., Ltd.	"	"	117,892	2.8	"	-	-	-	-
"	Sichuan Jintung Fine Chemical Co., Ltd.	"	"	168,226	3.9	"	-	-	-	-
"	Anhui Jintung Fine Chemical Ltd.	"	"	138,334	3.2	"	-	-	-	-
"	Tianjin Tianzhi Fine Chemical Ltd.	"	"	177,938	4.2	"	-	-	-	-
"	Ho Tung Chemical Corp.	The Company	Purchases	479,520	16.7	"	-	-	(7,713)	23.0
"	Jiangsu Jintung Surfactants Co., Ltd.	Subsidiary	"	567,364	19.8	"	-	-	-	-
"	Jinling Petrochemical Co., Ltd.	Joint ventures that jointly invest in subsidiaries in Mainland China with the Company	"	883,035	30.8	"	-	-	-	-
Xiamen Jintung Synthetic Detergent Co., Ltd.	Jiangsu Jintung Chemical Corp. Co., Ltd.	Subsidiary	"	117,892	54.2	"	-	-	-	-
Sichuan Jintung Petrochemical Co., Ltd.	Jiangsu Jintung Chemical Corp. Co., Ltd.	"	"	168,226	5.3	"	-	-	-	-
	Jiangsu Jintung Surfactants Co., Ltd.	"	"	357,088	11.3	"	-	-	-	-
	Jinling Petroleum and Chemical Co., Ltd	Joint venture that jointly invest in subsidiaries in Mainland China with the company	"	682,078	21.6	"	-	-	-	-
Anhui Jintung Fine Chemicals Co., Ltd.	Jiangsu Jintung Chemical Corp. Co., Ltd.	Subsidiary	"	138,334	5.9	"	-	-	-	-
	Jiangsu Jintung Surfactants Co., Ltd.	"	"	191,802	8.2	"	-	-	(1,475)	0.7

							Situation and reason of why trading conditions are different from general trading		Notes/ accounts receivable or payable		
Transaction details											
Company Name	Name of the counterparty	Relationships	Purchases (Sales)	Amounts	Ratio to total purchases/sales amount	Loan period	Unit price	Loan period	Balance	Ratio to total amount of notes/accounts receivable or payable	Note
Jiangsu Jintung Surfactants Co., Ltd.	Ho Tung Chemical Corp.	The Company	Sales	350,310	8.5	30-90 days	-	-	32,480	25.1	
	Sharpinvest International Ltd.	Subsidiary	"	375,034	9.1	"			-	-	
	Jintung Petrochemical Co., Ltd.	"	"	952,416	23.0	"			9,442	7.3	
	Jiangsu Jintung Chemical Corp. Co., Ltd.	"	"	567,364	13.7	"			-	-	
	Sichuan Jintung Fine Chemical Co., Ltd.	"	"	357,088	8.6	"	-	-	-	-	
	Anhui Jintung Fine Chemicals Co., Ltd..	"	"	191,802	4.6	"			1,475	1.2	
	Ho Tung Chemical Corp.	The Company	Purchase	629,252	19.8	"			(193,780)	73.7	
	Sharpinvest International Ltd.	Subsidiary	"	131,925	4.1	"			-	-	
	Jinling Petrochemical Co., Ltd.	Joint venture that jointly invest in subsidiaries in Mainland China with the company	"	692,204	21.8	"			-	-	
Tianjin Tianzhi Fine Chemical Co., Ltd.	Hsin Tay (Shanghai) Ltd.	Subsidiary	Sales	534,046	24.6	"	-	-	12,979	14.2	
"	Jintung Petrochemical Corp., Ltd.	"	Purchase	177,938	9.7	"	-	-	-	-	
"	Tianjin Port Free Trade Zone Hsing Tung Petrochemical Co., Ltd.	"	"	244,830	13.3	"	-	-	(70,139)	38.6	
"	Hsin Tay (Shanghai) Ltd.	"	"	406,996	22.1	"			-	-	
Zhi Sheng (Huizhou) Petrochemical Co., Ltd.	"	"	Sales	927,632	28.8	"	-	-	-	-	
"	"	"	Purchases	818,266	31.0	"	-	-	(214,607))	61.5	
Guangzhou Litze Chemical Co., Ltd.	"	"	Sales	240,430	18.0	"	-	-	60,587	53.1	
"	"	"	Purchases	328,444	25.4	"	-	-	(16,576)	12.7	
"	Jiangsu Hsin tai Chemical S&T Corp., Ltd.	Related party in substance	"	200,864	15.5	"	-	-	(9,587)	7.3	
Sharpinvest International Ltd.	Ho Tung Chemical Corp.	The Company	Sales	474,149	77.1	60-90 days	-	-	-	-	
"	Jiangsu Jintung Chemical Corp. Co., Ltd.	Subsidiary	"	131,925	21.5	30-90 days	-	-	-	-	
"	Ho Tung Chemical Corp.	The Company	Purchase	143,651	20.9	30-120 days	-	-	-	-	
"	Jiangsu Jintung Surfactants Co., Ltd.	Subsidiary	"	375,034	54.5	30-90 days	-	-	-	-	
"											
Tianjin Port Free Trade Zone Hsing Tung Petrochemical Co., Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd.	"	Sales	244,830	100.0	"	-	-	70,139	100.0	
"	Jiangsu Hsin tai Chemical S&T Corp., Ltd.	Related party in substance	Purchases	142,968	59.5	"			-	-	
Hsin Tay (Shanghai) Ltd.	ZhiSheng (Huizhou) Petrochemical Co., Ltd	Subsidiary	Sales	818,266	26.0	"			214,607	26.6	
"	Tianjin Tianzhi Fine Chemical Co., Ltd..	"	"	406,996	12.9	"	-	-	-	-	
"	Guangzhou Litze Chemical Co., Ltd.	"	"	328,444	10.4	"	-	-	16,576	2.1	
"	Zhi Sheng (Huizhou) Petrochemical Co., Ltd	"	Purchases	927,632	31.1	"	-	-	-	-	
"	Tianjin Tianzhi Fine Chemical Co., Ltd..	"	"	534,046	17.9	"	-	-	(12,979)	6.4	
"	Guangzhou Litze Chemical Co., Ltd.	"	"	240,430	8.1	"	-	-	(60,587)	29.9	
"	Jiangsu Hsin tai Chemical S&T Corp., Ltd.	Related party in substance	"	319,983	10.7	"			(409)	0.2	

Ho Tung Chemical Corp. and Its Subsidiaries
Related parties receivables amounted to at least NT\$100 million or 20% of paid-in capital
As of December 31, 2020.

Table 6

Unit: NT\$ thousands (except as otherwise indicated)

Company Name	Name of the counterparty	Relationships	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amounts received in subsequent period	Allowance for bad debts recognized	Note
					Amount	Action taken			
Ho Tung Chemical Corp.	Jiangsu Jintung Surfactants Co., Ltd.	Subsidiary	\$ 193,780	1.48	\$ -	-	\$ 193,780	\$-	
Paotze Investment Ltd.	Nanjing Kuan Hsin Optoelectric Co., Ltd.	"	200,712	Note	200,712	Improving proactively	-	200,712	
Jintung Petrochemical Corp., Ltd.	Jiangsu Jintung Surfactants Co., Ltd.	"	375,596	Note	-	-	152,859	-	
Jiangsu Jintung Chemical Corp. Co., Ltd.	Ho Tung Chemical Corp.	The Company	161,592	4.58	-	-	161,592	-	
Jiangsu Jintung Chemical Corp. Co., Ltd.	Jiangsu Jintung Surfactants Co., Ltd.	Subsidiary	145,932	Note	-	-	14,910	-	
Hsin Tay Ltd.	Tianjin Zhongran Ship Fuel Co., Ltd.	Joint ventures that jointly invest in subsidiaries in Mainland China with the Company	419,992	-	419,992	Improving proactively	-	208,727	
Hsin Tay (Shanghai) Ltd.	Zhi Sheng (Huizhou) Petrochemical Co., Ltd.	Subsidiary	214,607	7.63	-	-	11,053	-	

Note: Funds lent to related parties and accounts receivable.

Ho Tung Chemical Corp. and Its Subsidiaries

Business relationships and significant transactions between the Parent Company and Its Subsidiaries and each of its subsidiaries and the amounts thereof

From January 1, 2020 to December 31, 2020

Table 7

Unit: NT\$ thousands (except as otherwise indicated)

No. (Note 1)	Name of the trader	Name of the transaction counterparty	Relationship with the trader (Note 2)	Conditions of transactions			Percentage to consolidated net revenue or total assets (Note 3)
				Account	Amount	Terms of transaction	
0	Ho Tung Chemical Corp.	Sharpinvest International Ltd.	1	Sales revenue	\$ 143,651	Note 7	0.56
		Jiangsu Jintung Chemical Corp. Co., Ltd.	"	"	479,520	Note 5	1.86
		Jiangsu Jintung Surfactants Co., Ltd.	"	"	629,252	"	2.43
		"	"	Receivables	193,780	"	0.80
1	Paotze Investment Ltd.	Nanjing Kuan Hsin Optoelectric Co., Ltd.	"	"	200,712	Note 8	0.83
2	Jintung Petrochemical Corp., Ltd.	Jiangsu Jintung Surfactants Co., Ltd.	3	"	375,596	"	1.55
3	Jiangsu Jintung Chemical Corp. Co., Ltd.	Anhui Jintung Fine Chemical Co., Ltd.	1	Endorsement	131,022	Note 9	-
		Ho Tung Chemical Corp.	2	Sales revenue	447,663	Note 5	1.73
		Jintung Petrochemical Corp., Ltd.	3	"	191,898	"	0.74
		Xiamen Jintung Synthetic Degetgent Co., Ltd.	"	"	117,892	"	0.46
		Sichuan Jintung Fine Chemical Corp., Ltd.	"	"	168,226	"	0.65
		Anhui Jintung Fine Chemical Co., Ltd.	"	"	138,334	"	0.54
		Tianjin Tianzhi Fine Chemical Co., Ltd.	"	"	177,938	"	0.69
		Ho Tung Chemical Corp.	2	Receivables	161,592	Note 5	0.67
		Jiangsu Jintung Surfactants Co., Ltd.	1	"	145,932	Note 8	0.60
		"	"	Endorsement	873,480	Note 9	-
4	Jiangsu Jintung Surfactants Co., Ltd.	Ho Tung Chemical Corp.	2	Sales revenue	350,310	Note 5	1.36
		Sharpinvest International Ltd.	3	"	375,034	"	1.45
		Jintung Petrochemical Corp., Ltd.	"	"	952,416	"	3.68
		Jiangsu Jintung Chemical Corp. Co., Ltd.	2	"	567,364	"	2.19
		Sichuan Jintung Fine Chemical Corp., Ltd.	3	"	357,088	"	1.38
		Anhui Jintung Fine Chemical Co., Ltd.	"	"	191,802	"	0.74
5	Tianjin Tianzhi Fine Chemical Co., Ltd.	Hsin Tay (Shanghai) Ltd.	"	"	534,046	"	2.07
6	Zhi Sheng (Huizhou) Petrochemical Co., Ltd.	"	"	"	927,632	"	3.59
7	Guangzhou Litze Chemical Co., Ltd.	"	"	"	240,430	"	0.93
8	Sharpinvest International Ltd.	Ho Tung Chemical Corp.	2	"	474,149	Note 6	1.83
		Jiangsu Jintung Surfactants Co., Ltd.	"	"	131,925	Note 5	0.51
9	Tianjin Port Free Trade Zone Hsing Tung Petrochemical Co., Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd.	"	"	244,830	"	0.95
10	Hsin Tay (Shanghai) Ltd.	Zhi Sheng (Huizhou) Petrochemical Co., Ltd.	3	"	818,266	Note 5	3.17
		Tianjin Tianzhi Fine Chemical Co., Ltd.	"	"	406,996	"	1.57
		Guangzhou Litze Chemical Co., Ltd.	"	Receivables	328,444	"	1.27
		Zhi Sheng (Huizhou) Petrochemical Co., Ltd.	"	Endorsement	214,607	"	0.88
11	Hsin Tay Petroleum Co., Ltd.	Chenergy Global Co., Ltd.	"	"	190,000	Note 9	-

Note 1: The business transaction information between the parent company and its subsidiaries shall be stated separately in the "No." field and the number shall be filled in as follows:

(1) Fill in 0 as parent company.

(2) Subsidiaries are numbered by company type starting with the Arabic numeral 1.

Note 2: There are 3 types of relationship with the counterparty, which can be identified as such (In the case of the same transaction between parent and subsidiaries or between subsidiaries, there is no need to disclose it repeatedly. e.g., if the parent company discloses a transaction to a subsidiary, the subsidiary part is not required to be repeatedly disclosed; if a subsidiary discloses a transaction to a subsidiary, the other subsidiary is not required to be repeatedly disclosed):

(1) Parent to subsidiary

(2) Subsidiary to parent

(3) Subsidiary to subsidiary

Note 3: The ratio of the transaction amount to the consolidated total revenue or total assets is calculated on the basis of the balance as of the end of the period to the consolidated total assets in the case of assets and liabilities, and the cumulative amount to the consolidated total revenue in the case of profit or loss.

Note 4: Significant transactions in this schedule may be disclosed at the discretion of the Company based on materiality.

Note 5: The terms and conditions of the above transaction are the same as those of normal customers, based on the market price agreed upon by both parties, and payment will be received within 1 to 3 months after the sale is completed.

Note 6: The terms and conditions of the above transaction are the same as those of normal customers, based on the market price agreed upon by both parties, and payment will be received within 2 to 3 months after the sale is completed.

Note 7: The terms and conditions of the above transaction are the same as those of normal customers, based on the market price agreed upon by both parties, and payment will be received within 1 to 4 months after the sale is completed.

Note 8: Funds lent to related parties and accounts receivable, etc.

Note 9: Balance of the Endorsement.

Ho Tung Chemical Corp. and Its Subsidiaries
Information on the investee company's name, location, etc. (excluding the Chinese investee companies)
From January 1, 2020 to December 31, 2020

Table 8

Unit: NT\$ thousands
(except as otherwise indicated)

Investor Company	Investee Company	Location	Main businesses	Original investment amount		Balance as of December 31, 2018			Net income (loss) of the investee	Share of profit/loss of investee	Note
				End of the period	End of last year	Number of shares	Percentage of ownership	Book value			
Ho Tung Chemical Corp.	Ho Mao Venture Capital Corp., Ltd.	Taiwan	General investment	\$ 341,109	\$ 341,109	7,000,000	100.00	\$ 120,039	(\$322)	(\$322)	Subsidiary
Ho Tung Chemical Corp.	Chenergy Global Co., Ltd.	Taiwan	Oil trading	800,733	-	56,096,674	99.07	667,668	(162,859)	(134,795)	Subsidiary, Note 4
Ho Tung Chemical Corp.	Hua Chung Co., Ltd.	Taiwan	Purchase and sale of raw materials of cement	27,472	23,419	1,442,233	72.11	(64,537)	(15,145)	8,244	Subsidiary, Note 5
Ho Tung Chemical Corp.	He Hsin Cheng Co., Ltd.	Taiwan	Development and rental of residence and buildings	-	560,000	-	-	-	-	-	Note 3
Ho Tung Chemical Corp.	Hua Tung Investment Co., Ltd.	Taiwan	General investment	-	240,000	-	-	-	-	-	-
Ho Tung Chemical Corp.	Tungbao Co., Ltd.	Taiwan	Manufacture and sale of acetylene light solvent	216,817	216,817	23,076,019	34.00	280,192	2,414	821	Investments using equity method
Ho Tung Chemical Corp.	Ho Tung Cement Corp.	Taiwan	Cement manufacturing	195,274	174,232	20,857,190	70.62	250,048	39,120	25,592	Subsidiary, Note 5
Ho Tung Chemical Corp.	Hsin Tay Petroleum Co., Ltd.	Taiwan	Oil trading	1,826,762	2,327,495	193,705,500	100.00	1,032,658	(593,827)	(592,827)	Subsidiary
Ho Tung Chemical Corp.	Paotze Investment Ltd.	British Virgin Islands	Trading of a variety of commodities	2,510,089	2,510,089	20,000,000	100.00	6,549,895	1,058,213	1,058,213	"
Ho Tung Chemical Corp.	Sharpinvest International Ltd.	British Virgin Islands	Trading of a variety of commodities	106,668	106,668	3,000,001	100.00	18,016	(72,337)	(72,337)	"
Ho Tung Chemical Corp.	Zortech Corporation	British Virgin Islands	Chemical trading	295,683	295,683	5,000,000	100.00	54,943	2,017	2,017	"
Ho Tung Chemical Corp.	Inadvance Holdings Ltd.	British Virgin Islands	Trading of a variety of commodities	164,200	164,200	5,000,100	100.00	199,526	5,132	5,132	"
Ho Tung Chemical Corp.	Signpost Enterprises Ltd.	British Virgin Islands	Trading of a variety of commodities	468,207	468,207	14,673,913	100.00	373,533	8,497	8,497	"

Table 8

Unit: NT\$ thousands (except as otherwise indicated)											
Investor Company	Investee Company	Location	Main businesses	Original investment amount		Balance as of December 31, 2018			Net income (loss) of the investee	Share of profit/loss of investee	Note
				End of the period	End of last year	Number of shares	Percentage of ownership	Book value			
Ho Tung Chemical Corp.	Top Device Investments Ltd.	British Virgin Islands	General investment	140,556	140,556	4,420,000	100.00	29,646	-	-	Note 1
Ho Tung Chemical Corp.	Ally Solution Ltd.	British Virgin Islands	Investment industry	752,326	752,326	26,907,000	100.00	798,879	(79)	(79)	Subsidiary
Paotze Investment Ltd.	Hua Chung Co., Ltd.	Taiwan	Purchase and sale of raw materials of cement	10,444	10,444	442,105	22.11	12,346	(15,145)	-	"
Paotze Investment Ltd.	Ho Tung Cement Corp.	Taiwan	Cement manufacturing	91,069	91,069	6,526,657	22.10	90,138	39,120	-	"
Paotze Investment Ltd.	Signpost (HK) Limited	Hong Kong	Investment industry	459,534	459,534	14,983,879	48.65	544,279	28,611	-	Second-tier subsidiary
Signpost Enterprises Ltd.	Signpost (HK) Limited	Hong Kong	Investment industry	478,187	478,187	10,281,716	33.39	373,556	28,611	-	"
Inadvance Holdings Ltd.	Signpost (HK) Limited	Hong Kong	Investment industry	147,146	147,146	5,531,219	17.96	200,930	28,611	-	"
Zortech Corporation	Hua Chung Co., Ltd.	Taiwan	Purchase and sale of raw materials of cement	-	2,445	-	-	-	(15,145)	-	Note 5
Zortech Corporation	Ho Tung Cement Corp.	Taiwan	Cement manufacturing	-	22,470	-	-	-	39,120	-	"
Sharinvest International Ltd.	HT-S Venture Philippines Corporation	Philippines	Trading of a variety of commodities	8,295	8,295	99,996	40.00	14,793	1,017	-	Investments using equity method
Hsin Tay Petroleum Co., Ltd.	Hsin Tay Ltd.	British Virgin Islands	Oil trading	554,296	554,296	16,956,651	100.00	918,881	(551,787)	-	Second-tier subsidiary
Hsin Tay Petroleum Co., Ltd.	Chenergy Global Co., Ltd.	Taiwan	Oil trading	-	534,106	-	-	-	(162,859)	-	Note 4
Chenergy Co., Ltd.	Tungbao Co., Ltd.	Taiwan	Manufacture and sale of acetylene light solvent	4,541	4,541	432,467	0.64	4,277	2,414	-	Investments using equity method
Chenergy Co., Ltd.	Big Success Co., Ltd.	Samoa	General investment	413,288	132,930	14,511,500	100.00	430,766	(22)	-	Third-tier subsidiary
Hsin Tay Ltd.	Oceanwise International Ltd.	British Virgin Islands	Investment industry	450,554	144,593	100	100.00	469,915	(3)	-	"

Table 8

Table 8											Unit: NT\$ thousands (except as otherwise indicated)	
Investor Company	Investee Company	Location	Main businesses	Original investment amount		Balance as of December 31, 2018			Net income (loss) of the investee	Share of profit/loss of investee	Note	
				End of the period	End of last year	Number of shares	Percentage of ownership	Book value				
Hsin Tay Ltd.	Shanghai Hsin Tay Investment (HK) Co., Ltd.	Hong Kong	Investment industry	-	-	-	-	-	(283)	-	Note 2	

Note 1: In response to the planning of the Group's organization, Top Device filed for dissolution on August 12, 2016 through the Board of Directors and returned the shares on September 20, 2016 and the dissolution process is still underway.

Note 2: In response to the planning of the Group's organization, the board of directors of Hsin Tay Shanghai Investment (HK) Co., Ltd. approved the cancellation of the shares on January 9, 2020, and on January 13, 2020, the liquidated shares were returned.

Note 3: In response to the planning of the Group's organization, the board of directors approved a simple merger of the Company on June 19, 2020 with He Hsin Cheng and Hua Tung Co., taking September 10, 2020 as the base date for the merger. The related change registration procedures have been completed and the financial statements have been restated.

Note 4: In response to the planning of the Group's organization, the board of directors of Hsin Tay Petroleum Co., Ltd. approved a capital reduction of \$489,300 and the elimination of 48,930 thousand shares on August 14, 2021. Related procedures on the return of the shares of Chenenergy Global Co., Ltd. to the Company have been completed.

Note 5: In response to the planning of the Group's organization, the board of directors of Zortech resolved to sell its shares in Ho Tung Cement and Hua Chung Co., Ltd. to the Company on June 29, 2020, and the related change registration procedures have been completed.

Ho Tung Chemical Corp. and Its Subsidiaries
Information on investments in Mainland China: Basic Information
From January 1, 2020 to December 31, 2020

Table 9

Unit: NT\$ thousands
(except as otherwise indicated)

Investee Company	Main businesses	Paid-up capital	Method of investment (Note 1)	Beginning balance of accumulated outflow of investment from Taiwan	Remittance or recovery of investment amount in the current period		Ending balance of accumulated outflow of investment from Taiwan	Net income (loss) of the investee	The Company's percentage of ownership directly or indirectly	Investment gains (losses) recognized in the current period (Note 2)	Carrying amount as of December 31, 2018	Ending balance of accumulated inward remittance of earnings	Note
					Outflow	Inflow							
Jintung Petrochemical Corp., Ltd.	Manufacture of linear alkylbenzene, sulfonic acid and other byproducts	\$ 734,597	(2)a	\$ 604,061	\$-	\$-	\$ 604,061	\$ 658,666	60.00	\$ 395,200	\$ 2,367,337	\$ 292,488	Note 2(2)b
Jiangsu Jintung Chemical Corp. Co., Ltd.	Manufacture of linear alkylbenzene, sulfonic acid and other byproducts	1,507,432	(2)a	277,253	-	-	277,253	1,055,120	50.00	527,560	1,685,600	-	Note 2(2)b
Tianjin Tianzhi Fine Chemical Co., Ltd.	Manufacture and sale of alkylbenzene sulfonic acid	839,951	(2)a 、 b	368,702	-	-	368,702	(235,247)	50.00	(117,624)	538,041	-	Note 2(2)b
Shanghai Jingdi Petrochemical Co., Ltd.	Manufacture and sale of alkylbenzene, sulfonic acid and related surfactants	144,994	(2)b	42,720	-	-	42,720	-	-	-	-	-	Note 11
Xiamen Jintung Synthetic Detergent Co., Ltd.	Manufacture and sale of related surfactants	114,246	(2)a	21,598	-	-	21,598	7,237	54.60	3,951	137,513	-	Note 2(2)b
Zhi Sheng (Huizhou) Petrochemical Co., Ltd.	Primary alcohol ethoxylate trading	370,240	(2)b	370,240	-	-	370,240	79,167	100.00	79,167	614,628	-	Note 2(2)b
Guangzhou Litze Chemical Co., Ltd.	Manufacture and sale of alkylbenzene sulfonic acid	218,370	(2)b	113,180	-	-	113,180	44,096	60.00	26,458	240,436	-	Note 2(2)b
Nanjing Kuan HsinOptoelectric Co., Ltd.	Manufacture and sale of PMMA Light Guide Plate	456,530	(2)a	185,198	-	-	185,198	13,940	47.46	-	(231,906)	-	Note 2(2)b

Table 9

Unit: NT\$ thousands
(except as otherwise indicated)

Investee Company	Main businesses	Paid-up capital	Method of investment (Note 1)	Beginning balance of accumulated outflow of investment from Taiwan	Remittance or recovery of investment amount in the current period		Ending balance of accumulated outflow of investment from Taiwan	Net income (loss) of the investee	The Company's percentage of ownership directly or indirectly	Investment gains (losses) recognized in the current period (Note 2)	Carrying amount as of December 31, 2018	Ending balance of accumulated inward remittance of earnings	Note
					Outflow	Inflow							
Nanjing He Sheng Pao New Energy Technology Co., Ltd.	Development of new energy and surfactant	358,606	(2)a	187,398	-	-	187,398	(778)	100.00	(778)	355,034	-	Note 2(2)b
Hsin Tay (Shanghai) Ltd.	Chemicals and fuel trading	224,417	(2)a	14,240	-	-	14,240	171,322	100.00	171,322	724,063	-	Note 2(2)c
Tianjin Port Free Trade Zone Hsing Tung Petrochemical Co., Ltd.	Wholesale of chemicals and fuels	174,696	(2)c	75,671	-	-	75,671	5,203	55.00	2,861	87,064	-	Note 2(2)c
Beijing Tung Sheng Tai Trading Co., Ltd.	Wholesale of chemicals and fuels	43,674	(2)c	33,977	-	-	33,977	11,816	75.00	8,862	(12,495)	-	Note 2(2)c
Sichuan Jintung Fine Chemical Corp., Ltd.	Manufacture and sale of linear alkylbenzene	174,696	(2)a	-	-	-	-	190,069	60.00	114,041	565,956	-	Note 2(2)b
Anhui Jintung Fine Chemical Co., Ltd.	Manufacture and sale of surfactants	262,044	(2)a	-	-	-	-	136,249	60.00	81,749	412,842	-	Note 2(2)b
Jiangsu Jintung Surfactants Co., Ltd.	Manufacture and sale of surfactants	1,659,612	(2)a	-	-	-	-	697,058	50.00	348,529	863,836	-	Note 2(2)b
Company name		Accumulated investment remitted from Taiwan to Mainland China at the end of the period		Investment amounts authorized by MOEAIC		Upper limit on investment authorized by MOEAIC							
Ho Tung Chemical Corp.		\$2,505,044 (US\$87,958 thousands) (Note 7,8,9,10)		\$5,373,977 (US\$188,693 thousands)		Note 6							

Note1: There are 3 types of investment methods. Fill in the numbers:

- (1) To invest directly in the China region.
- (2) Reinvest in China through a third-area company (please specify the third-area investment company):
 - a. Reinvested through subsidiary - Paotze Investment Ltd.
 - b. Reinvested through second-tier subsidiary - Signpost (HK) Ltd.
 - c. Reinvested through second-tier subsidiary - Hsin Tay Ltd.
- (3) Other ways

Note2: In the investment income as recognized in the current period:

- (1) It shall be noted if it's still in the planning stage without investment income yet
- (2) The basis of recognition of investment income is divided into the following four categories, which should be noted
 - a. The financial statements audited by an international accounting firm which has cooperative relationships with the R.O.C. accounting firm.
 - b. The financial statements audited by accountants of the parent company in Taiwan
 - c. The financial statements audited by accountants of the subsidiary- Hsin Tay Petroleum Co., Ltd. in Taiwan
 - d. Other financial statements for the same period that have not been audited by an accountant

Note3: The relevant numbers in this schedule shall be presented in NTD.

Note4: All foreign currencies are translated into New Taiwan dollars using the exchange rates prevailing at the dates of the financial statements.

Note5: The consolidated shareholding of the Company and its subsidiaries.

Note6: In accordance with the limits of "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" as amended by the Investment Commission, Ministry of Economic Affairs, the Company has obtained a certificate in compliance with the certification of its operating headquarters from the Industrial Bureau of the Ministry of Economic Affairs and is therefore not subject to this limit.

Note7: The Group originally held 100% equity interest in Hong Kong Tai Tung through second-tier subsidiary - Signpost (HK) and its subsidiary - Top Device and indirectly held 50% equity interest in ShaTung Taixing. On 22 September 2015, the Group disposed of the equity interests in Hong Kong Tai Tung held by Signpost (HK) and Top Device for a disposal price of US\$4,417,920 (net of handling fees and other related expenses), which has not been repatriated to Taiwan and is therefore still included in the amount remitted for investment in China.

Note8: The Group disposed of 100% equity interest in Nan Tung (HK) on 25 August 2017 at a disposal price of RMB5,000,000, which has not been repatriated to Taiwan and is still included in the amount remitted for investment in China.

Note9: In response to the planning of the Group's organization, Nanjing Fine filed for dissolution through the Board of Directors on 22 March 2018 and returned the share amounting to RMB9,187,533 on 26 December 2018, but the amount has not been remitted to Taiwan, so the original investment amount is still included in the amount remitted for investment in China.

Note10: In response to the planning of the Group's organization, Guangzhou Lien Ding International Trading Co., Ltd. filed for dissolution through the Board of Directors on 4 May 2018 and returned the share amounting to US\$1,057,206 on 24 December 2018, but the amount has not been remitted to Taiwan, so the original investment amount is still included in the amount remitted for investment in China.

Note 11: Shanghai Jingdi entered into liquidation in Oct 2019. As the Group has lost its significant influence over it, \$31,564 was reclassified to "other receivables." The liquidation process was subsequently stopped because the real property certificates could not be cancelled, and it was intended instead that the equity would be resold to the joint venture. As of Dec 31, 2020, the relevant equity resale agreement was still in progress.

Ho Tung Chemical Corp and Subsidiaries
Information of the main shareholders
Dec 31, 2020

Table 10

Major Shareholders	Shares	
	Number of Shares Held	Shareholding Ratio
Hung I Investment Co	101,690,169	10.00%
Investment Account of Capital Securities Nominee, a client of CSC Securities (HK), held by Capital Securities as custodian	60,576,749	5.95%
Bing Rong Co	51,878,666	5.10%

Ho Tung Chemical Corp.
Table of Cash and Cash Equivalents
December 31, 2020

Table I		Unit: NT\$ thousands
Item	Summary	Amount
Cash on hand		\$190
Check accounts		372
Foreign currency deposits	US\$ 13,515 thousands at an exchange rate of \$28.48;	384,907
Demand deposits		1,255,732
Time deposits		760,000
		<u>\$ 2,401,201</u>

Ho Tung Chemical Corp.
Table of Notes and Accounts Receivable
December 31, 2020

Table II		Unit: NT\$ thousands
Customers' Name	Summary	
<u>Notes receivable</u>		
Oil Ting Enterprise Co., Ltd.	\$2,296	
Other sporadic customers	107	Balance of each sporadic customer does not exceed 5% of the account's balance
	<u>\$2,403</u>	
<u>Accounts receivable</u>		
TRASOME SA DE CV.E	\$193,952	
TICO JOINT STOCK COMPANY BRANCH	56,985	
INDUSTRIA NACIONAL DE DETERGENTES SA DE CV	26,748	
Tayca (THAILAND) CO.LTD	20,131	
Other sporadic customers	85,614	Balance of each sporadic customer does not exceed 5% of the account's balance
Sub-total	<u>388,430</u>	
Less: allowance for bad debts	<u>(228,836)</u>	
Total	<u><u>\$154,594</u></u>	

Ho Tung Chemical Corp.
Table of Other Receivables - Related Parties
December 31, 2020

Table III			Unit: NT\$ thousands
Customers' Name	Summary	Amount	Note
Jiangsu Jintung Surfactants Co., Ltd.		\$ 193,780	
HT-S VENTURE PHILIPPINES CORPORATION		54,615	
		<u>\$ 248,395</u>	

Ho Tung Chemical Corp.
Statement of Inventories
December 31, 2020

Table IV

Unit: NT\$ thousands

Items	Summary	Amounts		Note
		Cost	Net realizable value	
Raw materials		\$ 44,983	\$ 49,171	Market price as net realizable value
Materials		11,337	11,337	"
Work in progress		1,308	1,308	"
Finished goods		57,383	90,894	"
Merchandise inventories		14,245	17,885	"
Inventory in transit		639	884	"
Subtotal		129,895	\$ 171,479	
Less: Allowance for inventory valuation loss		(371)		
Total		\$ 129,524		

Ho Tung Chemical Corp.

Table of Financial Assets Measured at Fair Value through Other Comprehensive Income - Non-current

From January 1, 2020 to December 31, 2020

Table V

Unit: NT\$ thousands

Name	Beginning of Period	Fair Value	Increase in the Period (Note 1)	Amount	Decrease in the Period (Note 2)	Amounts	End of the Period	Fair Value	Endorsements and guarantees provided	Note
	Number of shares (thousands shares)		Number of shares (thousands shares)		Number of shares (thousands shares)		Number of shares (thousands shares)			
O-Bank Co., Ltd.	5,192	\$ 40,552	-	\$ -	-	(\$ 4,569)	5,192	\$ 35,983	None	
Formosan Union Chemical Corp.	14,234	182,909	15,000	273,142	-	-	29,234	456,051	"	
WK Technology Fund	38	695	-	-	-	-	38	695	"	
Hsing Tai Co., Ltd.	2,850	-	-	-	-	-	2,850	-	"	
Yuan He Bioapplication Co., Ltd.	7,299	44,632	1,404	12,555	-	-	8,703	57,187	"	
Vita Genomics, Inc.	836	10,737	127	2,555	-	-	963	13,292	"	
Total		\$ 279,525		\$ 288,252		(\$ 4,569)		\$ 563,208		

Note 1: Includes the number of acquisitions from subsidiaries, the number of changes in fair value during the period, and the number of increases in summary consolidation are as follows.

Note 2: Includes the fair value changes in the current period are as follows.

Ho Tung Chemical Corp.

Table of Changes in Investments Using Equity Method

January 1, 2020 to December 31, 2020

Table VI

Name	Opening Balance		Increase in the period (Note)		Decrease in the period (Note)		Ending Balance			Market Value or Net Equity		Unit: NT\$ thousands Endorsements and guarantees provided	Note
	Number of shares (thousands shares)	Amount	Number of shares (thousands shares)	Amount	Number of shares (thousands shares)	Amount	Number of shares (thousands shares)	Shareholding percentage	Amounts	Unit Price (NT\$)	Total		
Subsidiaries:													
Paotez Investment Ltd.	20,000	\$ 5,468,423	-	\$ 1,160,445	-	(\$ 8,751)	20,000	100.00%	\$ 6,620,117	\$ 331.01	\$ 6,620,117	None	
Hsin Tay Petroleum Co., Ltd.	242,635	2,168,121	-	26,152	(36,093)	(1,161,615)	206,542	100.00%	1,032,658	5.00	1,032,658	"	
He Mao Venture Capital Co., Ltd.	7,000	112,872	-	7,489	-	(322)	7,000	100.00%	120,039	17.15	120,039	"	
Zortech Corporation	5,000	58,249	-	2,018	-	(5,324)	5,000	100.00%	54,943	10.99	54,943	"	
Inadvance Holdings Ltd.	5,000	191,102	-	8,424	-	-	5,000	100.00%	199,526	39.91	199,526	"	
Ho Tung Cement Corp.	19,117	220,873	1,740	49,286	-	(3,133)	20,857	70.62%	267,026	12.80	267,026	"	
Hua Chung Co., Ltd.	1,324	(76,645)	118	12,108	-	-	1,442	72.11%	(64,537)	-	(64,537)	"	
Signpost Enterprises Ltd.	14,674	359,069	-	14,464	-	-	14,674	100.00%	373,533	25.46	373,533	"	
Top Device Investment Ltd.	4,420	31,208	-	-	-	(1,562)	4,420	100.00%	29,646	6.71	29,646	"	
Sharpinvest International Ltd.	3,000	80,017	-	-	-	(65,597)	3,000	100.00%	14,420	4.81	14,420	"	
Ally Solution Ltd.	26,907	794,149	-	46,213	-	(41,483)	26,907	100.00%	798,879	29.69	798,879	"	
Chenergy Global Co., Ltd.	-	-	56,094	812,567	-	(134,899)	56,094	99.07%	677,668	12.08	677,668	"	
Less: treasury stock		(95,951)		-		-			(95,951)				
Subtotal		<u>9,311,487</u>		<u>2,139,166</u>		<u>(1,422,686)</u>			<u>10,027,967</u>				
Associates:													
Tung Bao Co., Ltd.	-	279,372	-	820	-	-	23,076	34.00%	280,192	12.14	280,192	"	
Total		<u>\$ 9,590,859</u>		<u>\$ 2,139,986</u>		<u>(\$ 1,422,686)</u>			<u>\$ 10,308,159</u>				

Note: Includes cash capital increase, return of share payment after capital reduction, investment profit and loss, cumulative translation adjustments and changes in shareholders' equity of subsidiaries and associates recognized using the equity method.

Ho Tung Chemical Corp
Table of Accounts Payable

Dec 31, 2020

Table VII		Unit: NTD thousands	
Customer	Summary	Amount	Remark
CPC Corporation, Taiwan		\$58,553	
Shinhsiung Natural Gas Inc		7,385	
Other companies		1,735	
			Balance of each sporadic vendor exceeds 5% of the balance of the account
		<u>\$67,673</u>	

Ho Tung Chemical Corp.
Table of Accounts Payable-related parties
December 31, 2020

Table VIII

Unit: NT\$ thousands

Customers' Name	Summary	Amount	Note
Jiangsu Jintung Chemical Corp. Co., Ltd.		\$ 156,251	
Jiangsu Jintung Surfactants Co., Ltd.		27,503	
		<u>\$ 183,754</u>	

Ho Tung Chemical Corp.
Table of Long-term Borrowings
December 31, 2020

Table IX						Unit: NT\$ thousands
Creditor	Summary	Credit limit	Term of the agreement	Interest rate	Collaterals or guarantees	Note
Syndicated loan						
Land Bank of Taiwan – leading bank	Secured loan	\$ 479,700	Jan. 28, 2019~Jan. 28, 2024	2.16~2.32% (Note 1)		Note 2
Bank of Taiwan	"	239,500	"	"		"
First Commercial Bank	"	192,300	"	"	Guaranteed bill: \$1,750,000	"
Hua Nan Commercial Bank	"	192,300	"	"	Reverse account: \$10,529	"
Agriculture Bank of Taiwan	"	192,300	"	"	Property, plant and equipment: \$284,248	"
Cathay United Bank	"	288,100	"	"		"
Hwatai Bank	"	95,800	"	"		"
Less: Fees for leading the syndicated loan		(4,185)				
Less: Portion due within one year (other current liabilities listed)		(198,000)				
Total		<u>\$ 1,477,815</u>				

Note 1: Floating interest rate.

Note 2: Please refer to the following repayment methods:

A: The borrowing amount is \$1,650,000 as a lump-sum disbursement and may not be used as a revolving loan. As of December 31, 2020, \$1,650,000 of this loan facility has been utilized and is repayable in quarterly installments beginning on the date of utilization and ending on the expiration date of 2 years (January 28, 2021).

B: The borrowing amount is \$100,000 and may be used as a revolving loan. As of December 31, 2020, \$30,000 of this loan facility has been utilized.

Ho Tung Chemical Corp.
Table of Operating Revenue
January 1, 2020 to December 31, 2020

Table X		Unit: NT\$ thousands	
Customers' Name	Amount	Amounts	Note
Construction sites		\$ 2,950,334	
Normal paraffins	38,678.58 MT	852,939	
Isoparaffin	4,019.68 MT	989,828	
Transaction of goods		2,028,993	
		<u>\$ 5,931,094</u>	

Ho Tung Chemical Corp.

Table of Operating Cost

From January 1, 2020 to December 31, 2020

Table XI

Unit: NT\$ thousands
Note

Item	Amount	
	Subtotal	Total
<u>Cost of sales of goods manufactured by the Company</u>		
Raw material inventory at the beginning of the period	\$ 93,142	
Add: raw material purchased in the period	504,026	
Inventory surplus	8,176	
Less: raw material inventory at the end of the period	(45,622)	
Raw materials consumed	<u>559,722</u>	
Direct labor cost	11,564	
Manufacturing overhead	<u>166,472</u>	
Manufacturing cost	<u>737,758</u>	
Add: Work-in-progress inventory at the beginning of the period	2,053	
Less: Work-in-progress inventory at the end of the period	(1,308)	
Cost of finished goods	<u>738,503</u>	
Add: Finished goods inventory at the beginning of the period	98,368	
Loss on physical inventory	(228)	
Less: Finished goods inventory at the end of the period	(57,383)	
Purchase and marketing cost		\$ 779,260
Recovery benefit of falling inventory prices		(1,109)
Unallocated fixed manufacturing overheads		21,780
Production and marketing cost		<u>799,931</u>
<u>Triangular trade and cost of purchased goods sold</u>		
Products in stock at the beginning of the period	\$ 53,196	
Add: Incoming products for the current period	1,929,611	
Less: Products in stock at the end of the period	(14,245)	
Loss on physical inventory	<u>(438)</u>	
Purchase and marketing cost		\$ 1,968,124
<u>Other operating costs:</u>		
Construction sites at the beginning of the period	\$ 1,068,308	
Add: incoming products for the current period	98,005	
Less: construction sites at the end of the period	-	
Other operating costs		<u>\$1,163,313</u>
<u>Other items:</u>		
Gain on physical inventory		(7,510)
Operating costs		<u><u>\$ 3,926,858</u></u>

Ho Tung Chemical Corp.
Table of Manufacturing Overhead
From January 1, 2020 to December 31, 2020

Table XII		Unit: NT\$ thousands	
Item	Summary	Amount	Note
Indirect materials consumption		\$ 81,064	
Depreciation		25,331	
Fees for water, electricity, and gas		13,368	
Salary and wages expenses		14,535	
Depletion and amortization		10,084	
Others		22,090	The amount of each item does not exceed 5% of the balance of the respective item
		<u>\$ 166,472</u>	

Ho Tung Chemical Corp.
Table of Sales and Marketing Expenses
From January 1, 2020 to December 31, 2020

Table XIII		Unit: NT\$ thousands	
Items	Summary	Amount	Note
Freight charge		\$ 109,722	
Rent expenses		18,788	
Depletion and amortization		10,996	
Others		24,781	The amount of each item does not exceed 5% of the amount of each account
		<u>\$ 164,287</u>	

Ho Tung Chemical Corp.
Table of Administrative Expenses
From January 1, 2020 to December 31, 2020

Table XIV			Unit: NT\$ thousands
Items	Summary	Amount	Note
Salary and wages		\$ 69,593	
expenses			
Service fee		21,729	
Others		17,340	The amount of each item does not exceed 5% of the amount of each account
		<u>\$ 108,662</u>	

Ho Tung Chemical Corp.

Table of Summary Table of Employee Benefits and Depreciation Expenses for the
Period Classified by Function

For the Years Ended December 31, 2020 and 2019

Table XV

Unit: NT\$ thousands

Function Nature	2020			2019		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits expenses						
Salary expense	31,974	57,092	89,066	26,527	24,496	51,023
Labor insurance and National Health Insurance expense	2,956	3,481	6,437	2,912	3,190	6,102
Pension expense	1,551	1,847	3,398	1,571	1,670	3,241
Directors' remuneration	-	17,430	17,430	-	4,041	4,041
Other employee benefits expenses	1,825	2,622	4,447	1,808	3,014	4,822
Depreciation expenses	48,125	2,410	50,535	36,726	1,497	38,223
Amortization expenses	-	11,034	11,034	-	10,996	10,996

Note:

1. The number of employees for the current year and the previous year were 100 and 88 respectively, of which the number of directors who are not employees is 8.
2. Companies whose shares are listed on a stock exchange or traded on an over-the-counter trading center should disclose the following additional information :
 - (1) Average employee benefit costs for the year were \$1,123 thousands dollars. ("Total employee benefit costs for the year - total directors' remuneration"/"Number of employees of the year - number of directors who were not deemed as employees")
Average employee benefit expense for the prior year were \$815 thousands dollars. ("Total employee benefit costs - Directors' remuneration for the previous year"/"Number of employees in the previous year - number of directors who were not deemed as employees")
 - (2) Average employee payroll costs for the year were \$968 thousands dollars. (Total payroll costs for the year/"Number of employees of the year - number of directors who were not deemed as employees")
Previous year's average employee payroll costs were \$638 thousands dollars. (Total payroll costs for the previous year/"Number of employees in the previous year - number of directors who were not deemed as employees")
 - (3) The change in average staff salary cost adjustment was 51.72% higher. ("Average employee payroll costs for the current year - average employee payroll costs for the previous year"/Previous year's average employee Salary expense)
 - (4) Remuneration Policy

A. The remuneration of the Directors shall be in compliance with Article 26 of the Company's Articles of Incorporation: "The Company shall pay remuneration to

the Directors for carrying on the business of the Company, irrespective of whether the business is profitable or not. The remuneration and transportation expenses of the Directors of the Company shall be determined by the Board of Directors based on the extent of their participation in and contribution to the operations of the Company and with reference to industry standards,” as well as Article 29 thereof: “If the Company makes a profit for the year, it should set aside not less than 1% of the employees' compensation and not more than 3% of the directors' and supervisors' compensation. If there is an accumulated deficit, the amount should be retained to cover the deficit. The profit for the year as noted above means the profit before taxation of the Company for the year before deducting the remuneration of its employees and directors. Employees' remuneration may be paid in cash or in shares and, when paid in shares, may include employees of subordinate companies who meet certain conditions.”

- B. The compensation structure of the managerial officers is based on the salary, supervisor's bonus and meal allowance, and with reference to their education, experience and operational performance and target achievement rate, and the relevant industry standards before reviewed by the Remuneration Committee and approved by the Board of Directors. Employee compensation distributed from earnings is reviewed by the Remuneration Committee based on the status of earnings and within the range of distribution percentages set forth in the Company's Articles of Incorporation, and then submitted to the Board of Directors for decision and acknowledged in the shareholders' meeting.