Stock Code: 1714

Ho Tung Chemical Corp.

2020 Annual Report

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IV. CPAs for the financial statements in the most recent year:

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V. Oversea securities exchange : None

VI. Company website: http://www.htgroup.com.tw

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CHAPTER 1 LETTER TO SHAREHOLDERS

I. Operating Performance in 2020

(I) Consolidated operating results:

1. The consolidated operating revenue in 2020 amounted to NT$25,849,191 thousand, 5.86%less than the amount of NT$27,459,637 thousand in 2019.
2. The profit after tax in 2020 amounted to NT$1,686,431 thousand, 9363.70% more than the amount of NT$17,820 thousand in 2019. Earnings per share in 2020 amounted to NT$1.68, 8300% more than the amount of NT$0.02 in 2019.

(II) Budget execution process: None, as the Company did not compile any financial forecasting in 2020.

(III) Financial income and profitability:

Main reasons for the increase in profits:

1. In 2020, the Company sold the land held by its subsidiary in Nangang District, Yucheng Section, in order to increase its working capital.
2. As a result of the significant decline in oil prices due to the pandemic in 2020, costs were reduced and sales prices remained stable, resulting in an increase in profit and earnings per share compared to the previous period.

Financial ratios are provided in the table below:

Financial ratios		2019	2020
Financial structure (%)	Debt to asset ratio	41.89	32.69
	Long-term capital to property, plant and equipment ratio	309.97	398.47
Solvency	Current ratio (%)	208.60	295.62
	Quick ratio (%)	142.10	235.91
	Interest coverage ratio	3.63	13.80
Profitability	Return on assets (%)	2.18	10.77
	Return on equity (%)	2.53	15.91
	Net profit ratio (%)	1.31	9.28
	Earnings per share (TWD) (after retrospective adjustment)	0.02	1.68

II. Summary of 2021 Business Plan

The Company's main business is the trading of chemicals and oil products. In addition, the Company also strives to promote its operational efficiency by reorganizing corporate structure and lowering the management cost so that the Company can strengthen its competitiveness in the detergent industry.

(I) Business strategy:

1. Raising the added value of products

The Company aims to increase the value added of products and competitiveness in the market by integrating various specialties of all segments, enhancing operational performance, and accelerating the process of research and development or introducing all kinds of state-of-art technologies. Horizontally, the Company is also proactively tapping into the green energy industry, expanding the areas of application.

2. Lowering business risks

   The Company focuses on our business to reduce operational risks, expand and integrate the strengths of our investment business divisions, uphold the core will of safe production operations at each plant and pursue sustainable development of the Company.

3. Establishing and developing professional teams:

   The Company fosters management and technical teams, complemented by the most appropriate organizational structure and job rotation.

(II) Business plans:

1. Upstream and downstream integration to develop surfactant and other related products:

   The Company has developed series of surfactant products with high value added. These products are all certified by international brands of daily necessities. Currently, the Company is expanding into a more advanced market of raw materials for personal care products in order to diversify its products and increase the value added of products.

2. Increase production capacity where necessary:

   The Company continues to increase the production scale of normal paraffin, alkyl benzene, and advanced surfactants in different locations so as to increase its profits.

3. International Market Development:

   Strategic cooperation with market peers to enhance product selection diversity. With the two goals of product refinement and market segmentation and reasonable strategic alliances, we will further promote other surfactant products.

(III) Expected number of sales and its basis of projection:

Generally speaking, the supply of NP is still sufficient while the business of LAB is growing steadily. Meanwhile, the number of sales of related products is also increasing, and thus, oversea revenues and net profits are growing steadily. With respect to the business outlook in 2021 is to deepen and expand our business internationally. In addition, we are facing an oversupply of NP, and an adequate supply of NP by 2021 is the foundation of LAB sales in the future. In addition to closely monitoring the trend of raw materials, we are aiming to maintain a good relationship with our NP suppliers this year and have already signed long-term contracts to obtain more economical raw materials, actively improve production efficiency to reduce production costs, and enhance our competitiveness. At the same time, we will increase other trading business and establish sales channels to enhance the overall interests of the Company. In other aspects, we will continue to evaluate and deploy new markets overseas in order to further improve our investment base and promote other surfactant product businesses to increase our competitiveness and profitability.

(IV) Policies of production and sales:

1. The Company continues to devote itself to developing and researching new process and energy saving technology, implementing better quality control in compliance with ISO-9001 and environmental protection methods in compliance with ISO-14001 so as to

maximize the performance and efficiency of management and production.

2. The Company is promoting customer-oriented services, providing comprehensive quality and reinforcing management of resources from the whole business chain so that the Company will be able to achieve the goal of sharing the profits and creating a win-win situation.

III. Future Development Strategies of the Company

Chemicals:

1. Grasp opportunities in emerging markets:

   The global demand on raw materials of detergents is rising, especially in developing countries such as Pakistan and India, whose demand are growing rapidly. Such trend drives the development of the whole industry and normal paraffin and linear alkyl benzene, the two main materials for detergents, have great potential of further growth.

2. Focus on chemical business while explore other markets in upstream and downstream of the business chain:

   The Company's strategies for future development will continue to focus on the main business of chemical products while develop and integrate the upstream and downstream of the business chain systematically, utilize various resources effectively and continue to expand production capacity of all products. By doing so, the Company will be able to increase its market share and secure the supply of raw materials necessary for plant expansion and increase value added of products and competitiveness by developing other related detergent raw materials.

3. Global deployment:

   In order to maintain the Company's market share and competitiveness in foreign markets, the Company plans to establish new plants overseas so that the Company can provide materials to local companies promptly and meet international brands' needs for raw materials. In addition, in order to avoid being over dependent on Mainland China market and spread the risks, the Company is now planning to globally deploy by investing in oversea entities or by strategic cooperation with oversea entities.

Oil products:

1. The Company will diversify its business and accelerate the pace of globalization. By focusing on efficiency, sustainability and globalization, the Company fosters a "customer-oriented" core value, cherishes customers' opinions and need. The Company's major business goal is to create an advantageous business environment and cooperate with different companies to achieve win-win solutions.
2. In order to streamline the work process and create a flat organization to increase operational efficiency, the Company will integrate different business groups and establish task forces for different projects. In addition, the Company will devote itself to maximizing the efficiency of human resources in accordance with the reorganization of corporate structure and business needs.
3. To enhance the internal management in Taichung plant and ensure the safety in workplace, the Company will continue to promote concepts such as safety in workplace, environmental

protection and compliance with laws and regulations and provide necessary training to employees. In addition, the Company will also implement regular and ad hoc drills for all staff.

IV. Impact on the Company Due to Competition, Governmental Regulations, and Overall Operation Environment

1. Impact from competition:

   Chemical products:

   The global oil price often fluctuates. As a result, knowing the production costs and reflect the changes in oil price on the selling prices of products where necessary are two major issues. The timely and stable supply of raw materials and management of production efficiency are essential for the purchase of normal paraffin and sales of alkyl benzene. Currently, the global demand of alkyl benzene, one of the key raw materials for detergent, is growing steadily. Thus, gaining access to ample supply of normal paraffin to secure the Company's supply of alkyl benzene is the main issue for operation in the future. The goal for this year is to develop the business steadily.

   Oil products:

   Currently, there is intense competition among storage tank leasing industry and shipment industry due to continuous business solicitation in domestic and oversea free trade zones near harbors.

2. Impact from overall operation environment:

   Chemical products:

   With the world focusing on environmental health, it is expected that the demand for detergents will continue to thrive, which is significantly beneficial to the Company's business.

   Oil products:

   (1) Gaining access to wharf for stevedoring becomes more and more difficult.

   (2) Regulations and laws concerning environmental protection and industrial inspection become more stringent.

   (3) Regulations and laws concerning ports companies impose impact on the Company's operating cost.

   (4) Competition from rival companies is rising.

3. Impact from governmental regulations:

   The Company runs its business based on good faith principle and complies with all relative governmental regulations, such as Article 16 of Air Pollution Control Act and Article 28 of Soil and Groundwater Pollution Remediation Act. In addition, the Company continues to perfect its management, increase business efficiency, invest in R&D, and make progress in the hope of yielding more substantial return on investment for all shareholders. We deeply appreciate all your supports and encouragements for the Company and the management team.

CHAPTER 2 Company Profile

I. Date of Incorporation

The Company was incorporated on August 1, 1980.

II. Address and Telephone Number of the Company, Its Subsidiaries and Plants

(I) The Company's Registered Address (Kaohsiung Plant):

Address: No. 1, Zhugong 2nd Ln., Renwu Dist., Kaohsiung City 814, Taiwan (R.O.C.)

Tel: (07)371-2917~8

(II) Taipei Office:

Address: 8F., No. 6, Sec. 1, Zhongxing Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)

TEL: (02)8976-9268 (Rep. No.)

III. Company History

The history of the Company's expansion and capital increase since its establishment is summarized below:

1. In August 1980, the Company was incorporated with registered capital amounting to NT$50 million and paid-in capital to NT$12.5 million. In early days, the Company's business mainly focused on the import, export, and sales of detergent raw materials, but at the same time, the Company was also assessing the feasibility of establishing new plants.
2. In February 1984, the Company acquired the MOLEX process for manufacturing normal paraffin and stated the detailed design for normal paraffin plants at the end of 1984. In December 1984, after increasing capital, the Company's registered capital was raised to NT$120 million and the paid-in capital to NT$120 million as well.
3. The construction of Kaohsiung plant commenced in November 1985 and was completed in February 1987. In the same month, the Company started the test-run of new machinery and officially began to manufacture normal paraffin on February 15, 1987.
4. In June 1987, the Company's shareholders' meeting resolved to raise capital to NT$190 million. In addition, the Company also increased the capital by allowing managers to buy in the Company's shares. The capital amount was raised to NT$190.9 million.
5. On December 22, 1989, the extraordinary shareholders' meeting resolved to increase capital by cash in the amount of NT$94.56 million, and on March 28, 1990, the annual shareholders' meeting resolved to transfer parts of the unappropriated retained earnings to common stocks in the amount of NT$114,540,000 in coordination with the Company's diversification products and improving financial structures. The aforementioned capital increases brought the Company's capital amount up to NT$400 million.
6. In February 1991, the Board of Directors resolved that the Company's trade segment would take up the manufacturing of normal paraffin, which had been outsourced to other companies. In addition, the Company commenced the import and export of solvents, waxes and surfactants.
7. On May 29, 1991, the Company's shares were approved by the competent authority to be listed as Category A stocks and have been traded on the Taiwan Stock Exchange since August 30, 1991.
8. On October 30, 1991, the Company was approved by the competent authority to increase

capital by NT$100 million and transfer retained earnings to common stocks by NT$60 million, totaling NT$160 million. The Company's total capital amounted to NT$560 million.

9. On March 3, 1992, the shareholders' meeting resolved to further diversify the Company's businesses, expanding to fields such as electronics, computers, and construction.
10. On May 25, 1992, the Company was approved by the competent authority to transfer retained earnings to common stocks by NT$67.2 million. The Company's total capital amounted to NT$627.2 million.
11. On July 30, 1992, the Company was approved by the competent authority to change its capital increase plan from establishing a second production line to expansion plans for debottlenecking.
12. In August 1992, one of the Company's subsidiaries, Paotze Investment Limited, was established with paid-in capital amounting to US$20 million.
13. In 1993, the annual shareholders' meeting resolved to diversify the Company's businesses and invest in building acetylene cylinder charging plant and cement clinker grinding plant.
14. In September 1993, one of the Company's subsidiaries, Jintung Petrochemical Co., Ltd., was established with paid-in capital amounting to CNY168.2 million.
15. In February 1994, the test-run of the first debottlenecking expansion plan for normal paraffin was completed and the equipment commenced to produce products.
16. In 1993, the Industrial Development Bureau, MOEA approved the Company's establishment plan of acetylene cylinder charging plant and cement clinker grinding plant and on March 9, 1994, the Securities and Exchange Commission (SEC) approved the Company to increase capital by cash in the amount of NT$250 million and transfer retained earnings and capital surplus to common stocks by NT$75,264,000 (NT$325,264,000 in total). The Company's total capital amounted to NT$952,464,000.
17. In March 1994, one of the Company's subsidiaries, Hsin Tay Ltd., was established with paid-in capital amounting to US$1.
18. In February 1994, the test-run of the first debottlenecking expansion plan for normal paraffin was completed and the equipment commenced to produce products.
19. On October 27, 1994, SEC approved the Company to transfer retained earnings and capital surplus to common stocks by NT$95,246,400. The Company's total capital amounted to NT$1,047,710,400.
20. On August 19, 1995, SEC approved the Company to transfer the retained earnings and capital surplus to common stocks and increase capital by cash in the amount of NT$209,542,080. The Company's cumulative capital amounted to NT$1,257,252,480.
21. On March 14, 1996, the Company was certified by the Bureau of Standards, Metrology and Inspection, MOEA with the international quality management certificate of ISO-9002.
22. On September 26, 1996, SEC approved the Company to transfer retained earnings and capital surplus to common stocks by NT$150,870,300. The Company's total capital amounted to NT$1,408,122,780.
23. On July 10, 1997, SEC approved the Company to transfer the retained earnings and capital surplus to common stocks and increase capital by cash in the amount of NT$991,877,220. The Company's cumulative capital amounted to NT$2.4 billion.
24. On June 5, 1998, Securities and Futures Institute approved the Company to transfer the retained earnings and capital surplus to common stocks in the amount of NT$600 million.

The Company's cumulative capital amounted to NT$3 billion.

25. On June 25, 1998, the Company was certified by the Bureau of Standards, Metrology and Inspection, MOEA with the international environmental management certificate of ISO-14001.
26. On May 20, 1999, Securities and Futures Institute approved the Company to transfer the retained earnings and capital surplus to common stocks in the amount of NT$750 million. The Company's cumulative capital amounted to NT$3.75 billion.
27. On July 19, 1999, Securities and Futures Institute approved the Company to issue its first domestic convertible bonds in the amount of NT$1.7 billion and on July 17 in the same year, Securities and Futures Institute approved the Company to issue its second unsecured convertible bonds in the amount of NT$600 million.
28. On February 2, 2000, the Department of Commerce, MOEA approved the Company to exchange convertible bonds amounting to NT$124 million for common stocks amounting to 4,444,444 shares. The Company's cumulative capital amounted to NT$3,794,444,440.
29. On August 30, 2000, Securities and Futures Institute approved the Company to transfer the retained earnings and capital surplus to common stocks in the amount of NT$796,833,320. The Company's cumulative capital amounted to NT$4,591,277,760.
30. On November 6, 2000, the Department of Commerce, MOEA approved the Company to exchange convertible bonds amounting to NT$138.3 million for common stocks amounting to 5,983,040 shares. The Company's cumulative capital amounted to NT$4,651,108,160.
31. On May 22, 2001, the Department of Commerce, MOEA approved the Company to decrease capital by retiring treasury stocks in the amount of NT$214,150,000. The Company's cumulative capital amounted to NT$4,436,958,160.
32. On June 19, 2001, Securities and Futures Institute approved the Company to transfer the retained earnings and capital surplus to common stocks in the amount of NT$665,543,720. The Company's cumulative capital amounted to NT$5,102,501,880.
33. On September 19, 2001, the Department of Commerce, MOEA approved the Company to exchange convertible bonds in the amount of NT$13.5 million for common stocks amounting to 838,446 shares. The Company's cumulative capital amounted to NT$5,110,806,340.
34. On January 17, 2002, the Department of Commerce, MOEA approved the Company to exchange convertible bonds in the amount of NT$1 million for common stocks amounting to 62,111 shares. The Company's cumulative capital amounted to NT$5,111,507,450.
35. In April 2002, Jiangsu Jintung Chemical Corp., Ltd, one of the Company's subsidiaries, was established with paid-in capital amounting to US$84,840.
36. On July 22, 2002, Securities and Futures Institute approved the Company to transfer the retained earnings and capital surplus to common stocks in the amount of NT$613,380,890. The Company's cumulative capital amounted to NT$5,724,888,340.
37. On September 4, 2002, the Department of Commerce, MOEA approved the Company to exchange convertible bonds in the amount of NT$56.7 million for common stocks amounting to 3,937,292 shares. The Company's cumulative capital amounted to NT$5,764,261,260.
38. On February 6, 2003, the Department of Commerce, MOEA approved the Company to exchange convertible bonds in the amount of NT$4.9 million for common stocks amounting to 340,272 shares. The Company's cumulative capital amounted to

NT$5,767,663,980.

39. On October 19, 2003, the Department of Commerce, MOEA approved the Company to reduce capital by retiring all treasury stocks, amounting to NT$120,130,000. The Company's cumulative capital amounted to NT$5,647,533,980.
40. On October 19, 2003, Securities and Futures Institute approved the Company to transfer the retained earnings to common stocks in the amount of NT$461,413,120. The Company's cumulative capital amounted to NT$6,108,947,100.
41. On January 1, 2004, the Company spun off its oil products segment and established a new subsidiary, Chenergy Global Co., Ltd. The establishment was approved by the MOEA in February 2004 and the registration of the company was completed.
42. In February 2004, Chenergy Global Co., Ltd., one of the Company's subsidiaries, was established with paid-in capital amounting to NT$2.2 billion.
43. On February 27, 2004, the Company spun off its chemical segments and established a new subsidiary, Ho Tung Intl. Co., Ltd. The establishment of the company was approved by the MOEA in March 2004 and the registration of it was completed.
44. On February 27, 2004, Ho Tung Intl. Co., Ltd was changed into a holding company, the name of it being Ho Tung Investment Holding Co., Ltd. This change was approved by the MOEA in March 2004 and the registration of the change was completed.
45. On September 6, 2004, Securities and Futures Institute approved the Company to transfer the retained earnings to common stocks in the amount of NT$305,447,350. The Company's cumulative capital amounted to NT$6,414,394,450.
46. On October 22, 2004, the Department of Commerce, MOEA approved the Company to reduce capital by retiring all treasury stocks, amounting to NT$234,930,000 and exchange convertible bonds in the amount of NT$1.6 million for common stocks amounting to 1,269,150 shares. The Company's cumulative capital amounted to NT$6,180,733,600.
47. On May 19, 2005, the Board of Directors resolved that the Company would be combined with the aforementioned Ho Tung Chemical Corp. in short-form merge with the date being the reference date and generally assumed its assets, liabilities, and juridical status. After the merge, the Company was the surviving company, renamed as Ho Tung Chemical Corp. and remained as a listed company.
48. On January 20, 2006, the Company applied to the MOEA for capital reduction by treasury stock retirement in the amount of NT$121,870,000. The paid-in capital of the Company amounted to NT$6,058,863,600.
49. On June 13, 2008, the term of office of the 9th Board of Directors expired and new Directors were elected. Mr. Yang, Yu-chieh, the representative of Hung I Investment Co., Ltd., was elected as the new Chairman of the Board.
50. On August 30, 2008, the Ministry of Economic Affairs Investment Commission (MOEAIC) approved the Company to remit US$28,566,021 and acquired 36.82% shares of PAOTZE INVESTMENT LIMITED. After the acquisition, the Company held 100% shares of PAOTZE INVESTMENT LIMITED and also indirectly increased its equity over five other companies in Mainland China, including Jiangsu Jintung Chemical Corp., Ltd.
51. On June 4, 2009, the Company applied to the MOEA for capital reduction by retiring treasury stocks amounting to NT$2.89 million. The Company's paid-in capital amounted to NT$6,055,973,600.
52. On August 13, 2009, Securities and Futures Bureau approved the Company to transfer

the retained earnings to common stocks in the amount of NT$322,635,140. The Company's cumulative capital amounted to NT$6,378,608,740.

53. On August 16, 2010, per Official Letter No. 0990042974 issued by the Financial Supervisory Commission, Executive Yuan, the Company was approved to transfer retained earnings to common stocks in the amount of NT$742,647 thousand. The Company's cumulative capital amounted to NT$7,121,256,180.
54. On August 9, 2011, per Official Letter No. 1000036961 issued by the Financial Supervisory Commission, Executive Yuan, the Company was approved to transfer retained earnings to common stocks in the amount of NT$831,765 thousand. The Company's cumulative capital amounted to NT$7,953,021,320.
55. In September 2011, Hsin Tay Petroleum Co., Ltd, one of the Company's subsidiaries, was established with paid-in capital amounting to NT$800 million.
56. On November 16, 2011, the Company applied to the MOEA for capital reduction by retiring treasury stocks amounting to NT$189.88 million. The Company's paid-in capital amounted to NT$7,763,141,320.
57. On August 8, 2012, per Official Letter No. 1010034786 issued by the Financial Supervisory Commission, Executive Yuan, the Company was approved to transfer retained earnings to common stocks in the amount of NT$931,577 thousand. The Company's cumulative capital amounted to NT$8,694,718,270.
58. On July 30, 2013, per Official Letter No. 1020029587 issued by the Financial Supervisory Commission, the Company was approved to transfer retained earnings to common stocks in the amount of NT$434,736 thousand. The Company's cumulative capital amounted to NT$9,129,454,180.
59. On July 24, 2014, per Official Letter No. 1030028023 issued by the Financial Supervisory Commission, Tung Bao Co., Ltd. was approved to transfer retained earnings to common stocks in the amount of NT$39,600 thousand. The cumulative capital of Tung Bao amounted to NT$435.6 million.
60. On July 31, 2014, per Official Letter No. 1030029095 issued by the Financial Supervisory Commission, Chenergy Global Co., Ltd. was approved to transfer retained earnings to common stocks in the amount of NT$59,584 thousand. The cumulative capital of Chenergy amounted to NT$507,584,000.
61. On August 11, 2014, per Official Letter No. 1030029295 issued by the Financial Supervisory Commission, the Company was approved to transfer retained earnings to common stocks in the amount of NT$456,473 thousand. The Company's cumulative capital amounted to NT$9,585,926,880.
62. On October 21, 2014, per Official Letter No. 1030041511 issued by the Financial Supervisory Commission, Ho Tung Cement Corp. was approved to transfer retained earnings to common stocks in the amount of NT$12,398 thousand. The cumulative capital of Ho Tung Cement amounted to NT$279,164,330.
63. On October 22, 2014, the MOEAIC approved the Company to acquire 15% of equity of Xiamen Jintung Synthetic Detergent Co., Ltd in Mainland China through the investees in a third place, PAOTZE INVESTMENT LIMITED of British Virgin Islands, with the Company's own funds amounting to US$1,436,489.18.
64. On October 28 2014, per Official Letter No. 10301223800 issued by the MOEA, Hsin Tay Petroleum Corp. was approved to transfer retained earnings to common stocks in the amount of NT$110,653 thousand. The cumulative capital of Hsin Tay Petroleum

amounted to NT$2,591,652,600.

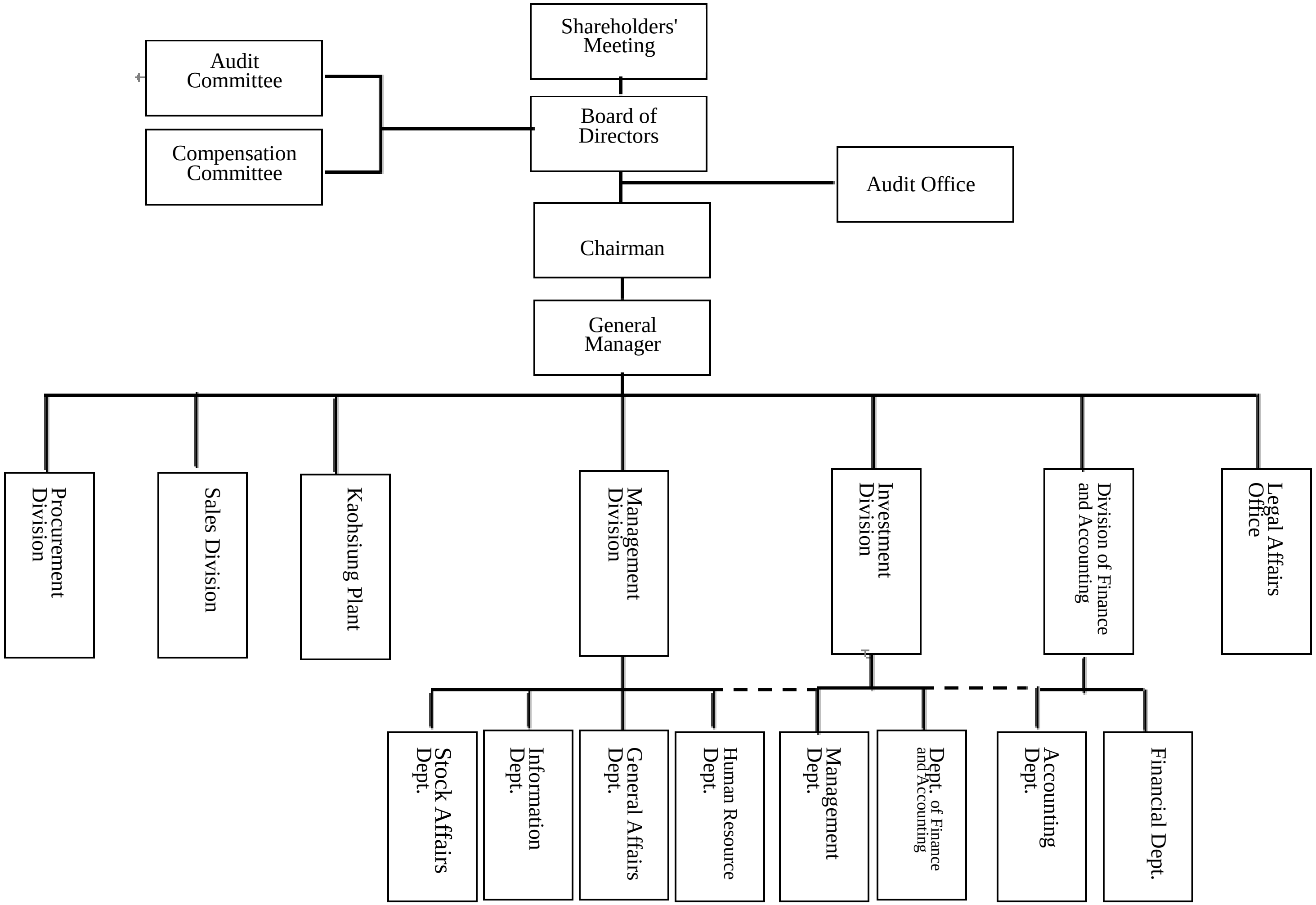
65. On July 23, 2015, per Official Letter No. 1040027975 issued by the Financial Supervisory Commission, Ho Tung Cement Corp. was approved to transfer retained earnings to common stocks in the amount of NT$16,200 thousand. The cumulative capital of Ho Tung Cement amounted to NT$295,364,330.
66. On August 10, 2015, per Official Letter No. 1040029405 issued by the Financial Supervisory Commission, Tung Bao Co., Ltd. was approved to transfer retained earnings to common stocks in the amount of NT$13,068 thousand. The cumulative capital of Tung Bao amounted to NT$448,608,000.
67. On September 10, 2015, per Official Letter No. 1045179014 issued by New Taipei City Government, Hua Tung Investment Co., Ltd. was approved to reduce capital in the amount of NT$70,000 thousand. The cumulative capital of Hua Tung Investment amounted to NT$300 million.
68. On July 23, 2015, per Official Letter No. 1040027972 of the Financial Supervisory Commission, Chenergy Global Co., Ltd. was approved to transfer retained earnings to common stocks in the amount of NT$6.1 thousand. The cumulative capital of Chenergy amounted to NT$568,494,080.
69. On April 14, 2016, per Official Letter No. 10501072990 issued by New Taipei City Government, He Hsin Cheng Co., Ltd. was approved to reduce capital in the amount of NT$120,000 thousand. The cumulative capital of He Hsin Cheng amounted to NT$560 million.
70. On April 15, 2016, per Official Letter No. 1055157335 issued by New Taipei City Government, He Mao Venture Capital Co., Ltd., was approved to reduce capital in the amount of NT$20,000 thousand. The cumulative capital of He Mao VC amounted to NT$330 million.
71. On May 31, 2016, per Official Letter No. 10501110000 issued by the MOEA, Hsin Tay Petroleum Corp. was approved to transfer retained earnings to common stocks in the amount of NT$108,847 thousand. The cumulative capital of Hsin Tay Petroleum amounted to NT$2,700,500,000.
72. On July 21, 2016, the Financial Supervisory Commission approved the Company to transfer retained earnings to common stocks in the amount of NT$286,147 thousand. The Company's cumulative capital amounted to NT$9,872,074,280.
73. On July 29, 2016, per Official Letter No. 10501187510 issued by the MOEA, Tung Bao Co., Ltd. was approved to increase capital by cash in the amount of NT$230,000 thousand. The cumulative capital of Tung Bao amounted to NT$678,668,000.
74. On July 27, 2017, the Financial Supervisory Commission approved the Company to transfer retained earnings to common stocks in the amount of NT$343,854 thousand. The Company's cumulative capital amounted to NT$10,215,928,080.
75. On August 31, 2017, per Official Letter No. 10601125880 issued by the MOEA, Hsin Tay Petroleum Corp. was approved to transfer retained earnings to common stocks in the amount of NT$81,400 thousand. The cumulative capital of Hsin Tay Petroleum amounted to NT$2,781,900,000.
76. On August 31, 2017, per Official Letter No. 1068054140 issued by New Taipei City Government, He Mao Venture Capital Co., Ltd., was approved to reduce capital in the amount of NT$200,000 thousand. The cumulative capital of He Mao VC amounted to NT$130 million.

77. On December 7, 2017, per Official Letter No. 1068078954 issued by New Taipei City Government, Hua Tung Investment Co., Ltd. was approved to reduce capital in the amount of NT$60,000 thousand. The cumulative capital of Hua Tung Investment amounted to NT$240 million.
78. On January 5, 2018, the Company applied to the MOEA for capital reduction by retiring treasury stocks in the amount of NT$47,680 thousand. The Company's cumulative capital amounted to NT$10,215,928,080.
79. On August 16, 2018, per Official Letter No. 1078053332 issued by New Taipei City Government, He Mao Venture Capital Co., Ltd., was approved to reduce capital in the amount of NT$60,000 thousand. The cumulative capital of He Mao VC amounted to NT$70 million.
80. On December 12, 2018, per Official Letter No. 10701148550 issued by the MOEA, Hsin Tay Petroleum Corp. was approved to transfer retained earnings to common stocks in the amount of NT$25,600 thousand. The cumulative capital of Hsin Tay Petroleum amounted to NT$2,807,500,000.
81. On December 13, 2018, per Official Letter No. 10701157500 issued by the MOEA, Hsin Tay Petroleum Corp. was approved to reduce capital in the amount of NT$241,445 thousand. The cumulative capital of Hsin Tay Petroleum amounted to NT$2,566,055,000.
82. On December 18, 2018, per Official Letter No. 1078082790 issued by New Taipei City Government, Cherengy Global Co., Ltd. was approved to reduce capital in the amount of NT$247,295 thousand. The cumulative capital of Chenergy amounted to NT$321,199,150.
83. On August 13, 2019, per Official Letter 1088054854 issued by the MOEA, Hua Chung Co., Ltd. was approved to reduce capital in the amount of $30,000 thousand. The cumulative capital of Hua Chung amounted to $20,000 thousand.
84. On November 28, 2019, per Official Letter 10801169510 issued by the MOEA, Hsin Tay Petroleum Co., Ltd. was approved to reduce capital in the amount of $139,700 thousand. The cumulative capital of Hsin Tay Petroleum amounted to $2,426,355 thousand.
85. On October 5, 2020, the Ministry of Economic Affairs of Hsin Tay Petroleum Corporation approved the capital reduction NT$489,300,000 of per Official Letter No. 10901178270, and the accumulated capital reached NT$1,937,055,000.
86. On December 2, 2020, Chenergy Global Co., Ltd. was approved to increase its capital by $200,000,000 in cash by New Taipei City Government through the approval of per Official Letter No. 1092344510, and the accumulated capital reached $566,199,150.

CHAPTER 3 Corporate Governance Report

I. Organization

(I) Organizational Chart:



(II) Major corporate functions：

Department	Functions
Audit Office	1. Develops an annual audit plan in accordance with the internal audit implementation guidelines to perform audits, with audit records and audit reports compiled for approval. 2. Oversees the implementation of the current internal control system and various company regulations and accomplishments of objectives. 3. Promotes and evaluates the adequacy of the internal control system and all rules and regulations, and makes recommendations on amendments that should be made. 4. Self-evaluates the effectiveness of the design and implementation of the internal control system. 5. Supervises the suggestions for improvement of the Company's audit deficiencies by the competent authority. 6. Subsidiary supervision related affairs. 7. Awareness and warning of all internal control risks of the Company.
Sales Division	1. Domestic and overseas market research, marketing strategy formulation, market expansion and mastery. 2. Develops and revises the marketing budget, and reviews the implementation results. 3. Customer credit investigation, credit limit setting and control. 4. Responsible for the domestic and overseas sales of normal paraffin (NP), IPO, and other related products produced at the Kaohsiung plant, as well as the receipts and collection of accounts receivable. 5. Responsible for the sales of linear alkylbenzene (LAB), sulfonated products (LAS, AES), and purchase of normal paraffin (NP) for overseas subsidiaries, as well as the international trade of other related products and the receipts and collection of accounts receivable. 6. Responsible for future business development strategy planning, investment project planning, promotion and execution.
Procurement Division	1. Carries out raw materials and capital expenditure plans in line with company strategy. 2. Completes various operational supply arrangements in line with company strategies. 3. Ensures that the quality, delivery time, and price competition of purchased materials and equipment meet the overall needs of the Company.
Kaohsiung Plant	1. Responsible for production planning, production technology, quality control, product manufacturing, progress management, field management, storage management, equipment maintenance, and environmental protection and occupational safety in the workplace for normal paraffin (NP) and IPO products. 2. Works with the sales department to achieve production and sales coordination goals. 3. Prepares plant operational efficiency, cost analysis and improvement programs. 4.Product development, test planning and implementation for production introduction, and sourcing and negotiating new technology.
Division of Finance and Accounting	1. Prepares financial, accounting and cost management systems. 2. Plans, allocates and utilizes long and short term funds, and handles bank financing. 3. Taxation, budgeting, and accounts management and other related operations. 4. Examines the government's financial policies and tax laws and regulations.
Investment Division	1. Analyzes, designs, operates and manages the domestic and foreign investment business. 2. Assesses, plans, executes and manages investment plans.

Department	Functions
	3. Directs and assigns personnel to summarize, analyze, and manage the operating activities of the subsidiaries.
Management Division	1. Various meetings of the board, shareholders and the functional committee. 2. HR management and HR development. 3. Plans, implements, maintains and improves corporate information systems. 4. General administration and other related operations. 5. Handles the stock affairs of group companies.
Legal Affairs Office	1. Provides legal advice on legal issues relating to the Company's business to facilitate compliance. 2. Notifies the departments concerned of any newly promulgated or amended laws and regulations involving business by submitting and explaining the same. 3. Provides a draft of external contracts before they are signed and reviews thereof. 4. Assists in the preparation and amendment of the Company's rules and regulations. 5. Oversees the corporate group's legal affairs. 6. Caution and warning of associated risks.

II. Directors, Supervisors, General Managers, Deputy General Manager, Assistant General Managers and Managers of Departments and Branches

(I) Directors and Supervisors:

1. Name, gender, nationality or place of incorporation, major education background, current position(s) in the Company and other companies, date of election, term of office, date of initial election, and circumstances in which the person himself/herself, his/her spouse, minor children or others held shares in other people' names, his/her expertise and independence:

April 24, 2021

Title (Note 1)	Nationality/ Country of Origin	Name	Gender	Date elected	Term (Years)	First Election Date (Note 2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 3)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
	R.O.C.	Hung I Investment Co., Ltd.	—	2020.06.19	2020.06.19 to 2023.06.18	2002.11.04	101,690,169	10	101,690,169	10	0	0	0	0	-	-	None	-	-	
Chairman	R.O.C.	Hung I Investment Co., Ltd. Representative: Yu- chieh Yang	Male	2020.06.19	2020.06.19 to 2023.06.18	2008.06.13	492,788	0.048	492,788	0.048	298,494	0.029	0	0	Department of Chemical Engineering, Chung Yuan University	I. Position in the Company: None II. Position in other Companies: Please refer to Note 5	None	-	-	
Director	R.O.C.	Hung I Investment Co., Ltd. Representative: Yi-ju Chen (Note 8)	Female	2020.06.19	2020.06.19 to 2023.06.18	2019.05.13	4,422,697	0.435	4,422,697	0.435	0	0	0	0	Master of Science in Animal Science and Master of Applied Economics, Cornell University, USA.	I. Position in the Company: General Manager II. Position in other Companies: Note 8	Director	Wei- yu Chen	Second -degree relative	
Director	R.O.C.	Hung I Investment Co., Ltd. Representative: Wei-yu Chen	Male	2020.06.19	2020.06.19 to 2023.06.18	2008.06.13	0	0	0	0	600,000	0.059	0	0	M.B.A. of University of California, Berkeley	I. Position in the Company: None II. Position in other Companies: Please refer to Note 6	Director	Yi-ju Chen	Second -degree relative	
Director	R.O.C.	Hung I Investment Co., Ltd. Representative: Lun-chia Li	Male	2020.06.19	2020.06.19 to 2023.06.18	2008.06.13	0	0	0	0	0	0	0	0	United States Military Academy	I. Position in the Company: None II. Position in other Companies: Please refer to Note 7	None	-	-	
	R.O.C.	Yuan-he Chen Cultural & Educational Foundation	—	2020.06.19	2020.06.19 to 2023.06.18	2002.11.04	93,607	0.009	93,607	0.009	0	0	0	0	-	-	None	-	-	
Director	R.O.C.	Yuan-he Chen Cultural & Educational Foundation Representative: Yi-hsiung Chen	Male	2020.06.19	2020.06.19 to 2023.06.18	2008.08.01	275,446	0.027	275,446	0.027	360,805	0.035	0	0	Department of Agricultural Chemistry, National Taiwan University; Ph.D. of Chemistry and Biochemistry, Kent State University	I. Position in the Company: None II. Position in other Companies: Please refer to Note 9	None	-	-	

Title (Note 1)	Nationality/ Country of Origin	Name	Gender	Date elected	Term (Years)	First Election Date (Note 2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 3)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Kuo-jung Shih	Male	2020.06.19	2020.06.19 to 2023.06.18	2005.06.29	0	0	0	0	0	0	0	0	M.B.A. of Rutgers University; Assistant General Manager of the Discretionary Investment Services Segment in PGIM; Senior Vice President in Capital Securities Corp.	I. Position in the Company: None II. Position in other Companies: Supervisor of Tung Bao Corp., Chairman of Chenergy Global Corp.	None	-	-	
Independent Director	R.O.C.	Wen-hsien Su	Male	2020.06.19	2020.06.19 to 2023.06.18	2017.06.22	0	0	0	0	0	0	0	0	M.S. in Chemical Engineering, Tennessee Technological University; Head of Knowledge Services Division, IDB, MOEA; Senior Specialist in Department of Commerce, MOEA	I. Position in the Company: None II. Position in other Companies: None	None	-	-	
Independent Director	R.O.C.	Jung-yuan Chang	Male	2020.06.19	2020.06.19 to 2023.06.18	2017.06.22	0	0	0	0	0	0	0	0	M.S. in Accounting, University of New Haven, Connecticut State, USA	I. Position in the Company: None II. Position in other Companies: None	None	-	-	
Independent Director	R.O.C.	Chia-pin Chang	Male	2020.06.19	2020.06.19 to 2023.06.18	2017.06.22	0	0	0	0	0	0	0	0	Department of Law, Soochow University	I. Position in the Company: None II. Position in other Companies: Legal Director in Taiwan Cogeneration Corp.	None	-	-	

Note 1: Corporate shareholders shall list separately their name and representative (if the person is the representative of a corporate shareholder, the name of the shareholder shall be specified) and fill in the following table.

Note 2: The date of first elected as a Director or Supervisor of the Company shall be listed. Any interruption shall be specified in Note s.

Note 3: For experiences relevant to the current position, if the person held a position in the accounting firm providing audit services to the Company or in any affiliated companies during the above-mentioned periods, his/ her title and job responsibilities shall be specified.

Note 4: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., by increasing the number of independent directors and having a majority of directors who are not also employees or managers, etc.)

Note 5: The Chairman of the Board, Yu-chieh Yang, also concurrently holds positions in the following companies: Chairperson of He Mao Venture Capital (Co., Ltd.), Chairperson of Sharpinvest International Ltd, Chairman of Signpost Enterprises Ltd., Chairman of Signpost (HK) Limited, Chairman of Zortech Corporation, Chairman of Hsin Tay Petroleum Co., Ltd., Chairman of Hsin Tay Ltd., Director of Beijing Tung Sheng Tai Trading Co., Ltd., Director of Jintung Petrochemical Co., Ltd, Director of Sichuan Jintung Fine Chemical Co., Ltd, Director of Anhui Jintung Fine Chemical Co., Ltd, Chairman of Hsin Tay (Shanghai) Ltd., Director of Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.,Vice charimam of Tianjin Tianzhi Fine Chemical Co., Ltd, Director of Xiamen Jintung Synthetic Detergent Co., Ltd.

Note 6: One of the Company's Directors, Wei-yu Chen, also concurrently holds positions in the following companies: Director of He Mao Venture Capital Co., Ltd., Director of Hsin Tay

Petroleum Co., Ltd., Director of Paotze Investment Ltd, Director of Hsin Tay Ltd, Director of Signpost Enterprises Ltd, Director of Signpost (HK) Limited, Director of Hsin Tay (Shanghai) Ltd., Director of Tianjin Tianzhi Fine Chemical Co., Ltd, Director of Jintung Petrochemical Co., Ltd, Director of Jiangsu Jintung Chemical Industry Co. Director of Sichuan Jintung Fine Chemical Co., Ltd, Director of Anhui Jintung Fine Chemical Co., Ltd, Director of Jiangsu Jintung Surfacant Co., Ltd, Chairman of Zhihsheng Huizhou Petrochemical Co. Director of Shanghai Jingdi Chemical Co., Ltd., Director of Guangzhou Litze Chemical Co., Ltd., Chairman of Liwei Insurance Brokers Ltd. and Director of Chenergy Global Co.

Note 7: One of the Company's Directors, Lun-chia Li, also concurrently holds positions in the following companies: Director of Paotze Investment Ltd.; Director of Chenergy Global Co., Ltd.

Note 8: Director Yi-ju Chen was appointed as a Director on 13 May 2019 by the Corporate Director Hung I Investment Ltd. as a representative of the Company, and currently holds the following positions: chairman of Bing Rong Ltd., chairman of Xingtai Ltd., chairman of Chih Chiang Ltd., and General Manager of Chenergy Global Corp.

Note 9: Director Yi-hsiung Chen also holds the following positions: Chairman of Vita Genomics Inc., Chairman of Yatung Investment Co., Ltd. Director and General Manager of YH Bio Co., Ltd., and Supervisor of Chenergy Global Corp., Independent Director of Pharmigene Co., Ltd.

2. Major shareholders of the institutional shareholders:

April 24, 2021

Name of Institutional Shareholders (Note 1)	Major Shareholders (Note 2)
Director: Hung I Investment Co., Ltd.	Bing Rong Co., Ltd.(9.3%)、Chwan Yih Co., Ltd. (0.1%)、Chin-hua Lin(33.67%)
Director: Yuan-he Chen Cultural & Educational Foundation	Wu-hsiung Chen(20%)、Da-hsiung Chen (20%)、Yi-hsiung Chen(20%)、Guo-hsiung Chen (20%)、Yan-bai Chen(20%)

Note 1: If the Director or supervisor is a representative of an institutional shareholder, his/her name shall be specified.

Note 2: Please fill in the name and the shareholding percentage of the major shareholders of institutional shareholders (shareholders with the 10 highest shareholding percentage). If the major shareholders are legal entities, information shall be provided in the following table.

Note 3: If a corporate shareholder is not a corporation, the name of the shareholder and the percentage of shareholding shall be disclosed in the preceding paragraph, i.e., the name of the contributor and the percentage of contribution.

* The above information was all provided by the corporate shareholders, and the Company relies solely on the information provided by them.

3. Major Shareholders of institutional shareholders who are institutional shareholders:

Name of Institutional Shareholders (Note 1)	Major Shareholders (Note 2)
Bing Rong Co., Ltd.	Yi-ju Chen (5.91%)
Chwan Yih Co., Ltd.	Chin-hua Lin (5%)

Note 1: If the major shareholder in Table 1 above is a corporate shareholder, please fill in the name of the corporation.

Note 2: Please fill in the name of the major shareholder of the corporation (top 10) and its shareholding ratio.

Note 3: If a corporate shareholder is not a corporation, the name of the shareholder and the percentage of shareholding shall be disclosed in the preceding paragraph, i.e., the name of the contributor and the percentage of contribution.

* The above information was all provided by the corporate shareholders, and the Company relies solely on the information provided by them.

4. Director information of independence:

Criteria / Name (Note 1)	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note 2)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chairman Yu- chieh Yang			Yes			V	V		V	V	V	V	V	V		0
Director Wei- yu Chen			Yes	V		V			V	V	V	V		V		0
Director Lun- chia Li			Yes	V		V	V		V	V	V	V	V	V		0
Director Yi-ju Chen			Yes			V			V		V	V		V		0
Director Yi-hsiung Chen			Yes	V		V	V		V	V	V	V	V	V		0
Director Kuo-jung Shih			Yes	V		V	V	V	V	V	V	V	V	V	V	0
Director Wen-hsien Su			Yes	V	V	V	V	V	V	V	V	V	V	V	V	0
Director Jung-yuan Chang		✓	Yes	V	V	V	V	V	V	V	V	V	V	V	V	0
Director Chia-pin Chang		✓	Yes	V	V	V	V	V	V	V	V	V	V	V	V	0

Note 1: The number of spaces shall be adjusted subject to the actual circumstances.

Note 2: Directors and Supervisors who meet the following qualifications two years before the assumption of office and during the office term shall put a "V" in the appropriate space.

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

(2) Not serving as a Director or Supervisor of the Corporation or any affiliated business (this does not apply in cases where the person is an Independent Director of the Company, its parent or subsidiary established in pursuant to this law or local laws).

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.

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

(6) If a majority of the company's director seats or voting shares and those of any other company are not controlled by the same person: a director, supervisor, or employee of that other company. (do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are not the same person or are not spouses: a director (or governor), supervisor,

or employee of that other company or institution. (do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (do not apply to specified company or institution that holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company and independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

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

(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

(11) Not been a person of any conditions defined in Article 30 of the Company Law.

(12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(II) Information on General Manager, Deputy General Manager, Senior Manager,and managers of all the company's divisions and branch units

April 21, 2020

Title (Note 1)	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education) (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	R.O.C.	Yi-ju Chen (Note 4)	Female	2019.8.11	4,422,697	0.435	0	0	0	0	Master of Science in Animal Science and Master of Applied Economics, Cornell University, USA.	Note 4	None	-	-	None
Deputy General Manager	R.O.C.	Ren-bin Cheng	Male	2020.10.14	0	0	0	0	0	0	Department of Law, National Taiwan University	Note 5	None	-	-	None
Senior manager	R.O.C.	Ying-Yen Li	Male	2020.10.14	0	0	0	0	0	0	Department of Accountance, Yuan Ze University		None	-	-	None

Note 1: Information about the General Managers, Deputy General Manager, Assistant General Manager and head of all branch organizations and segments shall be included. Information about people who hold a position equivalent to General Manager, Deputy General Manager or Assistant General Manager shall also be disclosed regardless of his/her title.

Note 2: For experiences relevant to the current position, if the person held a position in the accounting firm providing audit services to the Company or in any affiliated companies during the aforementioned periods, his/her title and job responsibilities shall be specified: None.

Note 3: Where the general manager or person of an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., by increasing the number of independent directors and having a majority of directors who are not also employees or managers, etc.).

Note 4: Yi-ju Chen, the current general manager, is also a director of Ho Tung Chemical, chairperson of Bing Rong Ltd., chairperson of Hsin Tay Ltd., chairperson of Xingtai Co., Ltd., Chairman of Chih Chiang Ltd., and general manager of Chenergy Global Corp.

Note 5: On October 14, 2020, the Board of Directors resolved that the head of corporate governance of the Company be appointed by Ren-bin Cheng, who is licensed as a lawyer. Ren-bin Cheng is currently also a director of Ho-Mao Venture Capital Co., Ltd, a supervisor of PAOTZE INVESTMENT LTD, a director of Beijing Tung Sheng-Tai Trading Co., director of Tianjin Port Free Zone Hsingtung Petrochemical Company Limited, Director of Tianjin Tianzhi Fine Chemical Company Limited, Director of He I Chemical Industry Company Limited, Director of Tung Bao Co.

III. Remuneration paid to Directors, Independent Directors, General Managers and Deputy General Managers during the most recent year:

(I) Remuneration of Directors (including Independent Directors)

Unit: NT$ thousand

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net profit after tax(%) (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net profit after tax (%) (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay (B)		Bonus to Directors (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 6)						
		The company	Consolidated (Note 7)	The company	Consolidated (Note 7)	The company	Consolidated (Note 7)	The company	Consolidated (Note 7)	The company	Consolidated (Note 7)	The company	Consolidated (Note 7)	The company	Consolidated (Note 7)	The company		Consolidated (Note 7)		The company	Consolidated (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	Representative of Hung I Investment Co., Ltd.: Yu- chieh Yang	0	0	0	0	5,000	5,000	2,336	2,618	0.4943	0.5110	2,346	4,479	0	0	0	0	0	0	0.6334	0.7766	None
Director	Representative of Hung I Investment Co., Ltd.: Wei- yu Chen																					
Director	Representative of Hung I Investment Co., Ltd.: Lun-chia Li																					
Director	Representative of Hung I Investment Co., Ltd.: Yi-ju Chen																					
Director	Representative of Yuan-he Chen Cultural & Educational Foundation: Yi-hsiung Chen																					
Director	Kuo-jung Shih																					
Independent Director	Wen-hsien Su	0	0	0	0	1,500	1,500	1,958	1,958	0.2051	0.2051	0	0	0	0	0	0	0	0	0.2051	0.2051	None
Independent Director	Jung-yuan Chang																					
Independent Director	Chia-pin Chang																					

1. Please describe the policy, system, criteria and structure for the payment of remuneration to independent directors, and describe the relevance of the amount of remuneration to the responsibilities, risks, time commitment, etc. of the independent directors: The remuneration of the directors and independent directors of the Company is mainly based on the remuneration for the performance of their duties and the remuneration of directors and supervisors in accordance with the Company's Articles of Incorporation, which is negotiated based on the extent of their participation in and contribution to the Company's operations, and with reference to the prevailing domestic and international industry remuneration levels.
2. In addition to the information disclosed above, has any of the Company's directors received compensations for providing services (e.g. serving as a non-employee consultant) to any of the companies listed in this financial report in the most recent year: None

Table of remuneration ranges

Range of remuneration paid to Directors of the Company	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company (Note 8)	Companies in the consolidated financial statements (Note 9) H	The company (Note 8)	Companies in the consolidated financial statements(Note 9) I
Under NT$ 1,000,000	Lun- chia Li, Yu-chieh Yang, Yi-ju Chen, Wei-yu Chen, Yi-hsiung Chen, Kuo-jung Shih, Wen-hsien Su, Jung-yuan Chang, Chia-pin Chang	Lun- chia Li, Yu-chieh Yang, Yi-ju Chen, Wei-yu Chen, Yi-hsiung Chen, Kuo-jung Shih, Wen-hsien Su, Jung-yuan Chang, Chia-pin Chang	Lun- chia Li, Yu-chieh Yang, Wei-yu Chen, Yi-hsiung Chen, Kuo-jung Shih, Wen-hsien Su, Jung-yuan Chang, Chia-pin Chang	Lun- chia Li, Wei-yu Chen,Yi-ju Chen, Yi-hsiung Chen, Kuo-jung Shih, Wen-hsien Su, Jung-yuan Chang, Chia-pin Chang
NT$1,000,001 ~ NT$2,000,000	0	0	0	0
NT$2,000,001 ~ NT$3,500,000	0	0	0	0
NT$3,500,001 ~ NT$5,000,000	0	0	Yi-ju Chen	Yu- chieh Yang, Yi-ju Chen
NT$5,000,001 ~ NT$10,000,000	0	0	0	0
NT$10,000,001 ~ NT$15,000,000	0	0	0	0
NT$15,000,001 ~ NT$30,000,000	0	0	0	0
NT$30,000,001~ NT$50,000,000	0	0	0	0
NT$50,000,001 ~ NT$100,000,000	0	0	0	0
Over NT$100,000,000	0	0	0	0
Total	9	9	9	9

Note 1: The names of the directors shall be listed separately (the corporate shareholders shall list the name of the corporate shareholder and the representative separately), and the general directors and the The independent directors of the Company shall disclose the amount of each payment on a summarized basis. If a director also serves as a president or vice president, this table and the following table (3-1), or the following tables (3-2-1) and (3-2-2), should be completed.

Note 2: Remuneration of Directors in the most recent year (including salaries, job remuneration, severance, bonuses, and reward, etc.).

Note 3: The amount of remuneration to Directors approved by the board of Directors and distributed in the most recent year.

Note 4: Business expenses paid out to Directors in the most recent year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If a house, a car or other transportation means or exclusive personal allowances are provided, please disclose the nature and cost of the assets, rent imputed based on the actual value of fair value, fuel expenses and other benefits. If a driver is assigned, please specify in the Note the compensation paid to the driver by the Company, excluding the remuneration.

Note 5: Salary, job-related allowances, separation pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance and driver allowance received by Directors who concurrently serve as employees (including as General Manager, Deputy General Manager, other managerial officer and an employee) in the most recent year. If a house, a car or other transportation means or exclusive personal allowances are provided, please disclose the nature and cost of the assets, rent imputed based on the actual value of fair value, fuel expenses and other benefits. If a driver is assigned, please specify in the Note the compensation paid to the driver by the Company, excluding the remuneration. Any salary recognized under IFRS 2 "Share-Based Payment", including issuance of employee stock options, new restricted employee shares, and cash capital increase by stock subscription shall also be included in compensation.

Note 6: If the Director who also concurrently serves as an employee of the Company (including as the General Manager, Deputy General Manager, a managerial officer and an employee) received employee bonus (including stocks and cash) in the most recent year, the amount of employee bonus approved by the Board of Directors and distributed shall be disclosed. If the amount cannot be estimated, the amount for this year shall be calculated based on the actually allocated amount in the prior year, and be listed in Table 1-3.

Note 7: Please disclose the aggregate amount of the remuneration to the Company's Directors from the companies included in the consolidated financial statements (including the Company).

Note 8: When the aggregate amount of the remuneration to the Company's Directors is disclosed, the name of the Director shall also be disclosed in the relevant range.

Note 9: When the aggregate amount of the remuneration paid to the Company's Directors from all companies in the consolidated financial statements (including the Company) is disclosed, the name of the Director shall also be disclosed in the relevant range.

Note 10: Net profit after income tax refers to the one in the most recent year. Where IFRSs are adopted, net profit after tax refers to the net profit after income tax recorded in the parent company only or separate financial statements.

Note 11: a. The amount of remuneration received from investees other than subsidiaries by the company's Directors should be stated clearly in this column. (If none, please fill in "None").

b. If the Directors of the Company receive remuneration from investees other than subsidiaries, the amount of remuneration received by the Directors from investees other than subsidiaries shall be combined into column I of the Table of Range of Remuneration and this column shall be renamed as "All Investment Companies."

c. Remuneration refers to rewards, compensations (including compensation to company employees, Directors or Supervisors) and allowances from professional practice received by the Director from other non-subsidiary companies invested by this Company for their services as Directors, supervisors, or managers.

∗ The remuneration disclosed herein is different from the income stipulated in the Income Tax Act. Thus, the content in the table is only intended for the disclosure of information, not for taxation purpose.

(II) Remuneration for the General Managers and Deputy General Managers

Unit: NT$ thousand

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employees' Remuneration (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net profit after tax (%) (Note 8)		Whether the individual receives compensation from investees other than the Company's subsidiaries (Note 9)
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company		All companies included in the financial statements (Note 6)		The Company	All companies included in the financial statements (Note 5)	
								Cash	Stocks	Cash	Stocks			
General Manager	Yi-ju Chen	4,117	4.117	0	0	6	0	1,400	0	0	0	0.3271	0.3275	None
Deputy General Manager	Ren-bin Cheng													

* Regardless of job titles, positions that are equivalent to General Manager and Deputy General Manager (such as President, CEO, Directors, etc.) shall be disclosed.

Table of Range of Remuneration

Range of remuneration paid to each General Manager and Deputy General Manager	Names of General Managers and Deputy General Managers	
	The Company (Note 7)	All companies included in the financial statements (Note 8) E
Under NT$ 1,000,000	0	0
NT$1,000,001 ~ NT$2,000,000	Ren-bin Cheng	Ren-bin Cheng
NT$2,000,001 ~ NT$3,500,000	Yi-ju Chen	Yi-ju Chen
NT$3,500,001 ~ NT$5,000,000	0	0
NT$5,000,001 ~ NT$10,000,000	0	0
NT$10,000,001 ~ NT$15,000,000	0	0
NT$15,000,001 ~ NT$30,000,000	0	0
NT$30,000,001~ NT$50,000,000	0	0
NT$50,000,001 ~ NT$100,000,000	0	0
Over NT$100,000,000	0	0
Total	2	2

Note 1: The names of the General Managers and Deputy General Managers shall be listed separately and the amount of remuneration paid to them shall be disclosed collectively. If a Director concurrently serves as a General Manager or Deputy General Manager, his/her name and the amount of remuneration paid to him/her shall be listed in this table and Table (1-1) or (1-2) above.

Note 2: Please specify the salaries, duty allowances and severance pay paid to the General Manager and Deputy General Manager in the most recent year.

Note 3: Cash and non-cash compensations to the General Managers and Deputy General Managers in the most recent year, including bonus, reward, reimbursement of expenses, special allowances, various subsidies, housing and use of vehicle. If a house, a car or other transportation means or exclusive personal allowances are provided, please disclose the nature and cost of the assets, rent imputed based on the actual value of fair value, fuel expenses and other benefits. If a driver is assigned, please specify in the Note the compensation paid to the driver by the Company, excluding the remuneration. Any salary recognized under IFRS 2 "Share-Based Payment," including issuance of employee stock options, new restricted employee shares and cash capital increase by stock subscription shall also be included in compensation.

Note 4: It refers to compensations paid to the General Manager and Deputy General Manager (including stock and cash) approved by the Board of Directors in the most recent year; If such compensations cannot be estimated, an estimation for this year shall be calculated in proportion of the compensations paid last year and the amount shall be listed in Table 1-3. Net profit after income tax refers to the one in the most recent year. Where IFRSs are adopted, net profit after tax refers to the net profit after income tax recorded in the entity's or separate financial statements.

Note 5: The total amount of remuneration paid to the General Manager and Deputy General Manager of the Company by all companies in the consolidated report (including the Company) should be disclosed.

Note 6: Total remuneration paid to each General Manager and Deputy General Manager by the Company shall be disclosed and the names of the General Managers and Deputy General Managers shall also be disclosed in the proper remuneration range.

Note 7: Total compensation of various items paid to every General Manager and Deputy General Manager of this Company by all companies (including this Company) listed in the consolidated statement shall be disclosed. The name of the General Manager and Deputy General Manager shall also be disclosed in the proper compensation range.

Note 8: Net profit after tax is defined as the net income after tax of the most recent individual or parent company only financial report.

Note 9: a. The amount of remuneration received by the general manager and Deputy general managers of the Company from investments other than subsidiaries or from the parent company should be clearly stated in this column. (If none, please fill in "None").

b. If the general manager or Deputy General Manager of the Company receives remuneration from an investee company other than the subsidiary or from the parent company, such remuneration shall be included in column E of the table of range of remuneration. The name of the field will be changed to "Parent Company and All Invested Businesses".

c. Remuneration herein refers to remuneration, compensation (including remuneration as a company employee, Director, or supervisor), business expenses, and other related payments received by the General Managers or Deputy General Managers of the Company for being a Director, supervisor, or managerial officer of other non-subsidiary companies that the Company has invested in.

* The remuneration disclosed herein is different from the income stipulated in the Income Tax Act. Thus, the content in the table is only intended for the disclosure of information, not for taxation purpose.

(III) Amount of Employee Bonus Paid to Managerial Officers and Their Names

May 12, 2021

	Title (Note 1)	Name (Note 1)	Stock (NT$ thousand)	Cash (NT$ thousand)	Total (NT$ thousand)	Ratio of total amount to net income (%)
Managerial Officers	General Manager	Yi-ju Chen	0	2,327	2,327	0.1380%
	Deputy General Manager	Ren-bin Cheng				
	Finance Supervisor	Ying-Yen Li				
	Accounting Supervisor	Hui-yen Lin				

Note 1: Names and titles shall be disclosed separately but the amount of profit distributed can be disclosed collectively.

Note 2: Refers to compensations paid to the Managers (including stock and cash) approved by the Board of Directors in the most recent year; If such compensations cannot be estimated, an estimation for this year shall be calculated in proportion of the compensations paid last year. Net profit after income tax refers to the one in the most recent year. Where IFRSs are adopted, net profit after tax refers to the net profit after income tax recorded in the entity's or separate financial statements.

Note 3: Managerial officers herein as defined in FSC's Decree No. 0920001301 include: 2003.03.27

(1) General Manager and equivalents
(2) Deputy General Manager and equivalents
(3) Assistant General Manager and equivalents
(4) Head of Financial Department
(5) Head of Accounting Department
(6) Other people in charge of the Company's operational affairs and entitled to sign instruments on behalf of the Company.

Note 4: If any Director, General Manager and Deputy General Manager received employee bonus (including stocks and cash), not only Table 1-2 shall be completed, in this table shall be filled out as well.

(IV) Comparison of the ratio of total remuneration paid by the Company and all companies included in the consolidated financial statements for the two most recent years to the Company's Directors, Supervisors, General Managers and Deputy General Managers, to the net income and remuneration policies, standards, combinations, procedure of decision-making of remunerations and their relation to business performance:

1. Ratio of total remuneration to the net profit after tax

Title	2020		2019	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	0.6334	0.7766	39.9682	51.7801
General Managers and Deputy General Managers	0.3271	0.3275	39.7256	60.4396

2. Remuneration policies, standards, combination, procedure of decision-making of remunerations, and their relation to business performance:

(1) Remuneration policies, standards, and combination:

A. The Company pays remuneration to Directors and Supervisors in accordance with the Article 26 of the Company's Articles of Incorporation: The Company shall pay salaries to Directors and supervisors regardless of the Company's gains or losses after they execute the Company's businesses.

The remuneration of the directors is determined in accordance with Article 29 of the Company's Articles of Incorporation, "The Company shall make an appropriation of not less than 1% of the annual profits of the Company for the remuneration of its employees and not more than 3% of the annual profit of the Company for the remuneration of its directors and supervisors. If there is any accumulated deficit, the amount of the deficit shall be retained in advance. The above-mentioned profit for the year refers to the Company's profit before income taxes before deducting the remuneration of employees and directors. Employee remuneration may be made in cash or stock, and the payment of stock may include employees who meet certain criteria."

B. Remunerations to General Managers and Deputy General Managers include salaries, allowance for managers and allowance for food and are calculated based on the general standards in the industry. The Company's remuneration policies are competitiveness, inventiveness and reasonableness.

(2) Procedures of deciding on remunerations:

A. Remunerations paid to Directors and Supervisors by the Company mainly include compensation for their performance of their duties and remunerations distributed to Directors and Supervisors in accordance with the Company's Articles of Incorporation. The payment policies of remunerations is stipulated in the Company's Articles of Incorporation and the amount is calculated based on Directors' and Supervisors' level of participation and contribution to the Company's operations and on the general standards in the industry.

B. The compensation paid to the General Managers and Deputy General Managers is calculated based on their education, experience, operational performance, achievement rate of goals and the general standards in the industry. The Remuneration Committee shall review and submit the remuneration to the Board of Directors and distribute the remuneration after approval. The compensation of employees shall be submitted to the Board of Directors for resolution and submitted to the Board of Directors for approval. Compensations for employees distributed from the Company's profits are calculated by the Remuneration Committee based on the amount of profits and in accordance with distribution ratio stipulated in the Company's Articles of Incorporation and shall be submitted to Board of Directors for resolution and to shareholders' meeting for recognition.

(3) Relation to business performance and future risks:

A. Remunerations to Directors and Supervisors paid from the Company's profits can be distributed only when the Company has profit distributable to the current year. The payment of remunerations is determined based on the business performance.

B. The compensations to the Company's General Managers and Deputy General Managers will be evaluated, increased, or lowered based on the Company's profits, earnings per share, business performance, the performance of the department that the General Managers and Deputy General Managers are in charge of, the establishment and execution of forward-looking strategic plans, competitiveness in the industry, etc.

IV. Implementation of Corporate Governance

(I) Operations of the Board of Directors

In the most recent year (2020), the Board held 10 meetings (A). The attendance record of Directors is listed below:

Title	Name (Note 1)	Number of attendance in person (B)	Number of attendance by proxy	Actual attendance rate (%) [B/A] (Note 2)	Remark
Chairman	Hung I Investment Co., Ltd. Representative:Yu-chieh Yang	5	5	50%	
Director	Hung I Investment Co., Ltd. Representative:Wei-yu Chen	8	2	80%	
Director	Hung I Investment Co., Ltd. Representative:Lun-chia Li	10	0	100%	
Director	Hung I Investment Co., Ltd. Representative:Yi-ju Chen	10	0	100%	
Director	Yuan-he Chen Cultural & Educational Foundation Representative:Yi-hsiung Chen	10	0	100%	
Director	Kuo-jung Shih	10	0	100%	
Independent Director	Wen-hsien Su	10	0	100%	
Independent Director	Jung-yuan Chang	10	0	100%	
Independent Director	Chia-pin Chang	10	0	100%	

Other required disclosure:

I、 If the operation of the Board of Directors shall encounter any of the following matters, please specify the meeting date, session, content of the resolution, opinions from all Independent Directors and the Company's response to the Independent Directors' opinions:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company elected three Independent Directors and set up the Audit Committee on June 19, 2020. For matters referred to in Article 14-3 of the Securities and Exchange Act:

Date of Directors'Meeting	Number of Board of Directors	Content of the motion	Opinion of all independent directors	The Company's handling of the independent directors' opinion
2020.02.27	13-21	Discussed the restructuring of the Company's investment organization	Passed without objection.	All directors present passed the

	2020.03.30	13-22	Discussion of the Company's 2019 Annual Report on Operations and Financial Statements		motion without objection.	
			Discussion of the amount of the Company's employee and director compensation for 2019			
			Discussion of the Company's 2019 earnings appropriation			
			Discussed the restructuring of the Company's organizational structure			
			Discussion of bank credit line application			
			Discussion of the appointment of the Company's treasurer			
			Discussion of the appointment of the Company's spokesperson			
			Discussion of Amendment to the Rules of Procedure of the Company's General Meeting			
			Discussion of Amendments to the Regulations Governing the Meetings of Directors of the Company			
			Discussed the amendment of the organization rules of the Audit Committee of the Company			
			Discuss the amendment of the organization rules of the Compensation Committee of the Company			
			The Company intends to undertake foreign currency forward transactions to reduce the risk of foreign exchange losses.			
			Discussed the re-election of directors			
			Discussed the nomination of director candidates			
			Discussed the release of prohibiting new directors from peer competition			
			Discussed the adoption of the Company's 2019 Statement of Internal Control System			

			Discuss the proposal to convene the 2020 Annual General Meeting of Shareholders of the Company and to receive proposals from shareholders			
	2020.05.08	13-23	Request the Board of Directors to review the list of nominated director candidates			
			Establish the Company's stock operation management guidelines			
			Amend the venue and reason for convening the 2020 Annual General Meeting of Shareholders of the Company			
			Discuss the procedures concerning duties delegation and agent system of Mainland China Subsidiary			
			Discuss the results of the land sale bidding			
	2020.06.19	14-1	Chairman Election			
			Discuss the appointment of the 4th salary and compensation committee of the Company			
			Discuss the appointment of the 2nd audit committee of the Company			
	2020.06.19	14-2	Discussion of the Company's merger with its subsidiaries, Hua Tung Investment Co. and He Hsin Cheng Co.			
			Discuss the proposed liquidation of the subsidiaries			
	2020.08.13	14-3	Discussed the application for bank credit			
			Discuss the Company's tariff endorsement guarantee			
			Discuss the suitability of the Company's certified public accountant			
			Discuss the compensation for the appointment of the Company's certified public accountant in 2020			
			Discuss the capital reduction of the Company's subsidiary, Hsin Tay Petroleum Co., Ltd., and the return of shares with property other than cash.			

	2020.09.18	14-4	Discuss the Company's overdue accounts receivable from sales customers are not listed as loans of funds			
	2020.10.14	14-5	Discuss the appointment of the Company's chief financial officer			
			Discuss the appointment of corporate governance officer			
			Discuss the appointment of the Company's spokesperson and acting spokesperson			
			Discuss the participation in the capital increase of the subsidiary, Chenergy Global Co.			
	2020.11.12	14-6	Discuss the joint credit of NT$1.75 billion (Bank of Land)			
			Discuss about the bank credit limit (Bank of Land, Mega/Huanan, Banxin)			
			Discuss the dismissal of Deputy General Manager, Mr. Ming-Chi Kuo			
	2020.12.24	14-7	Report on the date of the 2021 Board of Directors' Meeting and motion plan			
			Report on the implementation of the plan to enhance the Company's ability to prepare its own financial statements			
			Discussed and approved the “2021 Annual Audit Plan” of the Company.			
			Discussed and approved the pension application of Deputy General Manager MING-CHI KUO			
			Discussed the Company’s 2021 operating plan and budget			
			Discussed the revision of the “Financial Statement Preparation Process Management Regulations” of the Company			

(II) Other matters and resolutions that Independent Directors objected or expressed reservations over and were recorded or stated in writing: None.

II. In regard to the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the proposal, reasons for recusal due to conflict of interests and voting outcomes should be stated:

Date of Directors'Meeting	Number of Board of Directors	Name of the Directors	Content of the Motion	Reasons for avoidance	Participation in Voting
2020.10.14	14-5	SHIH, KUO-JUNG	Propose to subscribe common shares of Chenergy Global Co., Ltd., a subsidiary of the Company, in 2020.	Self-interest involved	After excluding the directors who should be recused, the remaining directors present passed the motion without objection.
		CHEN, YI-RU			

III. Exchange-listed and OTC-listed companies shall disclose information on the periodicity and period, the scope, the method and the content of the self-(or peer) evaluation by the board of directors, and provide information on the implementation of the evaluation by the board of directors in Table 2(2).

Evaluation Periodicity (Note 1)	Evaluation Period (Note 2)	Evaluation Scope (Note 3)	Evaluation Method (Note 4)	Evaluation Content (Note 5)
This shall be done annually. The results of the internal performance evaluation of the board of directors shall be completed by the end of the first quarter of the following year.	Evaluation of the board's performance for the period from Jan 1, 2020 to Dec 31, 2020	Board of directors and functional committees	Self-evaluation of the performance of the board of directors/functional committees, self-evaluation of the board members	2020 Annual Report on Board Performance Evaluation

[2020 Annual Report on Board Performance Evaluation]

1) Basis: According to the Company's regulations for evaluating the performance of the board of directors, an internal evaluation of the performance of the board of directors shall be completed by the end of the first quarter of the following year and reported in a board meeting and disclosed in an annual report.

2) Evaluation period: January 1, 2020 to December 31, 2020

3) Unit to be evaluated and method by which it is evaluated:

1. Board/functional committee performance self-evaluation: the head of corporate governance collected information about the board's activities in 2019 and completed the "Board/Functional Committee Performance Self-Evaluation Questionnaire" in a fair, objective and independent manner, and submitted the results to the chairman for approval.
2. Self-evaluation of directors: Each director completed the "Directors' Self-evaluation Questionnaire," which was then collected and collated by the head of corporate governance for statistical analysis.

4) The results of this evaluation are presented in a five-point scale, where 1 indicates very poor (strongly disagree), 2 poor (disagree), 3 fair (average), 4 good (agree) and 5 excellent (strongly agree), with the evaluation results as follows:

1. The self-assessment of the board's operational performance includes the following six major areas, with a total of 23 indicators, and the self-evaluation questionnaires

were completed by the nine directors in office at the end of December 2020. All nine questionnaires were returned, and the results are shown in the table below. The results of the evaluation are shown in the table below. The evaluation results show that the directors have positive comments on the efficiency and effectiveness of the operation of each indicator.

Six self-evaluation aspects	Assessment items	Scores
A. Mastery of company objectives and tasks	3	4.59
B. Awareness of directors' duties	3	4.81
C. Involvement in the Company's operations	8	4.50
D. Internal relationship management and communication	3	4.56
E. Directors' professional and continuing education	3	4.74
F. Internal controls	3	4.70
	23	4.65

2. The self-assessment of the board's operational performance consists of the following six dimensions, with a total of 23 indicators. A self-evaluation questionnaire was completed by the nine existing directors who were in office at the end of December 2019, with all nine questionnaires recovered, and the results of the evaluation are shown in the table below. The evaluation results indicated that the directors had positive comments on the efficiency and effectiveness of the operation of the indicators.

Five self-evaluation aspects	Assessment items	Scores
A. Involvement in the Company's operations	4	4.75
B. Improving the quality of board decision making	8	3.63
C. Composition and structure of the board of directors	7	4.57
D. Selection and continuing education of directors	4	4.50
E. Internal controls	3	4.33
	26	4.30

5) To enhance the functions of the board of directors and to boost operational efficiency, the following feasible improvement measures were proposed in light of the above-mentioned indicators for which the score is not "good":

1. Certified public accountants (CPA) were invited to attend board meetings from time to time to provide professional advice on important issues and to increase the opportunities for interaction with directors.
2. Pursuant to the Corporate Governance Best-Practice Principles, the independence and competency of the hired CPA shall be evaluated periodically (at least once a year) for the deliberation of professional charge.
3. In addition to courses centrally arranged by the Company to provide further education for directors, the head of corporate governance was encouraged to provide a wide range of industrial, financial and legal courses for directors' reference, so that all members of the board of directors could remain familiar with their duties and responsibilities, as well as the competitive situation and development trends of the industry.

6) The aforementioned results of the 2020 board performance evaluation were presented at the Company's 8th meeting of the 14th board of directors on March 25, 2021.

IV. An evaluation of targets for strengthening of the functions of the board during the current and immediately preceding years (e.g., establishing an audit committee, enhancing information transparency, etc.), and measures taken toward achievement thereof:

1. Measures taken to strengthen the functions of the Board

(1) The Company has formulated its Rules of Procedure for Board of Directors Meetings in accordance with Regulations Governing Procedure for Board of Directors Meetings

of Public Companies. The information of Directors' attendance at the Board meetings has gone public on the website of Market Observation Post System (MOPS) and major resolutions were disclosed on the Company's website.

(2) The Company continues to encourage Directors to attend courses about corporate governance to enhance the competency of Board of Directors. For the year of 2020, nine Directors attended such courses totaled 63 hours in training.

(3) In the 5th meeting of the 11th Board of Directors on October 27, 2011, the Board resolved to establish the Remuneration Committee. In the 1st meeting of the 14th Board of Directors on June 19, 2020, the Board of Directors resolved to appoint Mr. Wen-hsien Su, Mr. Jung-yuan Chang and Mr. Chia-pin Chang as the member of Remuneration Committee and the member of the Committee elected Mr. Wen-hsien Su as the convener and Chairman of Remuneration Committee. For the information regarding the member of Remuneration Committee and its operations, please refer to III (IV) "Where a Remuneration Committee is established, the Company shall disclose its structure, duty and operations" in this Chapter.

2. Enhancement of Information Transparency: The Company's separate and consolidated financial statements for the year ended December 31, 2020 were audited by PwC Taiwan. All information required to be disclosed by the regulations and laws were disclosed correctly on time. In addition, the Company appointed specialists to be responsible for the collection and disclosure of the Company's information and established the spokesperson system to ensure that all significant information can be disclosed properly and timely. The Company's website can link to the website of MOPS so that shareholders and stakeholders can refer to the website to understand relevant information about the Company's financial business.

3. The Company established the Audit Committee in lieu of Supervisors on June 22, 2017 and appointed Mr. Jung-yuan Chang, Mr. Wen-hsien Su and Mr. Chia-pin Chang as the member of the Committee. in the 1st meeting of 14th Board of Directors on June 19, 2020. The member of Audit committee elected Mr. Jung-yuan Chang as the convener and Chairman of the Committee. For the information regarding the member of Audit Committee and its operations, please refer to III (II) "Operations of Audit Committee or Attendance of Supervisors at Board Meetings" in this Chapter.

V. Independent Directors' attendance of meetings of the Board in the most recent year (2020): (○: attendance in person; △: attendance by proxy)

Session of the Board/Time of the meeting Date of Meeting Name of Independent Directors	13-21 2020.02.27	13-22 2020.03.30	13-23 2020.05.08	14-1 2020.06.19	14-2 2020.06.19	14-3 2020.08.13	14-4 2020.09.18	14-5 2020.10.14	14-6 2020.11.12	14-7 2020.12.24
Wen-hsien Su	○	○	○	○	○	○	○	○	○	○
Jung-yuan Chang	○	○	○	○	○	○	○	○	○	○
Chia-pin Chang	○	○	○	○	○	○	○	○	○	○

Note 1: Where the Director or supervisor is an institution, the name of the institutional shareholder and the name of its representative shall be disclosed.

Note 2:(1) Where a Director or supervisor left the position before the end of the year, the leaving date shall be specified in the Remark column. The actual attendance rate (%) shall be calculated based on the number of Board meetings and the actual attendance during the term of service.

(2) If any Director or Supervisor were re-elected before the end of the year, the incoming and former Directors and Supervisors shall be both listed in the table. In addition, please specify in the Remark column the re-election date and whether the Director or Supervisor are re-elected, newly elected, or Directors or Supervisors who won a by-election. Actual attendance rate (%) shall be calculated using the number of Board meetings convened and actual attendance during the term of office.

(II) Operations of Audit Committee:

1. The Audit Committee of the Company consists of three members.
2. The Company elected three Independent Directors in the annual general shareholders' meeting on June 22, 2017 and established an Audit Committee to take on the duties of Supervisors. The term of office of the 2nd Audit Committee is from June 19, 2020 to June 18, 2023.
The Audit Committee held 8 meetings (A) in the most recent year (2020). The attendance of Independent Directors is as follows:

Title	Name	Number of attendance in person (B)	Number of attendance by proxy	Actual attendance rate (%) [B/A] (Note)	Remark
Convener	Jung-yuan Chang	8	0	100%	
Member of the Committee	Wen-hsien Su	8	0	100%	
Member of the Committee	Chia-pin Chang	8	0	100%	

Other required disclosure:

I. If the Audit Committee has any of the following circumstances, the date, session, proposal content, the resolution of the Audit Committee and the Company's response toward the audit Committee's opinions shall be specified.

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

Meeting Date	Session	Motion	Resolution	Follow-up execution
109.02.27	13-21	1. Discuss the restructuring of the Company's investment structure	Passed without objection.	The Board of Directors of the Company resolved.
109.03.30	13-22	1.Discuss the Company's 2019 Business Report and Financial Statements		
		2.Discuss the Company's 2019 earnings distribution		
		3.Discuss the appointment of the Company's CFO		
		4.To reduce the risk of foreign exchange losses, the Company intends to enter into foreign currency forward transactions.		
		5.Discuss and approve the statement of the Company's internal control system in 2019		
109.05.08	13-23	1.Propose to dispose the Company's land in Nangang		

109.06.19	14-2	2.Discuss the merger of the Company and its subsidiaries, Hua Tung Investment Co.and He Hsin Cheng Co.		
		3.Discuss the proposed liquidation of the subsidiaries in accordance with the Economic Substantive Law.		
109.08.13	14-3	1.Discuss the Company's tariffs endorsement guarantee		
		2.Evaluation of the independence and suitability of the Company's certified public accountants.		
		3.The compensation for the appointment of the Company's certified public accountant for fiscal year 2020.		
109.09.18	14-4	1.Discuss the Company's overdue accounts receivable from sales customers are not to be recognized as a loan of funds.		
109.10.14	14-5	Discuss the appointment of the Company's CFO		
109.12.24	14-7	Discuss and approve the Company's "2021 Annual Audit Plan".		
		Discuss the revision of the financial statement preparation process of the Company's "Internal Control System"		
		Discussed the revision of the "Internal Audit Implementation Rules" for the preparation of the Company's financial statements		

(II) In addition to the aforementioned matters, other matters not passed by the Audit Committee but passed by at least two-thirds of the entirety of the Board of Directors: None.

II. In regard to the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the proposal content, reasons for recusal due to conflict of interests and voting outcomes should be specified: None

III. Communication among Independent Directors, internal audit supervisors, and CPA (including material matters, methods, and results of the Company's finance and operations):

1. The Company's Audit Committee comprises all Independent Directors. Audit Committee meetings shall be convened at least once every quarter and ad hoc ones may be convened where necessary.
2. Communication between internal audit supervisors and Audit Committee:
   (1) The monthly audit reports completed in accordance with the audit plan shall be submitted to all Independent Directors in person for review.

(2) Every quarter, the supervisor(s) shall summarize the operations of the internal audit group and report to Audit Committee.
(3) Ad hoc communication, guidance, and response through telephone, e-mail or in person.
(4) If a significant matter occurs, the supervisor may report to all member of Audit Committee immediately (there was no such matter in 2020).

3. Communication between the CPAs and Audit Committee:
   (1) The Audit Committee may discuss the matters and outcomes in financial reports with the CPAs providing the audit service through a variety of communication channels (e.g. telephone, email and in person).
   (2) If there are any significant opinions that require immediate communication, meetings can be convened where necessary (there was no such matter in 2020).
4. The Company's Independent Directors, internal audit supervisors, and CPAs have various communication channels and the communication is smooth. Content of communication among Independent Directors, the Company's internal audit supervisor, and the CPAs in 2020:

Date	Method	Receiver of the communication	Content of the communication	Result
2020.03.30	In writing	CPA	Discussion about the completed audit of the consolidated and parent company only financial statements for the year ended December 31, 2019	The opinion was fully discussed and well acknowledged.
2020.03.30	Report in Audit Committee meeting	Audit Supervisor	Audit report	The opinion was fully discussed, well acknowledged and submitted to the Board of Directors.
2020.05.08	Report in Audit Committee meeting	Audit Supervisor	Audit report	The opinion was fully discussed, well acknowledged and submitted to the Board of Directors.
2020.08.13	Report in Audit Committee meeting	Audit Supervisor	Audit report	The opinion was fully discussed, well acknowledged and submitted to the Board of Directors.
2020.12.23	In writing	CPA	Discussion about the audit plan and other related matters concerning the consolidated and parent company only financial statements for the year ended December 31, 2020.	The opinion was fully discussed, well acknowledged.
2020.12.29	Report in Audit Committee meeting	Audit Supervisor	Audit of 2021 Audit Plan	The opinion was fully discussed, well acknowledged and submitted to the Board of Directors.

Note :

∗ Where an Independent Director left the position before the end of the year, the leaving date shall be specified in the Remark column. The actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings held and the actual attendance during the term of service.

∗ If any Independent Directors were re-elected before the end of the year, the incoming and former Independent Directors shall be both listed in the table. In addition, please specify in the Remark column the re-election date and whether the Independent Directors are re-elected, newly elected, or Independent Directors who won a by-election. Actual attendance rate (%) shall be calculated using the number of Audit Committee meetings convened and actual attendance during the term of service.

(III) Implementation of Corporate Governance and the Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons
	Yes	No	Summary	
I. Does the company establish and disclose the Corporate Governance Best Practice Principles based on "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	v		The Company has established the Corporate Governance Best Practice Principles based on related regulations. In the future, appropriate adjustments may be made considering the actual operations and the internal and external environment.	No significant difference
II. Shareholding structure and shareholders' rights (I) Does the Company establish an internal procedure for handling shareholders' suggestions, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure? (II) Does the Company maintain a register of major shareholders as well as a register of the persons exercising ultimate control over the said major shareholders? (III) Does the Company establish and enforce the risk management and firewall systems with its affiliated companies? (IV) Does the Company establish internal rules against insider trading using undisclosed information?	 v v v v		(I) The Company has established the spokesperson and deputy spokesperson system to handle shareholders' suggestions, inquiries, disputes, and litigations. (II) The Company collects the declaration form of changes in shareholdings from Directors and major shareholders with more than 10% of shareholding every month to maintain the most updated list of major shareholders who have the actual control over the Company. In addition, the Company also keeps a close contact with major shareholders to ensure stable management right. (III) The Company has established rules for the supervision of subsidiaries and related internal control system in accordance with related laws to implement the risk management mechanism	No significant difference

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons
	Yes	No	Summary	
			for subsidiaries. (IV) The Company has established the Procedures for Handling Material Inside Information to prevent insider trading and forbids any insider to buy and sell the Company's marketable securities using undisclosed information.	
III. Composition and responsibilities of the Board of Directors (I) Does the Board develop and implement a policy for diversifying the composition of its member? (II) Does the Company voluntarily establish other function committees in addition to the	v 	 v	(I) The Article 20 of the Company's Corporate Governance Best Practice Principles stipulated that the composition of the Board of Directors shall be diversified. To achieve the goal, the Directors who also act as the Company's managers shall not comprise more than a third of the member of the Board and the Board shall establish diversification guidelines considering its operations, operating model and development needs. The guidelines shall include but are not limited to the following two factors: (1) The basic qualifications and values: gender, age, nationality, culture, etc. (2) Professional knowledge and skills: Professional background (e.g., law, accounting, business, finance, marketing or technology), professional skills and industrial experiences. The Board of Directors of the Company was re-elected in 2020. Nine Directors in total were elected (including three Independent Directors) with a term of three	No significant difference

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons
	Yes	No	Summary	
Remuneration Committee and the Audit Committee as required by the laws? (III) Does the Company establish a standard and elaborate the methods to measure the performance of the Board and implement it annually, and the results of the performance evaluation will be reported to the Board of Directors and used as a reference for individual director's remuneration and nomination for reappointment? (IV) Does the Company regularly evaluate CPAs' independence?	v 	 v	years in office. The educational background and professional skills of the Directors include business, financial accounting, technology, management, law, etc. All members of the Board have the knowledge, skills and qualifications necessary for fulfill their duties. They are able to provide professional opinions from different aspects, which is highly beneficial to the Company's business performance and management efficiency. One of the nine current Directors is female. (II) The Company has established Remuneration Committee and Audit Committee in accordance with related laws. No other functional committees were established because other factors of corporate governance were handled by the relevant department according to their mandate. Where necessary, other functional committees will be established in the future. (III) The Company's 19th meeting of the 13th board of directors on December 4, 2019 established a regulation on the evaluation of the board performance, which specifies that the results of the evaluation of the board of directors' performance shall be used as a reference for the selection or nomination of directors; and that the results of the evaluation of the	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons
	Yes	No	Summary	
			performance of individual directors shall serve as a reference for the determination of their individual compensation. The results of the 2020 board performance evaluation have been presented at the 8th session of the 14th board of directors on March 25, 2021, as detailed in the report on the operations of the board of directors. (IV) The accounting firms and certified public accountants (CPAs) selected by the Company have no conflict of interest with the Company and maintain strict independence. The rotation of CPAs also complies with the relevant regulations.	
IV. Does the Company have an adequate number of corporate governance personnel with appropriate qualifications and designate a chief corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing directors and supervisors with information necessary for the execution of their business, assisting directors and supervisors in complying with laws and regulations, handling matters related to board of directors' and shareholders' meetings in accordance with laws and regulations, registering and changing the registration of	v		The Company's General Affairs Division is responsible for matters relating to corporate governance. In addition, the Board of Directors of the Company appointed Zhen-bin Zheng on October 14, 2020, the head of the General Affairs Division, as the Chief Corporate Governance Officer, who is responsible for matters relating to corporate governance. The main responsibilities of the position include handling work related to meetings of the Board of Directors and the shareholders' meetings, producing minutes of Board meetings and shareholders' meetings, assisting Directors in the assumption of their positions and receiving further training, providing information for Directors and	No significant difference

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons
	Yes	No	Summary	
the Company, and preparing minutes of board of directors' and shareholders' meetings, etc.)?			supervisors to fulfill their duties and assisting Directors in complying to related laws, and other affairs stipulated the Company's Articles of Incorporation and terms of contracts. Operations of the Company's corporate governance unit in 2020: 1. Assist Directors and Independent Directors in fulfilling their duties: (1) Notify the Board members of the latest amendments and development to laws and regulations relating to the Company's businesses and corporate governance. (2) Review the level of confidentiality of related documents and provide Directors with necessary information about the Company; maintain a strong communication between Directors and heads of all departments. (3) Assist Independent Directors in arranging meetings with internal audit supervisors or CPAs or communication through telephone or in writing when Independent Directors find them necessary for understanding the Company's financial position and operations in accordance with the Company's Corporate Governance Best Practice Principles. 2. Assist in matters related to the proceedings of	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons
	Yes	No	Summary	
			Board of Directors' meetings and shareholders' meetings as well as legal compliance of resolutions (1) Confirm whether the convention of meetings of Board of Directors and the shareholders' meeting meets the relevant laws and regulations and the Corporate Governance Best Practice Principles. (2) Assist and remind Directors of laws and regulations they shall comply with when performing their duties or when making resolutions of the Board of Directors. (3) Responsible for examining matters related to the release of major messages about the important resolutions approved by the Board of Directors to ensure the legality and accuracy of the content of these major messages, so as to maintain information symmetry during investor trading. 3. Draw up agendas for meetings of the Board of Directors and notify Directors of the agendas seven days before the meeting, convene meetings and provide information about the meetings, send out reminders regarding agendas that require recusal of Directors and complete the minutes of the Board of Directors' meeting within 20 days after the meeting. 4. Register the date of shareholders' meetings in	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons
	Yes	No	Summary	
			advance in accordance with related laws, produce notifications, handbooks and minutes of the meetings within the legal time limit and register amendments to the Company's Articles of Incorporation and changes in the Board members.	
V. Does the company establish a communication channel and establish a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.), as well as handle all the issues they care for in terms of corporate social responsibilities?	v		The Company maintains close contact with stakeholders by employees in the relevant departments, and the management is responsible for supervising the handling of stakeholders' opinions. The Company has established a "Stakeholder Section" on its website and deals with issues stakeholders care for in terms of corporate social responsibilities.	No significant difference
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?		v	The Company's own agency for shareholders' affairs has been established to organize shareholders' meetings.	No significant difference
VII. Information disclosure (I) Does the Company have its own website to disclose both financial positions and the status of corporate governance? (II) Does the company have other information disclosure channels (e.g., establishing an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences, etc.)? (III) Does the Company announce and report its annual financial statements within two	 v v	 v	(I) The Company declares all financial information, its businesses and information about corporate governance to MOPS regularly and sporadically. An official website of the Company has also been established to provide information.Website of the Company: http://www.htgroup.com.tw (II) The Company has established the spokesperson and deputy spokesperson system, appointed designated people to collect and disclose the Company's information	No significant difference

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons
	Yes	No	Summary	
months after the end of the fiscal year, and announce and report its first, second and third quarter financial statements and monthly operations in advance of the required deadlines?			regularly and sporadically and released major information in accordance with related regulations. (III) The Company is currently reporting financial reports and monthly operating inactivity in accordance with the "List of Matters Required to Be Handled by Issuers of Listed Securities"; the Company has not yet announced and reported its annual financial report within two months after the end of the fiscal year, and has not made any earlier announcement before the required deadline.	
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors' and Supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for Directors and Supervisors)?	v		(I) Employee rights: The Company has established an Employee Welfare Committee and set up rules with an aim of pursuing the highest benefits for the employees and protect their rights in accordance with Labor Standards Act. (II) Employee wellness: The Employee Welfare Committee is responsible for handling all matters relating to employee benefits such as employees' group insurance, subsidies for employees' children's tuition fees, regular physical examination for employees, etc. to ensure employees' rights. (III) Investor relations: The Company has set up the Spokesperson system and a shareholders service room as one of the communication	No significant difference

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons
	Yes	No	Summary	
			channels. It is expected that the spokesperson system and service room can serve as a bridge to communicate between the Company and investors, allow investors to understand promptly and fully the Company's management performance and long-term management strategies and provide the best service to investors, analysts, investment related media and all investment agencies. (IV) Supplier relations: The Company has built a mutually trusted and reciprocal relations with suppliers based on the Company's quality policies. (V) Rights of stakeholders: Stakeholders have the right to communicate with or suggest to the Company to retain their legal rights. (VI) Directors' training record: In accordance with Directors for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies announced by TWSE, the Company's Directors attended the designated courses. (For information about courses and trainings the Company's Directors and supervisors attended and received in 2020, please refer to Other important information to facilitate a better understanding of the Company's corporate governance practices	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons
	Yes	No	Summary	
			under III. Implementation of Corporate Governance.) (VII) Implementation of risk management policies and risk evaluation measures: The Company has established relevant rules and regulations concerning risk management and executes appropriate measures to control and evaluate risks arising from business activities. (VIII) Implementation of customer relation policies: The Company has disclosed the contact information of Business Development Group on its website so as to handle customer complaint directly. (IX) Purchasing insurance for Directors: The Company has purchased liability insurances for Directors to ensure shareholders' rights. In addition, the Company reported information about insured amount, insurance coverage and premium rate of the liability insurance at the Board of Directors meeting on August 13, 2020.	

IX. Please explain the improvements made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures for unimproved matters. (Companies which are not evaluated do not need to be listed.)

1. Based on the results of the Corporate Governance Assessment, the major improvement projects completed in 2020 include: including one female director on the Company's Board of Directors, producing English annual financial statements, English annual reports, disclosures in the English shareholders' meeting handbook, and the establishment of a chief corporate governance officer as required by law.

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons
	Yes	No	Summary	
2. In the future, we will focus on "enhancing information transparency" and "fulfilling corporate social responsibility", accelerate the speed of information disclosure, and formulate policies and specific management plans to protect human rights with reference to international human rights conventions.				

Note : Regardless of whether the operations column was filled in yes or no, the Company shall state an appropriate explanation in the summary column.

(IV) Composition, responsibilities, and operations of Remuneration Committee:

(1) Information of the members of Remuneration Committee

Title (Note 1)	Qualifications / Name	Meet one of the following professional qualification requirements, together with at least five years of work experience			Independence criteria (Note 2)										Number of other public companies where the individual concurrently serves as a member of the Remuneration Committee	Remark
		Instructor or above in Department of Business/Legal/Finance/Accounting or Other Company Affairs-related subjects at Public/Private University/College	Currently serving as a judge, prosecutor, lawyer, accountant, or other professional practice or technicians that must undergo national examinations and obtain specialized	Having work experience in business, legal, finance, accounting or corporate business requirements	1	2	3	4	5	6	7	8	9	10		
Independent Director	Wen-hsien Su			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	–
Independent Director	Jung-yuan Chang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	–
Independent Director	Chia-pin Chang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	–

Note 1: For the title column, please fill in Director, Independent Directors, or others.

Note 2: Please "✓" the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

(1) Not an employee of the Company or its affiliated companies.

(2) Not a Director or Supervisor of affiliated companies. Not applicable in cases where the person is an Independent Director of the parent company, or any subsidiaries as appointed in accordance with the Act or with the laws of the country of the parent or subsidiaries.

(3) Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.

(4) Not a spouse, a second-degree relative, or a direct blood-related third-degree relative of the personnel listed in the first three subparagraphs.

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

(6) If a majority of the company's director seats or voting shares and those of any other company are not controlled by the same person: a director, supervisor, or employee of that other company. (do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are not the same person or are not spouses: a director (or governor), supervisor, or employee of that other company or institution. (do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (do not apply to specified company or institution that holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company and independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship,

partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) No condition defined in Article 30 of the Company Act has appeared.

(2) Operations of Remuneration Committee

I. The Company's Remuneration Committee composes of three members.

II. Term of Office: After the full re-election of Directors on June 22, 2017, the Board of Directors resolved to appoint three Independent Directors as members of the 4th Remuneration Committee. The term of office is from June 19, 2020 to June 18, 2023.

In the most recent year (2020), the Remuneration Committee held 3 meetings (A). The attendance record of members is listed below:

Title	Name	Number of attendance in person (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	Wen-hsien Su	3	0	100%	
Member of the Committee	Jung-yuan Chang	3	0	100%	
Member of the Committee	Chia-pin Chang	3	0	100%	

Other required disclosure:

I. In the event the Board of Directors does not adopt or wishes to amend the proposals of the Remuneration Committee, please state the date and session of the Board meeting, the content of the proposals, resolutions from the Board of Directors, and the Company's response to opinions from the Remuneration Committee (e.g., if the salaries and compensations approved by the Board was higher than the suggested amount from the Remuneration Committee, please state the differences and reasons): None.

II. For the decisions made by the Remuneration Committee, if there are documented records or declarations in writing of opinions from a member who vetoes or has reservations over the decisions, the date, session, content of proposals, all members' comments, and the measures for handling these comments shall be specified: None.

Meeting Date	Session	Motion	Resolution	Follow-up execution
109.03.30	3-10	Discussed the amount of compensation for employees and directors of the Company in 2019	Passed without objection.	The Board of Directors of the Company resolved.
		Discussed the salary of the Company's CFO		
109.06.19	4-1	Election of the Convenor and Chairman of the Compensation Committee		
		The remuneration of the 14th director and chairman of the board of directors		
109.10.14	4-2	Discuss the salary of the CFO of the Company		
		Discuss the monthly salary of the head of corporate governance of the Company		

Note 1: Where a member of the Remuneration Committee left the position before the end of the year, the leaving date shall be specified in the Remark column. The actual attendance rate (%) shall be calculated based on the number of Remuneration Committee meetings held and the actual attendance during the term of service.

Note 2: If any member of the Remuneration Committee were re-elected before the end of the year, the incoming and former member shall be both listed in the table. In addition, please specify in the Remark column the re-election date and whether the Independent Directors are re-elected, newly elected, or Independent Directors who won a by-election. Actual attendance rate (%) shall be calculated using the number of Remuneration Committee meetings convened and actual attendance during the term of service.

(V) The Implementation of Corporate Social Responsibility and Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx- Listed Companies and Reasons

Evaluation Item	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx- Listed Companies and Reasons
	Yes	No	Summary	
I. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations and formulate relevant risk management policies or strategies in accordance with the materiality principle?	V		Every year, the Company periodically analyzes material issues with reference to the internationally accepted guidelines for the compilation of reports. Through internal and external communication with major stakeholders, the Company establishes the content and priority of each issue, integrates the risk lists proposed by each department, conducts risk assessment and proposes corresponding strategies.	No significant difference
II. Does the company establish an exclusively (or concurrently) dedicated unit that is authorized by the Board to be in charge of proposing the corporate social responsibility policies and reporting to the Board?	V		The Management Department is responsible for promoting and executing corporate social responsibility and is required to report to the Board of Directors on a regular basis.	No significant difference
III. Environmental Issues (I) Does the Company establish proper environmental management systems based on the characteristics of their industries? (II) Is the Company committed to improving efficient use of resources and utilize renewable resources to reduce environmental	V V		(I) The Company and each group promotes environmental safety and safe production In order to reduce operational risks, the Company and each of its groups follow the relevant laws and regulations and promote and disseminate concepts. (II) The Company and its groups are committed to the promotion and improvement of a sustainable environment. Through promotion	No significant difference

Evaluation Item	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx- Listed Companies and Reasons
	Yes	No	Summary	
impact? (III) Does the company assess the current and future potential risks and opportunities of climate change for the business and take measures to address climate related issues? (IV) Has the company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies on energy conservation, carbon reduction, greenhouse gas reduction, water reduction or other waste management?	V V		and implementation, we will enhance the efficiency of resource reuse, achieve energy saving and waste reduction, and reduce the impact on the environment. (III) The Company attaches importance to the issue of climate change and has been continuously. We have continued to promote the issue of climate change internally and evaluate the measures related to our operations in order to fulfill our social responsibility. (IV) The Company conducts annual greenhouse gas (GHG) inventory at the Takao Inwu Plant in accordance with ISO 14064-1, and takes the initiative to conduct annual statistics on GHG emissions, water consumption, and total weight of waste, and to formulate policies for energy conservation and carbon reduction, GHG reduction, and reduction of water consumption or other waste management.	
IV. Social Issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) The Company and its subsidiaries comply with relevant local labor laws and regulations and follow internationally recognized basic labor and human rights principles to protect the basic rights of employees. The Company and its companies comply with relevant local labor	No significant difference

Evaluation Item	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx- Listed Companies and Reasons
	Yes	No	Summary	
(II) Does the Company establish and implement reasonable employee benefit measures (including remuneration, leave and other benefits, etc.) and appropriately reflect operating performance or results in employee remuneration? (III) Does the Company provide a healthy and safe work environment and organize training on health and safety for its employees on a regular basis? (IV) Does the Company provide its employees with career development and training sessions? (V) With regard to marketing and labeling of products and services, does the Company comply with related regulations and international standards and formulate relevant policies and complaint procedures to protect consumer rights? (VI) Does the Company have a supplier	V V V V V		laws and regulations and follow internationally recognized basic labor human rights principles to protect the basic rights of employees. (II) The Company has a diversified employee benefits system and a retirement plan that complies with laws and regulations. A reasonable remuneration system can motivate employees to work together with the company and share the results of operation. The Company has implemented a job rank/grade system that is applicable to both male and female employees, which is based on the skills and abilities of employees at different levels, with pay raises varying by grade level. (III) All the Company's plants and offices give first priority to safety when designing. In addition to creating a safe and comfortable work environment, the Company also offers employees physical examinations on a regular basis, employs specialists for labor safety and health and establishes management rules for work safety and health in accordance with Occupational Safety and Health Act. The Company also hires external vendors to inspect the work	

Evaluation Item	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx- Listed Companies and Reasons
	Yes	No	Summary	
management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or human rights in the workplace, and how is it implemented?			environment regularly and invites personnel from fire departments to the plant to provide training of first aid in the hope of preventing disasters from happening and of protecting employees' safety. (IV) The Company provides employees with comprehensive career development plans. In addition to new employee orientation trainings, the Company also offers professional trainings to all employees. The contents of orientation trainings include the Company's organization culture, organization, and raw materials market of detergents, introduction to information and Internet systems and information security. (V) The Company's marketing and labeling of its products and services comply with relevant laws and international standards. The Company attaches importance to various international conventions and respects the demands of customers and stakeholders. The Company's official website provides the contact information of the sales department and sets up a "Contact Us" section. If you have any questions, please feel free to contact us for direct assistance. (VI) The Company's supply chain management has evolved from basic requirements such	

Evaluation Item	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx- Listed Companies and Reasons
	Yes	No	Summary	
			as timely delivery, quality control and competitive prices to promoting new cooperation models of strategic alliance in order to innovate products and services and to protect the environment. The Company also formulated "Supplier Environmental Management Survey Form."	
V. Does the Company make reference to international standards or guidelines for the preparation of corporate social responsibility reports and other reports that disclose non-financial information about the Company? Did the Company obtain a third-party verification unit's confirmation or assurance opinion on the previous reports?	V		The Company prepares corporate social responsibility reports in accordance with the GRI Standards and publishes them on the Market Observation Post System and the Company's website.	No significant difference In the future, the Company may obtain additional third-party verification or assurance opinions as required by law.
VI. If a company has its own Corporate Social Responsibility Best Practice Principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx- Listed Companies", please describe the deviations between its operation and the principles set forth in the Principles: The Company has established a "Corporate Social Responsibility Best Practice Principles" and continues to actively practice corporate social responsibility.				
VII. Other important information that contributes to the understanding of the operation of corporate social responsibility: Please refer to the Company's website (http://www.htgroup.com.tw) for Information on corporate social responsibility.				

(VI) The Implementation of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons:

Evaluation Item	Status of Operations			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and programs (I) Has the Company established an ethical corporate management policy approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board and management	V		(I) In order to foster the corporate culture of ethical corporate management, develop soundly and operate smoothly, the Board of Directors of the Company approved the Company's Ethical Corporate Management Best Practice Principles and Ethical Behavior Guidelines on December 25, 2014. The Company's Management Department is	No significant difference

Evaluation Item	Status of Operations			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
levels to implement the policies? (II) Has the Company established an evaluation mechanism for the risk of unethical conduct, and regularly analyzed and evaluated the business activities within its business scope with a higher risk of unethical conduct, and formulated a plan to prevent unethical conduct, covering at least the preventive measures under Article 7, paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"? (III) Has the Company defined and implemented the operating procedures, conduct guidelines, disciplinary and complaint systems for non-compliance in its unethical conduct prevention program, and regularly reviewed and revised the preceding program?	 V V		responsible for supervise the implementation of the principles and guidelines and must report to the Board of Directors on a regular basis. (II) In order to implement the ethical corporate management policy, prevent dishonest behaviors and establish Procedures for Ethical Corporate Management and Behavior Guidelines, the Board of Directors of the Company approved on December 25, 2014 regulations concerning matters that employees must pay attention to when working. (III) (The Company discloses its ethical corporate management policy in its Articles of Incorporation and annual reports and on its official website. In addition, the Company also announces the policies in external activities such as product launches and road shows in order for the Company's employees, Directors, Supervisors, suppliers, customer and other business related organizations or people to fully understand the Company's idea and regulations about ethical corporate management.	
II. Fulfill operations integrity policy (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in	 V		(I) The Company always inspects and evaluates business partners' legality and ethical records	No significant difference

Evaluation Item	Status of Operations			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
business contracts? (II) Does the Company have a dedicated (part-time) unit under the Board of Directors to promote ethical corporate management and report to the Board of Directors on a regular basis (at least once a year) on its ethical corporate management policies and programs to prevent unethical conducts and monitor their implementation? (III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? (IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and has the internal audit unit drawn up an audit plan based on the results of the	 V V V		before taking on business partnerships. Detailed terms concerning both parties' rights and obligations are included in every business contract and both parties shall sign a non- disclosure agreement. (II) The Management Office is designated as a dedicated unit to promote the integrity management of the Company and is subordinate to the Board of Directors. It is responsible for revising, implementing, explaining, providing consultation services and recording the contents of the reports, and supervising the implementation of the operating procedures and conduct guidelines. The Company ac tively promotes and educates its employees to uphold the principles and attitudes of fairness, openness, self-discipline, and accountability among teams through various occasions, thereby strengthening the concept, compliance, and implementation of honest management within the Company. The total number of training was 48 hours. (III) When conflicts of interest occur, the Company's employees may report to his/her direct supervisor or directly to personnel of the General Manager's office. If such conflicts are confirmed after inspection, the Company will warn or punish the employee	

Evaluation Item	Status of Operations			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
assessment of the risk of ethical conduct, in order to verify compliance with the plan for prevention of unethical conduct, or has it engaged an accountant to perform the audit? (V) Does the Company hold routine internal and external trainings on business integrity practices?	 V		according to the Company's Employees' Working Rules depending on the significance of the conflict. (IV) To reasonably maintain the outcome and efficiency of operations, the reliability of financial reports and the compliance to relevant laws, the Company has established accounting and internal control systems to ensure integrity in our operations. (V) The Company carries out regular training for Directors, Supervisors, managers and employees in order for them to fully understand the Company's determination, policy and precautious measures about integrity in operations and outcomes of breach to integrity in operations.	
III. Operation of the whistleblowing channel (I) Does the Company establish both a reward/ punishment system and an integrity hotline? Can the accused reach an appropriate person for follow-up? (II) Does the company establish standard operating procedures, follow-up actions to be taken after completion of the investigation, and confidential	 V V		(I) If any breaches to integrity in operations occur, the Company's employees may report to his/her direct supervisor or directly to personnel of the General Manager's office. The Company will appoint the corresponding department to review the internal control system and procedures and the department shall propose improvement measures to prevent the same behavior from occurring again. (II) All content of reports will be kept	No significant difference

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Status of Operations</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>reporting on investigating accusation cases?
(III) Does the Company provide proper whistleblower protection that prevents the whistleblowers from suffering improper consequences?</td><td>
V</td><td></td><td>confidential and be investigated via independent channels in order to protect the whistleblowers' safety and to protect them from revenge.
(III) In case of significant violation against integrity by the Company's employees, the employee(s) shall be discharged or dismissed in accordance with relevant laws and regulations or the Company's human resources administration regulations.</td><td></td></tr>
<tr><td>IV. Enhancing information disclosure
Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?</td><td>
V</td><td></td><td>The Company's corporate culture, Ethical Corporate Management Best Practice Principles and other related information are disclosed on its official website.</td><td>No significant difference</td></tr>
<tr><td colspan="5">V. Where the Company has stipulated its own ethical corporate management best practices according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any differences between the prescribed best practices and the actual activities taken by the Company:
The Company has established procedures for ethical corporate management and Ethical Corporate Management Best Practice Principles and has been complying to the principles.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies).
1. To implement the basics of ethical corporate management policies, the Company operates under the Company Act, Securities and Exchange Act, Businesses Entity Accounting Act, related regulations for TWSE/TPEx-Listed Companies, IFRSs, IASs, related interpretations and standing interpretations endorsed by Financial Supervisory Commission and other related laws and decrees.
2. The system of recusal of Directors due to conflicts of interest is included in the Company's Rules of Procedure for Board of Directors</td></tr>
</table>

Evaluation Item	Status of Operations			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
Meetings. When a Company's Director or the juristic person he/she represents has a stake in a proposal at the meeting and where there is a likelihood that the interests of the Company would be prejudiced, the Director may express opinions or answer questions but shall recuse himself or herself from any discussion and voting and may not exercise voting rights as proxy on behalf of another Director. 3. The Company has set up Procedures for Handling Material Inside Information, stipulating that Directors, Supervisors, managers and stakeholders may not disclose to any other parties any material inside information of which they have learned, nor may they inquire about or collect material inside information unrelated to their individual duties from a person with knowledge of such information. In addition, they may not disclose to others any non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties.				

(VII) Please disclose access to the Company's corporate governance principles and related rules and regulations:

1. The Company's official website (http://www.htgroup.com.tw): Investor Services/Corporate Governance/Important rules and regulations
2. MOPS (http://mops.twse.com.tw/mops/web/t100sb04_1): Corporate Governance/regulations for establishing corporate governance related rules

(VIII) Other important information for facilitating better understanding of the Company's corporate governance practices.

1. Continuing trainings for Directors in 2020:

Title	Name	Date of Courses	Name of Organizer	Name of Courses	Hours of Courses
Representative of Institutional Director	Yu-chieh Yang	2020.06.19	Taiwan Securities and Futures Institute	How to innovate KPI and performance management in the era of digital economy	3
		2020.11.12	Taiwan Securities and Futures Institute	Changing economic trends and challenges in the face of the global pandemic	3
Representative of Institutional Director	Wei-yu Chen	2020.06.19	Taiwan Securities and Futures Institute	How to innovate KPI and performance management in the era of digital economy	3
		2020.11.12	Taiwan Securities and Futures Institute	Changing economic trends and challenges in the face of the global pandemic	3
Representative of Institutional Director	Lun-chia Li	2020.06.19	Taiwan Securities and Futures Institute	How to innovate KPI and performance management in the era of digital economy	3
		2020.11.12	Taiwan Securities and Futures Institute	Changing economic trends and challenges in the face of the global pandemic	3
Representative of Institutional Director	Yi-ju Chen	2020.06.19	Taiwan Securities and Futures Institute	How to innovate KPI and performance management in the era of digital economy	3
		2020.11.12	Taiwan Securities and Futures Institute	Changing economic trends and challenges in the face of the global pandemic	3
Representative of Institutional Director	Yi-hsiung Chen	2020.06.19	Taiwan Securities and Futures Institute	How to innovate KPI and performance management in the era of digital economy	3
		2020.07.22	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Management Workshop	3
		2020.11.12	Taiwan Securities and Futures Institute	Changing economic trends and challenges in the face of the global pandemic	
Director	Kuo-jung Shih	2020.06.19	Taiwan Securities and Futures Institute	How to innovate KPI and performance management in the era of digital economy	3
		2020.11.12	Taiwan Securities and Futures Institute	Changing economic trends and challenges in the face of the global pandemic	3
Independent Director	Wen-hsien Su	2020.06.19	Taiwan Securities and Futures Institute	How to innovate KPI and performance management in the era of digital economy	3
		2020.11.12	Taiwan Securities and Futures Institute	Changing economic trends and challenges in the face of the global pandemic	3
Independent Director	Jung-yuan Chang	2020.06.19	Taiwan Securities and Futures Institute	How to innovate KPI and performance management in the era of digital economy	3
		2020.11.12	Taiwan Securities and Futures Institute	Changing economic trends and challenges in the face of the global pandemic	3
Independent Director	Chia-pin Chang	2020.06.19	Taiwan Securities and Futures Institute	How to innovate KPI and performance management in the era of digital economy	3
		2020.09.22	Taiwan Stock Exchange	Agenda of the "Corporate Governance 3.0 - A Blueprint for Sustainable Development" Summit	3
		2020.11.12	Taiwan Securities and Futures Institute	Changing economic trends and challenges in the face of the global pandemic	3

2. The Company's continuing education status of Managers, Accounting Officers, Audit Officers and Chief Corporate Governance Officers for 2020:

Title	Name	Date of Courses	Name of Organizer	Name of Courses	Hours of Courses
General Manager	Yi-ju Chen	2020.06.19	Taiwan Securities and Futures Institute	How to innovate KPI and performance management in the era of digital economy	3
		2020.11.12	Taiwan Securities and Futures Institute	Changing economic trends and challenges in the face of the global pandemic	3
Accounting Supervisor	Hui-yen Lin	2020.11.16	Taiwan Securities and Futures Institute	Continuing education course for stock exchange accounting supervisors of issuing issuers	12
		2020.11.17	Taiwan Securities and Futures Institute	Continuing education course for stock exchange accounting supervisors of issuing issuers	12
Audit Supervisor	Fu-kuan Chen	2020.11.18	Taiwan Securities and Futures Institute	Assist companies to enhance their self-prepared financial reporting capabilities	6
		2020.12..04	Taiwan Securities and Futures Institute	Corporate Governance Practices and Auditing Case Studies - Board of Directors and Shareholders' Meeting as the Focus	6
Chief Corporate Governance Officer	Zhen-bin Zheng	2020.11.12	Taiwan Securities and Futures Institute	Changing economic trends and challenges in the face of the global pandemic	3

3. Liability insurance purchased by the Company for Directors and Supervisors:

The Insured	Insurance companies	Insured amount	Period of Insurance (commencement and termination)
All Directors and supervisors	Fubon Insurance	Accumulated liability limit: US$10,000,000	Commencement: June 19, 2020 Termination: June 19, 2021

(IX) Implementation of internal control system:

1. Internal control declaration:

Ho Tung Chemical Corp.

Declaration of Internal Control System

Date: March 25, 2021

Based on the findings of a self-assessment, Ho Tung Chemical Corporation states the following with regard to its internal control system during the year of 2020:

I. The Company acknowledges that the Company's Board of Directors and the managerial officers are responsible for establishing, implementing, and maintaining an adequate internal control system, and the Company has established such system. The objectives of internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of security for assets), ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting, and providing reasonable assurance.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three aforementioned objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component comprises a few different items. For more information concerning the items, please refer to the Regulations.

IV. The Company has already adopted the aforementioned Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.

V. Based on the findings of the aforementioned evaluation, the Company believes that, on December 31, 2020, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries) to provide reasonable assurance over our operating effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. This Declaration is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Declaration was passed by the Board of Directors in the meeting held on March 25, 2021, with none of the nine attending Directors expressing dissenting opinions. The remainder all affirmed the content of this Declaration.

Ho Tung Chemical Corp.

Chairman: Yu- chieh Yang

General Manager:Yi-ju Chen

2. If CPA was engaged to conduct a special audit of internal control system, the audit report shall be disclosed: None.

(X) In the most recent year and up to the date of publication of the annual report, the Company and its internal officers have been punished in accordance with the law, or the Company has punished its internal officers for violating the provisions of the internal control system, the results of which may have a significant impact on shareholders' equity or the price of securities, the details of the punishment, the major deficiencies and the improvement status shall be stated: None.

(XI) Major resolutions in the shareholders' meeting and Board meetings during the most recent year and up to the publication date of this annual report:

1. Major resolutions in the shareholders' meeting:

The important resolutions passed by all shareholders present at the shareholders' meeting held on June 22, 2020 and the status of implementation are as follows:

Major resolutions approved	Status of execution
1. Approval of the 2020 business report and financial statements.	The resolution is followed.
2. Approval of the distribution of retained earnings in 2020.	The retained earnings of 2020 is implemented.
3. Discussion of the amendment to the Articles of "Regulations of Shareholders Meeting"	It has been implemented and posted on the Company's website in accordance with the amended regulations.

2. Major resolutions in the Board meeting:

Session	Date	Resolution
13-21	2020/02/27	1.Discuss the restructuring of the Company's investment structure
13-22	2020/03/30	Discuss the Company's 2019 Business Report and Financial Statements
		2.Discuss the appropriation of employees' and directors' remuneration for 2019
		3.Discuss the appropriation of the 2019 earnings of the Company
		4.Discuss the restructuring of the Company's organizational structure
		5.Discuss the application for bank credit
		6.Discuss the appointment of the Company's Finance Officer
		7.Discuss the appointment of the Company's spokesperson
		8.Discuss the amendment of the Rules of Procedure of the Company's shareholders' meeting
		9.Discuss the amendment of the Company's board of directors' meeting rules
		10.Discuss the amendment of the organization rules of the Audit Committee of the Company

Session	Date	Resolution
		11.Discuss the amendment of the organizational structure of the Compensation Committee of the Company.
		12.Discuss the Company's proposal to undertake foreign currency forward transactions in order to reduce the risk of foreign exchange losses.
		13.Discuss the re-election of directors
		14.Discuss the nomination of director candidates
		15.Discuss the release of new director from the prohibition of competition
		16.Discuss the adoption of the Company's 2019 Statement of Internal Control System
		17.Discuss the convening of the 2020 Annual General Meeting of Shareholders of the Company and to accept proposals from shareholders
13-23	2020/05/08	1.Discuss the Board of Directors' review of the nominated director candidates
		2.Establish the Company's stock operation management guidelines
		3.Discuss the venue and reason for convening the 2020 Annual General Meeting of Shareholders of the Company.
		4.Discuss the procedures concerning duties delegation and agent system of Mainland China Subsidiary
		5.Discuss the results of the land sale bidding
14-1	2020/06/19	1.Chairman Election
		2.Discuss the appointment of the 4th salary and compensation committee of the Company
		3.Discuss the appointment of the 2nd audit committee of the Company
14-2	2020/06/19	1.Discussion of the Company's merger with its subsidiaries, Hua Tung Investment Co. and He Hsin Cheng Co.
		2.Discuss the proposed liquidation of the subsidiaries
14-3	2020/08/13	1.Discussed the application for bank credit
		2.Discuss the Company's tariff endorsement guarantee
		3.Discuss the suitability of the Company's certified public accountant.
		4.Discuss the compensation for the appointment of the Company's certified public accountant in 2020
		5.Discuss the capital reduction of the Company's subsidiary, Hsin Tay Petroleum Co., Ltd., and the return of shares with property other than cash.
14-4	2020/09/18	1.Discuss the Company's overdue accounts receivable from sales customers are not listed as loans of funds.
14-5	2020/10/14	1.Discuss the appointment of the Company's chief financial officer
		2.Discuss the appointment of corporate governance officer
		3.Discuss the appointment of the Company's spokesperson and acting spokesperson

Session	Date	Resolution
		4.Discuss the participation in the capital increase of the subsidiary, Chenergy Global Co.
14-6	2020/11/12	1.Discuss the joint credit of NT$1.75 billion (Bank of Land)
		2.Discuss about the bank credit limit (Bank of Land, Mega/Huanan, Banxin)
		3.Discuss the dismissal of Deputy General Manager, Mr. Ming-chi Kuo.
14-7	2020/12/24	1.Report on the date of the 2021 Board of Directors' Meeting and motion plan
		2.Report on the implementation of the plan to enhance the Company's ability to prepare its own financial statements.
		3.Discussed the "2021 Annual Audit Plan" of the Company.
		4.Discussed the pension application of Deputy General Manager, Mr. Ming-chi Kuo
		5.Discussed the Company's 2021 operating plan and budget
		6.Discussed the revision of the "Financial Statement Preparation Process Management Regulations" of the Company

(XII) Record or written Statements made by any Directors or Supervisors dissenting to important resolutions passed by the Board of Directors during the most recent year and up to the publication date of the annual report: None.

(XIII) Summary of resignations and dismissals of the Chairman, General Manager, Accounting Officer, Financial Officer, Internal Audit Officer, Chief Corporate Governance Officer and Research and Development Officer during the most recent year and up to the publication date of the Annual Report:

Title	Name	Date of Assumption	Date of Dismissal	Reasons for Resignation or Dismissal
Finance Supervisor	Wen-zheng Chang	2019.08.12	2020.03.30	Resignation
Finance Supervisor	Kuo-tsui Hsieh	2020.03.30	2020.10.08	Resignation
Corporate Governance Director	Wen-ching Huang	2019.03.28	2020.10.16	Resignation
Deputy General Manager	Ming-chi Kuo	2015.10.01	2020.11.10	Release of duties

V. Information Regarding Audit Fee

Audit Fee Range:

Accounting Firm	Name of CPA		Audit Period	Remark
PwC Taiwan	Tsung-hsi Lai	Zhao-ming Wang	January 1, 2020 to December 31, 2020	

Unit: NT$ thousand

Fee Range \ Fee Item		Audit Fees	Non-Audit Fees	Total
1	Under NT$2,000 thousand		V	
2	NT$2,000 thousand (inclusive) ~ NT$4,000 thousand			
3	NT$4,000 thousand (inclusive) ~ NT$6,000 thousand	V		
4	NT$6,000 thousand (inclusive) ~ NT$8,000 thousand			V
5	NT$8,000 thousand (inclusive) ~ NT$10,000 thousand			
6	More than NT$10,000 thousand (inclusive)			

(I) If the non-audit fee paid to the CPA, the accounting firm the CPA belongs to and affiliated companies of the accounting firm exceeds a quarter of the audit fee paid, the amount of audit fee and non-audit fee and the content of non-audit service shall be disclosed:

Unit: NT$ thousand

Accounting Firm	Name of CPA	Audit Fees	Non-Audit Fees					Audit Period	Remark
			System Design	Business registration	Human resource	Others	Subtotal		
PwC Taiwan	Chao-ming Wang and Tsung-hsi Lai	4,460	0	200	0	1,667	1,867	2020.01.01-12.31	

Note : Non-audit fees of 2020 mainly arose from the audit fees for handling tax affairs and executing CSR by non- attesting CPA from the appointed accounting firm.

(II) Where the Company changed the accounting firm and the audit fees paid for the year of change was less than that of the prior year, the amount of audit fees before and after the change and reasons shall be disclosed: None.

(III) Where accounting fee paid for the current year was more than 10% less than that of the previous year, the sum, proportion, and cause of the reduction shall be disclosed: None. ◦

VI. Replacement of CPAs

(I) Information about former CPA: Not applicable.
(II) About the succeeding CPA: Not applicable.
(III) The reply from former CPA to Article 10, Subparagraph 6, Sub-subparagraphs 1 and 2-3 of the Standards: Not applicable.

VII. Where the Company's Chairman, General Managers, Managers Responsible for Finance or Accounting Operations Worked with the Accounting Firm or Affiliated Companies that Provided Audit Service to the Company in the Most Recent Year, the Name, Title and Duration of Employment Shall Be Disclosed.

VIII. Any Transfer of Equity Interests and Pledge of Equity Interests by a Director, Supervisor, Manager or Shareholder with More Than 10% of Shareholdings in the Most Recent Year and up to the Publication Date of the Annual Report:

(I) Changes in equity interests and pledge of equity interest of Directors, Supervisors, managerial officers, and major shareholders:

Title (Note 1)	Name	2020		As of April 24, 2021	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Yu- chieh Yang	0	0	0	0
Director	Hung I Investment Co., Ltd. Representative:Yu- chieh Yang Representative: Yi-ju Chen Representative:Wei-yu Chen Representative:Lun-chia Li	3,133,000	0	0	0
Director	Yuan-he Chen Cultural & Educational Foundation Representative:Yi-hsiung Chen	0	0	0	0
Independent Director	Kuo-jung Shih	0	0	0	0
Independent Director	Wen-hsien Su	0	0	0	0
Independent Director	Jung-yuan Chang	0	0	0	0
Independent Director	Chia-pin Chang	0	0	0	0
General Manager	Yi-ju Chen	0	0	0	0
Financing Officer	Ying-yen Li	0	0	0	0
Accounting Officer	Hui-yen Lin	0	0	0	0
Chief Corporate Governance Officer	Zhen-bin Zheng	0	0	0	0
Major shareholders hoding more than 10% of total shares	Hung I Investment Co., Ltd.	3,133,000	0	0	0

Note 1: Shareholders who hold more than 10% of the Company's issued shares shall be identified as major shareholders and stated separately.

Note 2: Where the counterparts of the equity interest transfer or pledge of equity interest are related parties, the following table shall be filled in.

(II) Information about Equity Transfer: Equity transfer from Directors, Supervisors, managerial officers or shareholders with 10% of shareholdings to related parties.

(III) Information about equity pledged by Directors, Supervisors, managerial officers or shareholders with 10% of shareholdings to related parties.

IX. Information on the Relationship between the 10 Largest Shareholders

April 21, 2020

Name (Note 1)	Shares Held in Person		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Name and Relationship between the Company's 10 largest Shareholders, or Spouses or Relatives within second Degrees of Kinship (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Hung I Investment Co., Ltd.	101,690,169	10	0	0	0	0			
Hung I Investment Co., Ltd. Representative:Chin-hua Lin	10,534,391	1.036	0	0	0	0	Yi-ju Chen Yi-hsiung Chen Ji Ji Co.., Ltd.	Lineal relatives of first degree of kinship Relatives by marriage of second degree of kinship Director	
Special account for Capital Securities Corporation as the custodian of investments of CSC Securities (HK) Ltd.'s customer	60,576,749	5.957	0	0	0	0			
Bing Rong Co., Ltd.	51,878,666	5.102	0	0	0	0			
Representative of Bing Rong Co., Ltd.: Yi-ju Chen	4,422,697	0.435	0	0	0	0	Hung I Investment Ltd. Chia Ho Investment Co. Chin-hua Lin	Director Supervisor Lineal relatives of first degree of kinship	
Ji Ji Co., Ltd.	42,729,522	4.202	0	0	0	0			
Representative of Ji Ji Co., Ltd.: Yi-hsiung Chen	275,446	0.027	360,805	0.035	0	0	Chia Ho Investment Co. Chin-hua Lin	Chairperson Relatives by marriage of second degree of kinship	
Chia He Investment Co., Ltd.	31,461,266	3.094	0	0	0	0			
Representative of Chia He Investment Co., Ltd.: Yi-hsiung Chen	275,446	0.027	360,805	0.035	0	0	Ji Ji Co.., Ltd. Chin-hua Lin	Chairperson Relatives by marriage of second degree of kinship	
Feng-chu Chou	23,774,000	2.338	162,000	0.016	0	0			
Investment account entrusted to Citibank Taiwan Ltd.	23,533,107	2.314	0	0	0	0			
JPMorgan Chase Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	12,634,459	1.243	0	0	0	0			
Chase Custodianship Advanced Starlight Total International Equity Index	12,080,141	1.188	0	0	0	0			
Credit Suisse International investment account hosted by Standard Chartered	11,679,000	1.149	0	0	0	0			

Note 1: All the top 10 shareholders shall be listed. For juristic person shareholders, their names and the name of their representatives shall be listed separately.

Note 2: Shareholding percentage is calculated separately based on the percentage of shares held in the name of the person, his/her spouse, minor children, or others.

Note 3: Relationships between the aforementioned shareholders, including juristic person shareholders and natural person shareholders shall be disclosed based on the financial reporting standards used by the issuer.

X. Shares Held by the Company's Directors, Supervisors, Managerial Officers, and Businesses Either Directly or Indirectly Controlled by the Company as a Result of Investment, and the Ratio of Consolidated Shares Held:

December 31, 2020 Unit: Thousand shares; %

Invested Company	Investments of the Company		Shares held by the Company's Directors, Supervisors, managers, and businesses either directly or indirectly controlled by the Company		Total Ownership	
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage
Tung Bao Co., Ltd	23,076	34%	432	0.64%	23,508	34.64%
Shanghai Jing Di Co., Ltd. (Note)	0	0%	0	0%	0	0%
HT-S Venture Philippines Corporation	0	0%	100	40%	100	40%
Helix Technology Inc.	8,792	11.09%	426	0.54%	9,218	11.63%

Note: Shanghai Jing Di went into liquidation in October 2019 and the Company has lost its significant influence over it. In the liquidation process, due to the registration of real estate certificates, it was not possible to complete the liquidation process. As agreed by the shareholders, the Group intends to transfer the equity interests held by the Group to other shareholders and the relevant equity transfer agreement is still under discussion.

CHAPTER 4 CAPITAL OVERVIEW

I. Capital and Shares

(I) Sources of capital:

Shares / Type	Authorized Capital			Remark
	Shares Outstanding	Unissued Shares	Total	
Common shares	1,016,824,808	83,175,192	1,100,000,000	Listed

1. History of Capital Formation:

Unit: Thousand shares/NT$ thousand

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Share Capital	Capital Increased by Assets Other than Cash	Other
2001.05	10	720,000	7,200,000	443,696	4,436,958	Capital reduction in treasury shares $214,150 (Note 1)	None	None
2001.06	10	720,000	7,200,000	510,250	5,102,502	Capitalization of retained earnings $221,848 Capitalization of capital reserves $443,696 (Note 2)	None	None
2001.09	10	720,000	7,200,000	511,089	5,110,886	Corporate bond converted to capital stock $8,384 (Note 3)	None	None
2002.02	10	720,000	7,200,000	511,151	5,111,507	Corporate bond converted to capital stock $621 (Note 4)	None	None
2002.07	10	720,000	7,200,000	572,489	5,724,888	Capitalization of retained earnings $408,921 Capitalization of capital reserves $204,460 (Note 5)	None	None
2002.09	10	720,000	7,200,000	576,426	5,764,261	Corporate bond converted to capital stock $39,373 (Note 6)	None	None
2003.02	10	720,000	7,200,000	576,766	5,767,664	Corporate bond converted to capital stock $3,403 (Note 7)	None	None
2003.10	10	720,000	7,200,000	564,754	5,647,534	Decrease in treasury stock $120,130 (Note 8)	None	None
2003.10	10	720,000	7,200,000	610,894	6,108,947	Capitalization of retained earnings $461,413 (Note 9)	None	None
2004.09	10	720,000	7,200,000	641,439	6,414,394	Capitalization of retained earnings $305,447 (Note 10)	None	None
2004.11	10	720,000	7,200,000	618,073	6,180,733	Decrease in treasury stock $234,930 Corporate bond converted to capital stock $1,269 (Note 11)	None	None

Year/Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Share Capital	Capital Increased by Assets Other than Cash	Other
2005.12	10	720,000	7,200,000	605,886	6,058,864	Decrease in treasury stock $ 121,870 (Note 12)	None	None
2009.06	10	720,000	7,200,000	605,597	6,055,974	Decrease in treasury stock $2,890 (Note 13)	None	None
2009.08	10	720,000	7,200,000	637,861	6,378,609	Capitalization of retained earnings $322,635 (Note 14)	None	None
2010.08	10	720,000	7,200,000	712,126	7,121,256	Capitalization of retained earnings $742,647 (Note 15)	None	None
2011.08	10	1,000,000	10,000,000	795,302	7,953,021	Capitalization of retained earnings $831,765 (Note 16)	None	None
2011.11	10	1,000,000	10,000,000	776,314	7,763,141	Decrease in treasury stock $189,880 (Note 17)	None	None
2012.08	10	1,000,000	10,000,000	869,472	8,694,718	Capitalization of retained earnings $931,577 (Note 18)	None	None
2013.07	10	1,000,000	10,000,000	912,945	9,129,454	Capitalization of retained earnings $434,736 (Note 19)	None	None
2014.08	10	1,000,000	10,000,000	958,593	9,585,927	Capitalization of retained earnings $456,473 (Note 20)	None	None
2016.07	10	1,000,000	10,000,000	987,207	9,872,074	Capitalization of retained earnings $286,147 (Note 21)	None	None
2017.10	10	1,100,000	11,000,000	1,021,593	10,215,928	Capitalization of retained earnings $343,854 (Note 22)	None	None
2018.01	10	1,100,000	11,000,000	1,016,825	10,168,248	Decrease in treasury stock $47,680 (Note 23)	None	None

Note 1: On May 7, 2001, per Order No. 09001152740, the MOEA approved the Company to reduce capital by the retirement of treasury stock.

Note 2: On June 19, 2001, per Order No. 139617, the Ministry of Finance and Securities and Futures Institute approved the Company to transfer the retained earnings to capital increase in the amount of NT$221,848 thousand and capital surplus to capital increase in the amount of NT$443,696 thousand.

Note 3: On September 19, 2001, per Order No. 09001365290, the MOEA approved the Company to transfer convertible corporate bonds to new shares.

Note 4: On January 17, 2002, per Order No. 09101016450, the MOEA approved the Company to transfer convertible corporate bonds to new shares

Note 5: On July 22, 2002, per Order No. 091014085, the Ministry of Finance and Securities and Futures Institute approved the Company to transfer the retained earnings to capital increase in the amount of NT$408,921 thousand and capital surplus to capital increase in the amount of NT$204,460 thousand.

Note 6: On September 4, 2002, per Order No. 09101362020, the MOEA approved the Company to transfer convertible corporate bonds to new shares.

Note 7: On February 6, 2003, per Order No. 09201037320, the MOEA approved the Company to exchange convertible corporate bonds for new shares.

Note 8: On July 7, 2003, per Order No. 0920130878, the Ministry of Finance and Securities and Futures Institute approved the Company to reduce capital by retirement of treasury stocks in the amount of NT$120,130 thousand.

Note 9: On August 19, 2003, per Order No. 920137452, the Ministry of Finance and Securities and Futures Institute approved the Company to transfer the retained earnings to capital increase in the amount of NT$461,413 thousand.

Note 10: On September 6, 2004, per Order No. 0930138845, Financial Supervisory Commission, Executive Yuan approved the Company to transfer the retained earnings to capital increase in the amount of NT$305,447 thousand.

Note 11: On November 22, 2004, per Order No. 0930121843, the MOEA approved the Company to exchange convertible corporate bonds for new shares and to reduce capital by retiring treasury stocks in the amount of NT$234,930 thousand.

Note 12: On January 20, 2006, per Order No. 09501014800, the MOEA approved the Company to reduce capital by retirement of treasury stocks in the amount of NT$121,870 thousand.

Note 13: On June 4, 2009, per Order No. 09801111470, the MOEA approved the Company to reduce capital by retirement of treasury stocks in the amount of NT$2,890 thousand.

Note 14: On August 13, 2009, per Order No. 0980040682, Financial Supervisory Commission, Executive Yuan approved the Company to transfer the retained earnings to capital increase in the amount of NT$322,635 thousand.

Note 15: On August 16, 2010, per Order No. 0990042974, Financial Supervisory Commission, Executive Yuan approved the Company to transfer the retained earnings to capital increase in the amount of NT$742,647 thousand.

Note 16: On August 9, 2011, per Order No. 1000036961, Financial Supervisory Commission, Executive Yuan approved the Company to transfer the retained earnings to capital increase in the amount of NT$831,765 thousand.

Note 17: On November 16, 2011, per Order No. 10001260100, the MOEA approved the Company to reduce capital by retirement of treasury stocks in the amount of NT$189,880 thousand.

Note 18: On August 8, 2012, per Order No. 1010034786, Financial Supervisory Commission, Executive Yuan approved the Company to transfer the retained earnings to capital increase in the amount of NT$931,577 thousand.

Note 19: On July 30, 2013, per Order No. 1020029587, Financial Supervisory Commission approved the Company to transfer the retained earnings to capital increase in the amount of NT$434,736 thousand.

Note 20: On August 11, 2014, per Order No. 1030029295, Financial Supervisory Commission approved the Company to transfer the retained earnings to capital increase in the amount of NT$456,473 thousand.

Note 21: On July 21, 2016, Financial Supervisory Commission approved the Company to transfer the retained earnings to capital increase in the amount of NT$286,147 thousand.

Note 22: On July 27, 2017, Financial Supervisory Commission approved the Company to transfer the retained earnings to capital increase in the amount of NT$343,854 thousand.

Note 23: On January 5, 2018, per Order No. 10701000360, the MOEA approved the Company to reduce capital by retirement of treasury stocks in the amount of NT$47,680 thousand.

2. Type of stocks issued:

Unit: Thousand shares

Type of Shares	Authorized Capital				Total
	Issued shares			Unissued Shares	
	Listed	Unlisted	Total		
Common shares	1,016,825	—	1,016,825	83,175	1,100,000

3. Information of shelf registration: Not applicable.

(II) Composition of shareholders:

April 24, 2021

Composition of Shareholders / Quantity	Government agencies	Financial institutions	Other juridical persons	Domestic natural persons	Foreign institutions and natural persons	Total
Number of shareholders	0	1	180	62,836	141	63,158
Shares Held	0	54,000	271,536,082	525,320,188	219,914,538	1,016,824,808
Shareholding percentage	0	0.01	26.70	51.66	21.63	100

Note : An initial TWSE/TPEx-listed company or an emerging stock company shall disclose the shareholding percentage of the company's shares held by companies in Mainland China; companies in Mainland China refers to companies invested by people, juridical persons, organizations, and other institutions in Mainland China or investments made in third regions by Mainlanders as stipulated in The Rules Governing Permits for People from Mainland China Investing in Taiwan.

(III) Shareholding distribution status:

April 24, 2021

Class of shareholding	Number of shareholders (person)	Shareholding (shares)	Percentage (%)
1 to 999	31,945	4,590,404	0.45
1,000 to 5,000	18,082	43,062,785	4.23
5,001 to 10,000	5,540	43,998,362	4.33
10,001 to 15,000	2,096	26,242,581	2.58
15,001 to 20,000	1,521	27,936,761	2.75
20,001 to 30,000	1,282	32,202,917	3.17
30,001 to 40,000	597	20,991,789	2.06
40,001 to 50,000	453	21,012,496	2.07
50,001 to 100,000	847	59,764,088	5.88
100,001 to 200,000	424	59,675,838	5.87
200,001 to 400,000	195	54,370,729	5.35
400,001 to 600,000	52	26,046,945	2.56
600,001 to 800,000	32	22,424,398	2.21
800,001 to 1,000,000	29	26,059,725	2.56
1,000,001 or more	63	548,444,990	53.93
Total	63,158	1,016,824,808	100

(IV) List of major shareholders:

Name, number of shares held, and shareholding percentage of shareholders who hold more than 5% of the shares or the 10 largest shareholders:

Shares / Shareholder's Name	Shareholding (shares)	Percentage (%)
Hung I Investment Co., Ltd.	101,690,169	10
Special account for Capital Securities Corporation as the custodian of investments of CSC Securities (HK) Ltd's customer	60,576,749	5.957
Bing Rong Co., Ltd.	51,878,666	5.102
Ji Ji Co., Ltd.	42,729,522	4.202
Chia He Investment Co., Ltd.	31,461,266	3.094
Feng-chu Chou	23,774,000	2.338
Special account for Citibank Taiwan as the custodian of investments of Yuanta Securities Co., Ltd.	23,533,107	2.314
JPMorgan Chase Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	12,634,459	1.243
Chase Custodianship Advanced Starlight Total International Equity Index	12,080,141	1.188
Credit Suisse International investment account hosted by Standard Chartered	11,679,000	1.149

(V) Market price, net worth, earnings, dividends and other information in the most recent two years:

Item / Year			2019	2020	Current Year up to March 31, 2021 (Note 8)
Market price per share (Note 1)	Highest market price		7.72	11.75	10.65
	Lowest market price		6.22	5.08	8.96
	Average market price		6.95	8.48	9.60
Net worth per share (Note 2)	Before distribution		10.45	12.30	12.59
	After distribution		10.45	Note 9	-
Earnings per share	Weighted average shares		1,003,165 thousand shares	1,003,165 thousand shares	1,003,165 thousand shares
	Earnings per share (Note 3)	Before adjustment	0.02	1.68	0.29
		After adjustment	0.02	Note 9	-
Dividend per share	Cash dividend		-	0.7 (Note 9)	-
	Issuance of bonus shares	Distribution of earnings	-	-	-
		Distribution of capital surplus	-	-	-
	Accumulated dividend not paid out (Note 4)		-	-	-
Return on investments analysis	Price-earnings ratio (Note 5)		347.50	5.05	-
	Price-dividend ratio (Note 6)		-	12.11 (Note 9)	-
	Cash dividend yield (Note 7)		-	8.25% (Note 9)	-

* In the case of retained earnings or capital surplus transferred to common stocks, the information about the market value and cash dividend adjusted retroactively based on the quantity of shares distributed shall also be disclosed.

Note 1: The annual highest and lowest market value of common stock shall be listed. The annual average market value is calculated based on each year's transaction value and quantity.

Note 2: The quantity of shares issued at the end of the year shall be used as the reference and please fill in the table according to the distribution amount as resolved by the shareholders' meeting held in the following year.

Note 3: Where retroactive adjustment is necessary due to issuance of bonus shares, earnings per share before and after the adjustment shall be listed.

Note 4: If the terms of equity securities issuance allow unpaid dividends to be accumulated to the subsequent years in which there is profit, the Company shall disclose the accumulated unpaid dividends respectively up to that year.

Note 5: P/E Ratio = Average closing price for each share in the year/earnings per share

Note 6: Price/Dividend Ratio = Average closing price per share in the year/cash dividends per share

Note 7: Cash dividend yield = Cash dividends per share / current year average closing price per share.

Note 8: Please list the net worth per share and earnings per share as recorded in the consolidated financial statements audited by CPA for the latest quarter as of the publication date of the annual report; information for the current year up to the publication date of the annual report shall be listed in the remains columns.

Note 9: The appropriation of earnings for fiscal 2020 was approved by the board of directors on May 12, 2021 and is pending resolution at the shareholders' meeting.

(VI) The Company's dividend policy and implementation status:

1. The distribution of the Company's dividends is determined by the Board of Directors of the Company taking into consideration the earnings of the year, future capital needs, sustainable operations and development and the overall plan for capital expenditure. The Company's dividend policy as stipulated in Article 30 of Articles of Incorporation states: In principle, the percentage of distribution of stock dividends or cash dividends shall be no lower than 10%. However, where the Company needs more capital due to plant expansion plans or future investment plans, earnings can be distributed fully in stock dividends.
2. Proposed distribution of dividends (passed by the Board of Directors, but pending for approval from the shareholders' meeting): The shareholders will receive a dividend of NT$711,777,366 from the 2020 earnings and a cash dividend of NT$0.7 per share will be distributed once the resolution is approved at the shareholders' meeting and the chairman is authorized to set another ex-dividend date, payment date and other related matters.
3. Expected significant changes in the dividend policy: None.

(VII) Effect of distribution of issuance of bonus shares proposed to be discussed at the shareholders' meeting on the Company's operating performance and the earnings per share: None.

(VIII) Compensation of employees, Directors and Supervisors:

1. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation:

   Article 29 of the Articles of Incorporation stipulates that: If the Company has profits for the current year, the Company shall distribute no less than 1% of the profits distributable to the current year for employees' compensation and no higher than 3% for Directors' and supervisors' remunerations. If the Company has accumulated losses, amount sufficient to cover the losses shall be reserved first. The profit distributable to the current year herein refers to profits before tax and before benefits for employees, Directors, and supervisors are subtracted from the profit. Employees' compensation can be paid in cash or in stocks. When the compensations are paid in stocks, the employees in affiliated companies that meet certain criteria may also be included.

   Article 29-1: The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' accumulated operating losses in accordance with related laws; then, 10% of the remaining amount shall be set aside as legal reserve. If, after setting aside the remaining amount as special reserve in accordance with Article 41 of Securities and Exchange Act, there are still earnings, the remaining amount, with undistributed earnings in prior years, shall be retained or appropriated. When appropriating earnings, the Company shall first distribute stock dividends, which shall not exceed 10% of the unappropriated earnings. The remaining amount after distribution shall be appropriated as shareholders' dividends in accordance with the resolution made at shareholders' meeting.
2. The basis for estimating the amount of employees' compensations and Directors' remunerations, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   The amount of employees' compensations and Directors' remunerations for the current year is accrued based on 1% and 1% of the Company's net income before tax of the year, respectively. If the amount of employees' compensations and Directors' remunerations accrued of 2020 is different from the actual distributed amount, the discrepancy will be recognized as gains or losses in the following year.

3. Proposed amount of distribution of compensation approved in the Board of Directors meeting and information about estimated EPS:

   On May 12, 2021, the Board of Directors of the Company resolved that:

   (1) The proposed compensation for employees and directors and supervisors is NT$17,429,970, and the proposed allocation is NT$5,989,050 for employees and NT$7,500,000 for directors and supervisors, both of which are paid in cash.

   (2) Amount of employee remuneration distributed in shares and percentage of total net income after tax and total employee remuneration for the period in individual or parent company only financial reports: No employee shares were distributed.

4. If there is any discrepancy between the actual amount of compensation distributed to employees and Directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of compensation for employees and Directors in the previous year, the amount, causes and treatment of such discrepancies shall be stated:

   There is no difference between employee and director remuneration for 2019 as approved by the shareholders' meeting and employee remuneration of NT$2,626,105 and director remuneration of NT$2,626,105 recognized in the 2020 annual financial statements.

(IX) Company share repurchase status: None.

II. Corporate Bonds: None

III. Preferred Stocks: None.

IV. Global Depository Receipt: None.

V. Employee Stock Options: None.

VI. New Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with the Merger or Acquisition of Other Companies: None.

VIII. Financing Plans and Implementation: Not applicable.

CHAPTER 5 OPERATIONAL HIGHLIGHTS

I. Business Activities

(I) Business scope:

1. The Group's major businesses include:

   Chemical products:

   The production, processing, and sales of (1) Polyether polyol, (2) Nonionic surfactant (PEG) (3) Ethanolamine, (4) Acetaldehyde, (5) Pentaerythritol, (6) Normal-paraffin, and (7) Alkene.

   Import and export of raw-materials and products of the above-mentioned seven products.

   Processing, purchase, sales, import and export of byproducts of the above- mentioned seven products.

   Being an agent for domestic and overseas companies in selling, import and export of chemical products.

   The Company mainly engages in the production and sales of normal paraffin, and the Company has been importing and exporting of alkylbenzene, solvent, surfactant and other chemical products since February 1991.

   Oil products:

   (1) Storage of petrol, diesel and various chemicals, (2) All-in-one services including oil and chemical transports, transshipment, contracted transportation, customs clearance, assembling, inspection, testing, technical services or port pallets.

2. The Company's current products and their percentage to the total sales:

Unit: NT$ thousand

Products:	Total sales amount in 2020	Percentage of total sales
Chemical products	19,594,348	75.80%
Oil products	2,435,934	9.42%
Cement	868,575	3.36%
Construction	2,950,334	11.42%
Total	25,849,191	100.00%

3. The Company's current products:

   Chemical products: Normal paraffin, linear alkylbenzene, linear alkylbenzene sulfonic acid.

Warehousing of oil products: The Company's storage tank located in the Petrochemical Special Zone in Taichung Port is rent to the Free Trade Zones Enterprises: Providing streamline services including trade, storage, logistics, reception and distribution of cargos and goods, re-export, transport, freight forwarding, custom declaration, assembly, processing, manufacturing, inspection, testing, technical services and the depot in the Free Trade Zone. Services provided by the Company include auxiliary facilities, loading, unloading and storage of oil products, delivery, control of total numbers and quality, depot in the Free Trade Zone, and provision of information about the port.

4. New products in development:

Chemical products: The Company continues to develop specialty chemicals related to n-alkane hydrocarbons and development of new interface activators.

Oil products: A. Warehousing services for petrol, diesel and chemicals.

B. Loading and unloading at wharves.

(II) Industry overview:

1. Current status and development of the industry:

Chemical products:

In recent years, the industries of detergents and its raw materials have been growing steadily, especially in developing countries such as Pakistan and India. The continuous growth in these countries serves as the momentum that drives the whole industry's development. Thus, as one of the main raw materials of detergents, normal paraffin and linear alkylbenzene also have great potential of development.

Oil products:

According to the IEA's March 2021 release, crude oil stocks accumulated at the end of 2020 will be depleted by the beginning of 2021 when the epidemic is over and international crude oil levels will be lowered back to pre-epidemic conditions, however, in the post-epidemic era, crude oil markets will likely be very different from the pre-epidemic markets.

The IEA estimates that demand in the crude oil market will not return to 2019 levels until 2023, as the epidemic limits mobility and travel, and the rise of environmental awareness and behavior in various countries affects investment and production in crude oil producing countries and companies. However, the ethane, LPG, and light oil industries are the main growth drivers for the crude oil products market.

Overview of storage tanks at wharves: Currently, the Company owns an oil blending plant and a designated wharf in the Petrochemical Special Zone in Taichung West Port. The plant covers approximately 11 hectares, with a total of 26 storage tanks of various types, and the total volume of which amounts to approximately 130,000 kiloliters. Chenergy's oil tanks and chemical tanks belong to Free Trade Zones in the port. Thus, it is highly convenient to conduct any custom declaration tasks there. All storage tanks are designed for various purposes, being able to store all kinds of detergent oil products, such as gasoline, diesel, kerosene, base oil, and solvent oil. Therefore, the arrangements of these storage tanks are highly flexible and can be scheduled in accordance with the need of businesses. Meanwhile, with the geographical advantage of being in proximity to southern China, the Company is deemed as a priority partner by many international oil traders.

2. Relationship among upstream, midstream, and downstream companies in the industry:

Chemical products:

Upstream — Midstream — Downstream

Kerosene → Normal paraffin → Linear alkylbenz → Linear alkylbenzene sulfonic acid → Detergents: powder and liquid laundry detergent

In the detergent industry, powder and liquid laundry detergents are the main products. The upstream raw materials of these detergents are kerosene, provided by oil refineries. By extraction, N-paraffin can be obtained from kerosene and then be processed to produce linear alkylbenzene and linear alkylbenzene sulfonic acid, which are sold to downstream detergent makers such as P&G, Unilever, etc. The Company's main products are N-paraffin, linear alkylbenzene and linear alkylbenzene sulfonic acid with main production bases located in Taiwan and Mainland China. The Company has completed vertical integration of the upstream, midstream, and downstream companies in the supply chain and continues to expand its productive capacity.

Oil products:

The supply chain of oil products

	Upstream	Midstream	Downstream
Functions	Exploration and production of petroleum → Refining and blending	→ Storage and logistics of the produced oils	→Wholesale/retail

3. Development trends of products:

Chemical products:

Detergent industry is a mature and stable industry. Every year, the total use of detergents grows steadily. The rapid increase of use in emerging markets especially attracts much attention. Meanwhile, the formula of detergent products continues to be improved and the effectiveness of these products increases continuously, which contributes greatly to the development of the industry. The Company's main products, N-paraffin, linear alkylbenzene, and linear alkylbenzene sulfonic acid, are the main raw materials for detergents.

4. Competitions:

Chemical products:

Ho Tung Chemical Corp. has already gained a foothold in the global market of detergent raw materials. It is the largest manufacturer of detergent raw materials in Asia and has set up many plants in Mainland China, which is a large market with great potentials. Thus, Ho Tung Chemical Corp. has considerable competitive advantages over other companies and is able to boost its influence on and competitiveness in the market.

Oil products:

Countries around the world are actively promoting and implementing policies based on initiatives to reduce carbon emissions. However, it will take time for the actual implementa tion of sustainable, alternative energy sources. In this process, changes in the crude oil market will be exacerbated by these factors, and the major oil product indicators that are of concern to Hutchinson Chemical will gradually rise from their low point in 2020, while the Taiwan dollar appreciates against the US dollar. Discounting the uncontrollable factors in the general environment, Hutchinson Chemical is proactively laying out its plans to respond to this changing trend, hoping to remain competitive in spite of the changes.

(III) Overview of technology and R&D:

Chemical products:

1. In order to comply with the government's policy of reducing carbon dioxide emissions, the plant has completed a heating furnace and process improvement project to reduce the exhaust temperature of the furnace and to save heavy fuel oil and energy consumption, which is of great benefit to the environment and cost. The alkylbenzene plant continues to actively launch renovation and improvement programs towards the lowest consumption and energy consumption per unit to achieve economic operations. The sodium dodecanol ethoxylate sulfate plant is also continuing to promote the renovation program to improve the efficiency and effectiveness of the production line.

2. The Company actively involved in the research of diversified raw materials for the production of interfacial activators, as well as the development of practical applications in industrial and emerging industries after reprocessing of existing products.

(IV) Long-term and short-term development plans:

Chemical products:

1. Short-term development plans:

   The Company aims to improve its decision-making mechanism and business operations, raise its core competitiveness, integrate resources, and realize its business synergy while nurture outstanding talent proactively in order to improve the performance of all investments.

2. Mid- and long-term development plans:

   Strengthen the internal control system and corporate governance system. Make necessary merger and acquisition and investments; build new plants or form strategic coalitions to expand the Company's business scopes. Make Taiwan the Company's logistic hub, utilize resources from Taiwan, Mainland China, and the whole world effectively, expand overseas market, and develop core technology and make the most of the research outcomes.

Oil products:

1. Short-term development plans:

   (1) The Port of Taichung is favorable to development because it is in proximity to the main market in central Taiwan and the setup cost here is relatively low in comparison to urban areas. In addition, the Port of Taichung is the closest port in Taiwan to Mainland China with highly developed and convenient transportation to different countries. The port is

entitled with some tax incentives similar to other bonded areas, which makes it competitive. By exporting products through the Port of Taichung to Mainland China and other adjacent countries in Southeast Asia and Northeast Asia, or by integrating with industries in Mainland China and other ASEAN countries, the Company has built up a comprehensive supply chain. Geographically speaking, the Port of Taichung is advantageous to the development of logistic and distribution systems.

(2) In addition to complying with Regulations Governing Ship Stevedore Operator and Tally Company, the Company also assists in training ship stevedore operator and ship tallymen to increase the future automation rate and reduce mistakes made by staff.

2. Long-term development plans:

Strengthen the logistic ability of ports and create value-added for products. The Company plans to develop logistic ports for energy and bulk commodities, allowing upstream and downstream industries to cluster and integrate functions with value-added such as the simple processing function, logistics, warehousing, packaging and distribution to realize the potential of all products. With all the above efforts, the Company can help increase the synergy of Free Trade Zone in the Port of Taichung, which is beneficial for multinational companies to develop the Port of Taichung into a logistic hub.

Taking advantage of the quality wind farms off the western coast of Taiwan, the Company also provides specialty piers and land for offshore wind companies to build a holistic industry clusters in coordination with the government's diversified and sustainable environment policies. The Company will facilitate the cooperation among upstream and downstream industries, reinforce the integration of all value chain, increase value-added and provide comprehensive solutions and services.

II. Market and Sales Overview

(I) Market analysis

1. Main sales region

Unit: NT$ thousand

Region/Amount	2019		2020	
	Sales amount	%	Sales amount	%
Taiwan	1,577,964	5.75	4,169,299	16.13
Mainland China region	19,926,457	72.57	17,083,559	66.09
Southeast Asia	2,739,372	9.97	2,728,251	10.55
Other regions	3,215,844	11.71	1,868,082	7.23
Total	27,459,637	100.00	25,849,191	100.00

2. Market share, future supply and demand and potential for growth:

Market share:

Chemical products:

(1) Normal paraffin: In addition to meeting the need in domestic market, the Company also supplies to other Asian customers. In recent years, the demand of alkylbenzene has been growing steadily. The Normal Paraffin market is well supplied this year.
The demand of alkylbenzene from Mainland China grow stably. Currently, normal paraffin is mainly used for the manufacturing of linear alkylbenzene. The main raw materials of detergents are linear alkylbenzene and sulfonate. In addition, detergents are necessities with higher threshold to the industry, so the demand of detergents is less likely to be affected by the fluctuation of economy and offers the Company a stable operational basis.

(2) Isoparaffin: It is widely used in industries especially in environment-friendly coating industry, metal processing industry and ink industry. Its features include low toxicity and slight odor and it is environment-friendly. Thus, the demand of isoparaffin continues to grow.

(3) Sodium dodecyl polyoxyethylene ether sulfate: Most of the raw materials for this surfactant come from nature environment. The Company faces strong competition in key markets. As the demand for personal care and cleaning continues to rise, the Company will continue to maintain an appropriate market share.

Oil products:

Leasing of storage tanks of chemical products and oil products:
Ports in Taiwan that are able to provide oil storage tank leasing service and delivery services include the ports of Taichung, Kaohsiung, Taipei, and Keelung. Among these ports, the scale of operation of the Port of Kaohsiung and Port of Taichung are bigger ones among the four ports. In the petrochemical specialized zone in the Port of Taichung, there are six businesses providing storage leasing services currently. The total number of storage tanks is 155 with total

volume of 550,000 kiloliters. Their customers are separate due to geographical factors. Thus, there is no fierce competition. As the petrochemical industry in Taiwan is migrating to Mainland China, the number of export and import of the port storage service providers are unstable. The Company has been proactively seeking for opportunities to cooperate with domestic and overseas petrochemical companies and large trade companies to increase the percentage of long-term and stable customers. By doing so, the impact of uncertain factors in the market can be reduced.

Future supply and demand in the market and its growth

Chemical products:

To enhance the company's core competitiveness and strengthen the development of the detergent raw materials industry, continue to invest and develop overseas, and at the same time meet the needs of downstream products such as market demand for alkylbenzene sulfonates and other sulfonated products. Currently, our production facilities in China are located in Nanjing, Xiamen, Guangzhou, Shanghai, Anhui, Tianjin, Huizhou and Chengdu, with an annual production capacity of approximately 600,000 tons of sulfonated products, making us the largest supplier of detergent raw materials in Asia. The company continues to adjust the available range of surfactants according to the market trend to ensure competitiveness.

Oil products:

With the geographical advantages, the intrinsic advantages of the Port of Taichung and the opening market in Mainland China, the Company's logistics business in the Port of Taichung is expected to perform better than that in other ports in Taiwan. With the business philosophy and the outstanding reputation in petrochemical storage tank leasing industry, the Company is expected to expand its business steadily. The Company has been speeding up its process of internationalization, balancing among safety, efficiency, sustainability, integration and internationalization when developing its business. In the future, the Company will continue to operate with the philosophy of creating a beneficial management environment and building a reciprocal cooperative relationship with vendors, reach internal consensus and adopt the core value of customer-oriented business.

Favorable and unfavorable factors in the long term:

(1) Future prospect:

A. N-paraffin: Basic raw materials for petrochemical industry, with many reprocessed applications.

B. Isoparaffin: Isoparaffin is the basic raw material for coatings and industrial processing. Thus, the domestic customers in the industry are mature, and overseas demand is stable.

C. Oil Product: Petrochemical products are made from petroleum, and they are the basis for people's livelihood, industry, and high-tech industries. Therefore, even if the awareness of sustainability and environmental protection increases, petrochemical and chemical-related storage and transportation facilities will remain an important development direction.

(2) Favorable factors:

Chemical products:

A. Petrochemical upstream and downstream industry experience:
The Company produces kerosene and has established long-term contracts with refinery suppliers. The Company is well versed in downstream product processing and reprocessing technologies, thus creating a market entry barrier.

B. Close to the market:
Our company adopts a large-scale and efficient production method for alkyl benzene and fatty alcohol interface activator products, and is close to the user market and customers, so that the fluctuating raw material prices and changing consumer habits become our business advantages.

(3) Unfavorable factors and responses:

Chemical products:

Unfavorable Factors	Response measures
Relying on specific raw materials for the production of surfactants	Actively develop diversified paths.
The final surfactant product differentiation is not obvious	Collaborate with partner companies to propose improvement plans.
Lack of surfactant production and engineering team	Actively recruit engineering and production teams.
Product applications are focused on the consumer goods industry and specific regions	Actively expand into overseas markets such as Japan, Europe, and the Americas. We are also in contact with sales channels in different industries to establish cooperation.

Oil products:

Unfavorable Factors	Response measures
The increasing concerns over industrial safety and environmental protection in Taiwan have caused uncertainty and are unfavorable for the development of petrochemical industry in Taiwan.	The Company has been committed to strengthening its industrial safety disciplines, its ability to respond to emergencies and contractor management and improving our audit and enhancing procedures concerning various industrial safety indicators. By doing so, the Company seeks to cultivate a corporate culture where industrial and occupational safety are the main concern and there are no aspects of industrial and occupational safety left unattended and to achieve the goal of "comprehensive occupational safety, zero occupational injuries." In addition, the Company plans to manufacture petrochemical products with high value-added, increase its turnover rate of loading and unloading goods and of storage tanks, develop new oil products, and reduce the delivery cost to boost the Company's benefits.

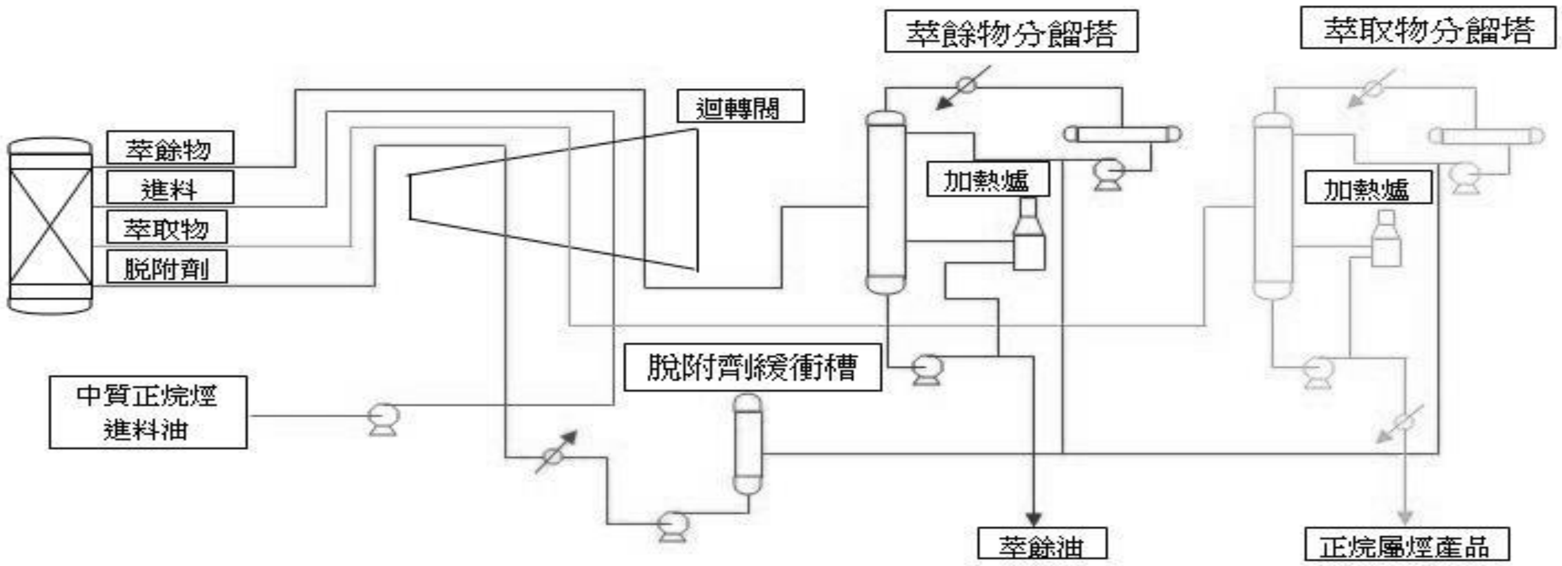
Unfavorable Factors	Response measures
Many multinational oil companies have built up their own large oil storage tanks in Mainland China, Malaysia and other neighboring countries one after one. These companies will become potential competitors.	The Company utilizes its blending ability and enhances its cooperation with upstream oil refineries. In addition, the Company will continue to improve its sales ability to raise the quality of products and maintain customers' level of satisfaction. The Company is able to raise long-term funds in the capital market and reduce the funding cost. In addition, the Company will invest in storage tanks and related equipment to scale up its business, making the Company's products more competitive.
Domestic labor costs remain high, placing more burdens on the Company's cost expenses.	The Company put much emphasis on employees' benefits to reduce employee turnover rate. In addition, the Company continues to provide professional trainings to employees in order to raise their production efficiency. The Company's development is balanced among the five aspects of safety, efficiency, sustainability, integration, and internationalization.

(II) Major products, their main uses, and production processes:

1. Main uses of major products:

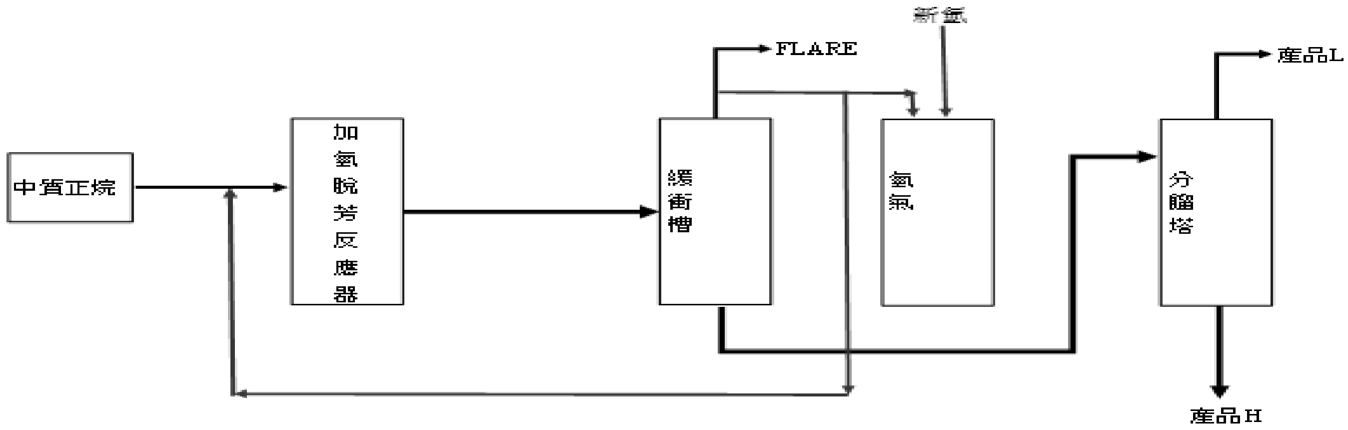
Major products	Uses
Normal paraffin	Raw materials for alkylbenzene, chlorinated paraffin and higher alcohol for industrial use.
Isoparaffin	Used in environment-friendly coatings, metal processing, and ink industries.
Alkylbenzene/Alkylbenzene sulfonic acid	Raw materials for detergents
Diesel	Based on the main use, diesel can be classified into diesel for land use and diesel for marine use. For diesel for land use, Environmental Protection Administration, Executive Yuan stipulated on July 1, 2011 that the sulfur content of such oil shall be less than 10ppm, that is, the premium diesel. For diesel for marine use, there are two different types: fishing boats use fishing boat fuel A while general ships and international ships use marine fuels.
Solvents	Most liquid petroleum products can be used as solvents for industry use. Among these products, benzene, toluene, and xylene are not only good solvents for industrial use, but also important raw materials for chemical industries. Acetic acid and ethyl acetate are not directly made of crude oil or crude oil products, but can be indirectly made from oil products. They are also important solvents and petrochemical products.

2. Major products and their production processes:
   Flow Chart of N-paraffin



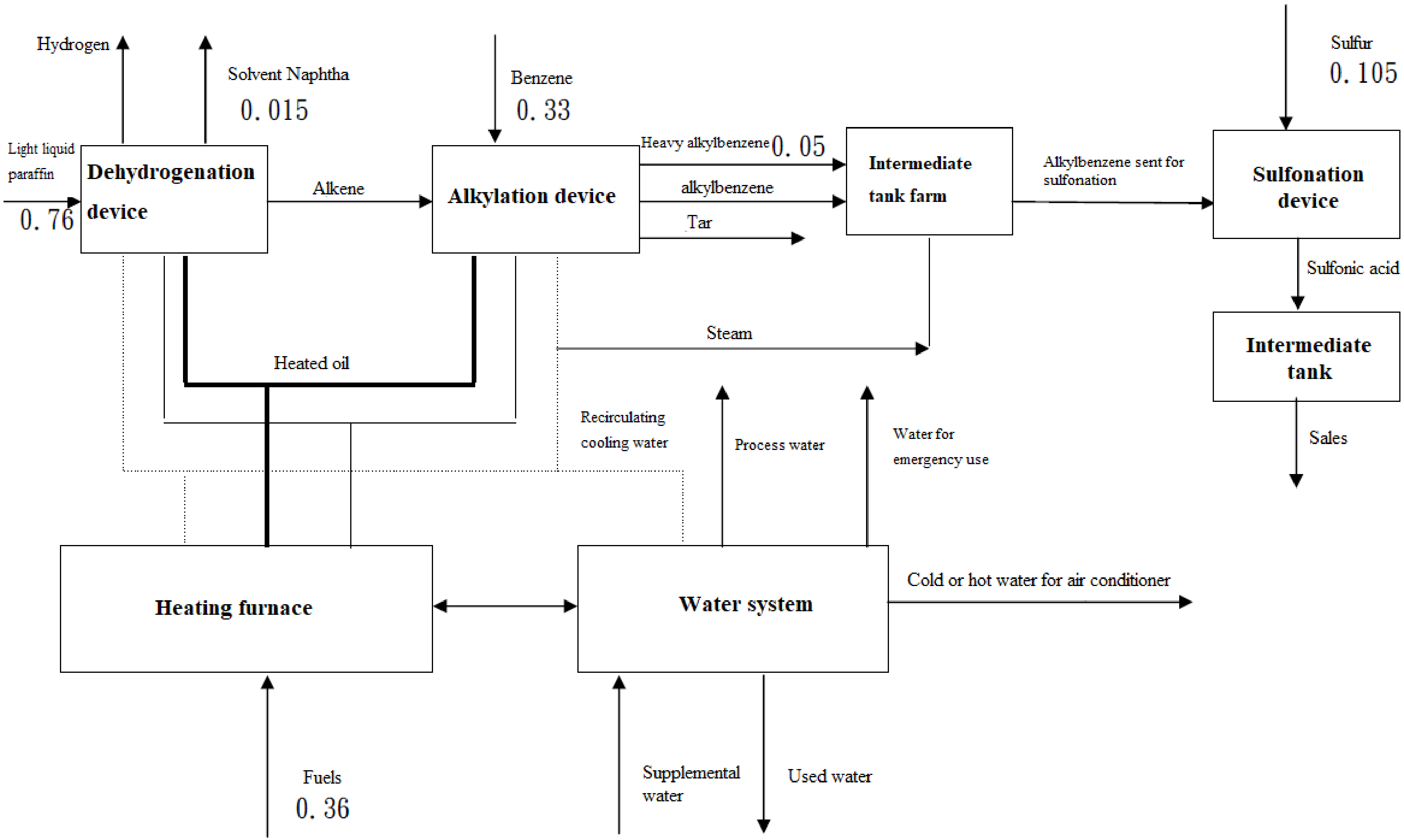
Residues	Rotary valve	Fractionating column of residues	Fractionating column of extracts
萃餘物	迴轉閥	萃餘物分餾塔	萃取物分餾塔
Feeding	Desorbent buffer tank	Heating furnace	Heating furnace
進料	脫附劑緩衝槽	加熱爐	加熱爐
Extracts		Raffinate oil	N-paraffin products
萃取物		萃餘油	正烷屬烴產品
Desorbents			
脫附劑			
Medium N-paraffins feedstock			
中質正烷烴進料油			

Diagram of de-aromatic hydrogenation equipment



		FLARE	Fresh hydrogen	Product L
			新氫	產品 L
Medium N-paraffins	Reactor of de-aromatic hydrogenation	Buffer tank	Hydrogen	Fractionating column
中質正烷	加氫脫芳反應器	緩衝槽	氫氣	分餾塔
				Product H
				產品 H

Simplified Flow Chart of Alkylbenzene Sulfonic Acid Equipment



Note 1: In 2000, the Company introduced the patented optional hydrogenation of dienes technology. After the introduction, the unit consumption of N-paraffin has been decreased from 0.85 to 0.76.

Note 2: Among the byproducts, input-output ratio of solvent naphtha against alkylbenzene is around 0.015 for solvent oil and 0.05 for heavy alkylbenzene; the numbers are their respective ratios to alkylbenzene.

(III) Supply status of main materials:

Name of major products	Main materials	
	Main source	Supply Status
Normal paraffin	Domestic/Import from other countries	Normal
Isoparaffin	Import from other countries	Normal
Alkylbenzene/Alkylbenzene sulfonic acids	Korea/Taiwan/Mainland China/Japan	Normal

(IV) Name and total trade amount of major suppliers/clients that have accounted for at least 10% of sales/procurement in either of the past two years, the percentage against total sales/procurement and reasons for change:

1. Name and total trade amount of major suppliers that have accounted for at least 10% of procurement in either of the past two years and the percentage against total purchase:

Unit: NT$ thousand;%

	2019				2020				2021 as of the end of last quarter (Note 2)			
Item	Name	Amount	Percentage accounting for net purchase of the year (%)	Relation ship with the issuer	Name	Amount	Percentage accounting for net purchase of the year (%)	Relation ship with the issuer	Name	Amount	Percentage accounting for net purchase in current year as of the end of last quarter (%)	Relation ship with the issuer
1	Jinlin Petrochemical Co., Ltd.	3,775,014	13.57%	Related parties	Jinlin Petrochemical Co., Ltd.	3,142,174	15.16%	Related parties	Jinlin Petrochemical Co., Ltd.	445,300	11.68%	Related parties
2	P037	2,350,440	8.45%	None				None				
3	Others	21,695,365	77.98%	-	Others	17,580,926	84.84%	-	Others	3,368,570	88.32%	
	Net purchase	27,820,819	100.00%	-	Net purchase	20,723,100	100.00%	-	Net purchase	3,813,870	100.00%	

Note 1: Please specify the name and total trade amount of major suppliers that have accounted for at least 10% of procurement in either of the past two years and the percentage against total purchase. However, for those supplier whose name cannot be disclosed according to the contract or the trade counterpart is a non-related party individual, a code name can be used instead.

Note 2: Financial information as of March 31, 2021 has been audited and certified by the CPAs.

Reason for changes in trade amount with major suppliers: The decrease in the amount of purchase from supplier P037 in 2020 was due to the suspension of the transaction of Tianjin Zhongran, therefore, the purchase from this supplier was reduced.

2. Name and total trade amount of major clients that have accounted for at least 10% of sales in either of the most recent two years, and the percentage against total sales:

Unit: NT$ thousand;%

	2019				2020				2021 as of the end of last quarter (Note 2)			
Item	Name	Amount	Percentage of net sales in the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales in the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales in the current year as of the end of last quarter (%)	Relationship with the issuer
1	Tianjin Zhongran Ship Fuel Limited Company	2,474,442	9.01%	Related parties	S068	2,950,334	11.41%	None	S069	651,408	13.43%	None
2					S069	2,667,651	10.32%	None				
3	Others	24,985,195	90.99%	-	Others	20,231,206	78.27%	-	Others	4,198,217	86.57%	
	Net sales	27,459,637	100.00%	-	Net sales	25,849,191	100.00%	-	Net sales	4,849,625	100.00%	-

Note 1: Please specify the name and total trade amount of major clients that have accounted for at least 10% of sales in either of the past two years and the percentage against total sales. However, for those clients whose name cannot be disclosed according to the contract or the trade counterpart is a non- related party individual, a code name can be used instead.

Note 2: Financial information as of March 31, 2021 has been audited and certified by the CPAs.

Reason for changes in trade amount with major clients:

1. The decrease in sales amount of Tianjin Zhongran in 2020 was due to the suspension of trading since September 2019 due to the Economic Substantive Law.
2. The increase in sales amount by S068 customer in 2020 was due to the disposal of land in Nanggang.
3. The increase in sales amount by S069 customer in 2020 was due to the increase in orders.

(V) Table of production volume and value in the most recent two years:

Unit: NT$ thousand/Tons

Year / Output / Major Products (or by department)	2019			2020		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Chemical products	1,005,200	874,881	29,055,212	1,005,200	808,291	20,407,757
Cement	650,000	550,143	797,302	650,000	509,717	697,481
Total	1,655,200	1,425,024	29,852,513	1,655,200	1,318,008	21,105,238

(VI) Sales volume and value in the most recent two years:

Unit: NT$ thousand/Tons

Year / Output / Major Products (or by department)	2019				2020			
	Domestic		Export		Domestic		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Chemical products	18,189	557,830	749,143	21,126,840	7,212	224,941	569,155	19,369,407
Oil products	-	101,267	273,845	4,754,833	-	135,725	94,745	2,300,209
Cement	543,245	918,867	-	-	510,983	868,575	-	-
Construction	-	-	-	-	-	2,950,334	-	-
Total	561,434	1,577,964	1,022,988	25,881,673	518,195	4,179,575	663,900	21,669,616

Note : Income from domestic sales of oil products mainly arises from the leasing of oil storage tanks and operating income.

III. Human Resources in the Most Recent Two Years and up to the date of Publication of the Annual Report

Year		As of December 31, 2019	As of December 31, 2020	As of April 30, 2021
No. of employees		894	907	908
Average age		39.27	39.68	40.17
Average years of services		10.35	10.42	11.02
Education	Ph.D.	0.22%	0.11%	0.22%
	Master	2.46%	3.31%	3.19%
	College	81.21%	79.16%	79.19%
	High school (including) or below	16.11%	17.42%	17.40%

Note : The annual data shall be updated as of the publication date of this annual report.

IV. Environmental Protection Expenditure

The environmental protection expenditure includes the losses due to environmental pollution in the most recent year and the period from that year ended to the date the annual report was printed (including compensation, events in which the results showed the breach of relevant environmental laws with the dates of dispoal, reference numbers of disposal, numbers of articles breached, contents of articles breached and the contents of disposal listed), and the estimated amounts and corresponding measures for events that may happen currently or in the future shall also be disclosed.

On November 20, 2020, the company was audited by the Environmental Protection Bureau, and there were four deficit found. In addition, the test value of equipment components was greater than 10,000ppm. The Environmental Protection Bureau of Kaohsiung City Government on January 14, 2021 imposed a fine of $675,000 in accordance with the Air Pollution Control Law. In response, the production department is required to carry out monthly inspection of the equipment components in the plant, and to commission infrared inspection every two months and FID inspection every quarter.

V. Labor Relations

Employees' welfare policies, continuing education, training, retirement system and the implementation of such a system, agreements between employees and employer and employees' rights and interests:

(I) Employees' welfare policies:

The Company's Employees' Welfare Committee was formally established on May 2, 1989, and was approved by the Kaohsiung County Government. Since the establishment of the Committee, it has been operating with the goals to pursue the best welfare and benefits for all employees and the performance of the committee has always been excellent. The Company's employees' benefits and welfare include: Labor insurance/National Health Insurance for all employees, providing health care examination on a regular basis and provide subsidies for marrying or expecting employees, compensations for any injuries or death and scholarship to employees' children.

(II) Education and training: (Education and training of employees)

1. New employee orientation: The content includes the Company's corporate culture, structure, the market of detergent raw materials, introduction to the information and Internet system, occupational safety and health, and trainings on information security.
2. Improving professional knowledge: The Company's employees all have to receive internal and external trainings where necessary in order for them to take advantage of their own specialty to carry out the designated tasks so that they can continue to achieve goals set up by the Company and help the Company gain core competitive advantages.

Continuing education and training concerning ethical corporate management carried out by the Company and subsidiaries included in the consolidated financial statements for the year of 2020 and their expenses:

Trainings	Internal trainings	External trainings
Number of people receiving trainings	2,649	502
Total hours	17,817	22,000
Total expenses	Approximately NT$175 thousand	Approximately NT$713 thousand
Types of training	Director training, legal affairs courses, personnel safety training, etc., product manuals, operating procedures, monthly skills training, safety training, safety drills, emergency rescue training, fire training rules and regulations, HSE safety internal training, skills training, internal auditor training, rules and regulations, skills training, HSE safety internal training, internal auditor training, safety production training, ISO system training, HAS standards, RSPO Standard training, fire drill, process operation skills, wastewater treatment engineering, safety and environmental protection, common safety of electrical	Epidemic prevention and control hygienist training, quality control system training, practical application of new accounting standards, safety manager, occupational health manager training, sulphon chemical process training, accounting/occupational health and safety courses, training for key responsible persons and safety managers of hazardous chemical enterprises, Special Training for Sulfonation Operators, Special Training for Automation Operators, Safety Management Training, Occupational Hygiene Training, Document Review, Accounting/Audit/Occupational Health and Safety Courses, Red Cross First Aid Training, Training on High Voltage Electricity Industry, Training on Piezoelectricity Industry, Training on Boiler Pressure Vessel and Pressure Piping Operation, Training on Special Equipment Safety Management Person in Charge, Training on Financial Accounting Continuing

	appliances, three levels of safety education in the factory, safety before spring festival, safety after spring festival, wearing and using positive pressure air breathing apparatus, eight special operations.	Education, Sulfur Chemical Technician, Hazardous Chemicals Manager, Occupational Health Practitioner, Undergraduate Chemical Technology Adult Education, Registered Safety Engineer Re-education, Instrumentation Practitioner, Fire Facility Operator, Forklift Certification Annual Audit, Welder Annual Audit, Electrician Annual Audit, Pressure Vessel Safety Manager.

(III) Retirement system and implementation:

The Company's Employees' Pension Reserve Fund Committee was formally established on October 17, 1989 in accordance with Labor Standards Act. The Company has formulated rules and regulations concerning employees' retirement, which was approved by the Department of Labor, Taipei City Government per the Order No. 17774. The Company regularly appropriates employees' pension to the special account opened at the Bank of Taiwan (originally at the Central Trust of China) in order to protect the rights of our employees. By the end of 2020, the accumulated reserve for the payment of pension for employees was NT$ 41,194,512. After the "Labor Pesion Act" came into effect, for employees who choose to apply the regulations of Labor Standards Act, their pensions will be calculated based on their years of service and the average monthly salary of the 6 months before retirement. For the years of service which are not more than 15 years, 2 units for every 1 year will be given to a employee. For the years of service over 15 years, 1 unit for every 1 year after the 15th year will be given to a employee. However, the upper limit for this is 45 units.

Since July 1, 2005, in accordance with the "Labor Pesion Act", the Company shall appropriate 6% of employees' salary to their individual special pension accounts at Bureau of Labor Insurance according to their insurance levels for employees who choose to adopt the new system. The payment of employee pension will be based on the balance in employees' individual special pension accounts and the accumulated income, and it shall be made to the employees in the form of monthly pension or a lump sum.

(IV) Workplace environment, employees' safety protection measures and their implementation:

Both the Company's plants and office buildings were designed with safety as their first priority. In addition to the arrangement of safe and comfortable workplaces, at least 1 employee health check shall be performed annually in accordance with laws related to occupational safety and health. In our plant in Kaohsiung, there are occupational safety and health personnel who are responsible for setting up management regulations related to occupational safety and health. Any finding or forseeable occupational safety and health events shall be discussed in the morning meeting everyday. The Kaohsiung plant shall regularly arrange out-sourced working environment inspections and ask the Fire Department to send personnel to the plant for providing trainings of first-aid and fire-fighting every half year, in order to provide first aid trainings to employees in order to prevent accidents and protect employees' safety.

(V) Work and professional ethics

In order to operate the business with integrity, the Company has established Ethical Corporate Management Best Practice Principles as guidelines for all employees to follow.

(VI) Labor-management agreements and disputes:

The Company and its employees are all fully aware of the importance of establishing harmonious labor-management relations and therefore put a lot of emphasis on the mutual communication. The Company's makes its policies and significant measures fully understood by employees so that it can obtain employees' support and cooperation. Meanwhile, employees' requirements can be properly addressed through honest and transparent negotiations. For the year of 2020 and as of the date of publication of the annual report, the Company has not incurred any losses from labor- management dispute.

VI. Important Contracts

Nature	Counterparty	Period	Main contents	Restrictions
Syndicated loans	Syndicate banks led by Land Bank of Taiwan	2018/12/28~ 2024/01/28	NT$1.75 billion of credit line	Requirements on financial ratios
Purchase contract for kerosene	CPC Corporation, Taiwan	2021/01/20~ 2022/01/19	Purchase of kerosane and pricing method	None
Investment Contracts	Ho Tung Chemical Corp.,LCY Chemical Corp., USI Corporation, Asia Polymer Corporation,Hsin Tay Petroleum Co., Ltd., and Lien Hwa Industrial Corp., CTCI Corporation, Fubon Financial Holding Venture Capital Corp., Hongfu Investment Co., Ltd.	2019/12/18	The Company invests in Gulei Industrial Park in Zhangzhou, Fujian Province, China together with 9 other companies for the production of petrochemical products.	Restrictive clauses on the transferal of shares and pledge of shares
West Pier No. 7 of Taichung Port, storage tanks and affiliated facilities, and land lease agreement of petrochemical indusrial zone	Taichung Bracnch, Taiwan International Ports Corporation, Ltd.	2019/06/25~ 2039/06/24	For the uses of loading and unloading, production, storage and transfer of petrochemical products	No sub-lease and under-lease, or the transfer of rights or obligations in the contract to any other third party, or adding any sharing party without the written consent of Taichung Bracnch, Taiwan International Ports Corporation, Ltd.

CHAPTER 6 FINANCIAL INFORMATION

I. Condensed Balance Sheet, Income Statement, Independent Auditors' Names and Audit Opinions for the Most Recent Five Years

(I) Condensed balance sheet - IFRSs

Consolidated Condensed Balance Sheet

Unit: NT$ thousand

Item \ Year		Financial information in the most recent five years (Note 1)					Financial information of the current year as of March 31, 2021 (Note 3)
		2016	2017	2018	2019	2020	
Current assets		18,211,037	15,991,323	15,325,705	13,432,164	14,131,493	14,211,826
Property, plant, and equipment (Note 2)		8,101,477	6,505,203	6,042,448	5,643,940	4,894,032	4,890,030
Intangible assets		369,885	521,276	481,331	439,984	396,561	390,724
Other assets (Note 2)		2,921,499	3,861,086	3,573,855	4,268,506	4,859,739	4,922,413
Total assets		29,603,898	29,603,898	25,423,339	23,784,594	24,281,825	24,414,993
Current liabilities	Before distribution	12,152,299	9,608,121	8,296,564	6,439,172	4,780,349	4,470,447
	After distribution	12,152,299	9,913,168	8,449,088	6,439,172	(Note 4)	(Note 4)
Non-current liabilities		2,255,437	2,652,129	2,652,129	3,524,379	3,157,512	3,174,769
Total liabilities	Before distribution	14,407,736	12,260,250	10,907,782	9,963,551	7,937,861	7,545,216
	After distribution	14,407,736	12,565,297	11,060,306	9,963,551	(Note 4)	(Note 4)
Equity attributable to owners of parent company		11,067,716	11,194,306	11,038,656	10,478,195	12,335,791	12,631,672
Capital stock		9,872,074	10,215,928	10,168,248	10,168,248	10,168,248	10,168,248
Capital surplus		50,132	50,132	50,541	50,541	50,541	50,541
Retained earnings	Before distribution	1,036,754	1,033,196	1,199,952	1,028,067	2,717,714	3,003,182
	After distribution	692,900	728,149	1,047,428	1,028,067	(Note 4)	(Note 4)
Other equities		251,978	38,272	(284,134)	(672,710)	(504,761)	(494,348)
Treasury stock		(143,222)	(143,222)	(95,951)	(95,951)	(95,951)	(95,951)
Non-controlling interest		4,128,446	3,424,332	3,476,901	3,342,848	4,008,173	4,238,105
Total equity	Before distribution	15,196,162	14,618,638	14,515,557	13,821,043	16,343,964	16,869,777
	After distribution	15,196,162	14,313,591	14,363,033	13,821,043	(Note 4)	(Note 4)

Note 1: All the financial information listed above were audited and certified by the independent auditors.
Note 2: The Company has not had its assets re-evaluated as of March 31, 2021.
Note 3: The financial information for the current year as of March 31, 2021 was reviewed by the independent auditors.
Note 4: The distribution of earnings in 2020 has not yet been resolved by the shareholders' meeting.

Consolidated Condensed Statement of Comprehensive Income

Unit: NT$ thousand

Item \ Year	Financial information in the most recent five years (Note 1)					Financial information of the current year as of March 31, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Operating revenue	30,642,870	31,429,670	30,394,034	27,459,637	25,849,191	4,849,625
Gross profit	2,929,892	2,366,605	2,293,565	2,544,115	6,005,778	954,163
Operating profit or loss	969,333	633,208	748,194	859,965	3,633,445	619,880
Non-operating income and expenses	412,228	10,558	(77,837)	(293,987)	(623,417)	20,551
Pretax profit	1,381,561	643,766	670,357	565,978	3,010,028	640,431
Net Income for Continuing Operations	961,418	411,426	437,917	358,624	2,399,546	530,170
Loss of discontinued operations	0	0	0	0	0	0
Net profit (loss)	961,418	411,426	437,917	358,624	2,399,546	530,170
Other comprehensive income (loss) for the period (net, after tax)	(843,408)	(276,988)	(261,116)	(522,730)	227,961	(4,357)
Total comprehensive income (loss)	118,010	134,438	176,801	(164,106)	2,627,507	525,813
Net profit attributable to owners of parent company	402,501	336,968	263,828	17,820	1,686,431	287,214
Net profit attributable to non-controlling interests	558,917	74,458	174,089	340,804	713,115	242,956
Total comprehensive income or loss attributable to the owner of the parent company	(134,029)	126,590	65,980	(371,883)	1,857,789	295,881
Total comprehensive income attributable to non-controlling interests	252,039	7,848	110,821	207,777	769,718	229,932
Earnings per share	0.40	0.34	0.26	0.02	1.68	0.29

Note 1: All the financial information listed above were audited and certified by the independent auditors.

Note 2: The financial information for the current year as of March 31, 2021 was reviewed by independent auditor.

Condensed Parent Company Only Balance Sheet

Unit: NT$ thousand

Item		Financial information in the most recent five years (Note 1) 2016	2017	2018	2019	2020	Financial information of the current year as of March 31, 2021
Current assets		2,865,834	1,927,47	2,325,219	2,906,725	2,961,345	Not applicable
Property, plant, and equipment (Note 2)		531,755	510,991	492,585	626,000	527,182	
Intangible assets		43,985	32,989	21,993	10,997	4,456	
Other assets (Note 2)		11,192,746	11,763,618	11,573,456	10,358,924	11,055,175	
Total assets		14,634,320	14,235,070	14,413,253	13,902,646	14,548,158	
Current liabilities	Before distribution	2,620,112	1,354,849	1,662,591	1,646,034	666,210	
	After distribution	2,620,112	1,659,896	1,815,115	1,646,034	(Note 3)	
Non-current liabilities		946,492	1,685,915	1,712,006	1,778,417	1,546,157	
Total liabilities	Before distribution	3,566,604	3,040,764	3,374,597	3,424,451	2,212,367	
	After distribution	3,566,604	3,345,811	3,527,121	3,424,451	(Note 3)	
Equity attributable to owners of parent company		11,067,716	11,194,306	11,038,656	10,478,195	12,335,791	
Capital		9,872,074	10,215,928	10,168,248	10,168,248	10,168,248	
Capital surplus		50,132	50,132	50,541	50,541	50,541	
Retained earnings	Before distribution	1,036,754	1,033,196	1,199,952	1,028,067	2,717,714	
	After distribution	692,900	728,149	1,047,428	1,028,067	(Note 3)	
Other equities		251,978	38,272	(284,134)	(672,710)	(504,761)	
Treasury stock		(143,222)	(143,222)	(95,951)	(95,951)	(95,951)	
Non-controlling interest		0	0	0	0	0	
Total equity	Before distribution	11,067,716	11,194,306	11,038,656	10,478,195	12,335,791	
	After distribution	11,067,716	10,889,259	10,886,132	10,478,195	(Note 3)	

Note 1: All the financial information listed above were audited and certified by the independent auditors.
Note 2: The Company has not had its assets re-evaluated as of March 31, 2021.
Note 3: The distribution of earnings for the year of 2020 has not been resolved by the shareholders' meeting.

Condensed Parent Company Only Statement of Comprehensive Income

Unit: NT$ thousand

Item \ Year	Financial information in the most recent five years (Note 1)					Financial information of the current year as of March 31, 2021
	2016	2017	2018	2019	2020	
Operating revenue	5,184,627	4,613,005	5,838,856	4,084,481	5,931,094	
Gross profit	230,851	294,122	230,985	127,335	2,003,403	
Operating profit or loss	(88,262)	24,599	(16,594)	(135,450)	1,555,045	
Non-operating income and expenses	483,688	296,466	273,953	145,013	153,092	
Pretax profit	395,426	321,065	257,359	9,563	1,708,137	
Net Income for Continuing Operations	402,501	336,968	263,828	17,820	1,686,431	
Loss of discontinued operations	0	0	0	0	0	
Net profit (loss)	402,501	336,968	263,828	17,820	1,686,431	Not applicable
Other comprehensive income (loss) for the period (net, after tax)	(536,530)	(210,378)	(197,848)	(389,703)	171,358	
Total comprehensive income (loss)	(134,029)	126,590	65,980	(371,883)	1,857,789	
Net profit attributable to owners of parent Company	402,501	336,968	263,828	17,820	1,686,431	
Net profit attributable to non- controlling interests	0	0	0	0	0	
Total comprehensive income or loss attributable to the owner of the parent company	(134,029)	126,590	65,980	(371,883)	1,857,789	
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	
Earnings per share	0.40	0.34	0.26	0.02	1.68	

Note 1: All the financial information listed above were audited and certified by the independent auditors.

(II) Names of the CPAs and their audit opinions:

Year	Name of Accounting Firm	Name of CPA	Audit opinion
2016	PwC Taiwan	Wang, Chao-ming ; Lai, Tsung-hsi	Unqualified opinions
2017	PwC Taiwan	Lai, Tsung-hsi ; Wang, Chao-ming	Unqualified opinions
2018	PwC Taiwan	Wang, Chao-ming ; Lai, Tsung-hsi	Unqualified opinions
2019	PwC Taiwan	Wang, Chao-ming ; Lai, Tsung-hsi	Unqualified opinions
2020	PwC Taiwan	Lai, Tsung-hsi; Wang, Chao-ming	Unqualified opinions

II. Financial Analysis for the Most Recent Five Years

Financial analysis - Based on IFRSs

1. Consolidated financial analysis

Item	Year	Financial analysis for the most recent five years					Current year as of March 31, 2021
		2016	2017	2018	2019	2020	
Financial structure (%)	Debt to asset ratio	48.67	45.61	42.90	41.89	32.69	30.90
	Long-term capital to property, plant and equipment ratio	215.41	265.49	283.44	309.97	398.47	407.86
Solvency (%)	Current ratio	149.86	166.44	184.73	208.60	295.62	317.91
	Quick ratio	102.06	109.68	123.64	142.10	235.91	245.04
	Interest coverage ratio	6.37	3.63	3.49	3.63	13.80	23.09
Operating performance	Accounts receivable turnover (times)	5.85	5.60	5.60	5.74	6.89	6.61
	Average collection days	62.39	65.17	65.17	63.58	52.97	55.21
	Inventory turnover (times)	6.33	6.58	6.49	6.18	6.39	6.16
	Accounts payable turnover (times)	12.06	10.98	13.52	16.44	17.44	14.90
	Average days in sales	57.66	55.47	56.24	59.06	57.12	59.25
	Property, plant and equipment turnover (times)	3.55	4.30	4.84	4.72	4.91	3.97
	Total assets turnover (times)	1.01	1.11	1.16	1.12	1.08	0.80
Profitability	Return on total assets (%)	3.86	2.18	2.53	2.18	10.77	2.28
	Return on equity (%)	6.37	2.76	3.01	2.53	15.91	3.19
	Ratio of profit before tax to paid-in capital (%)	13.99	6.30	6.59	5.57	29.60	6.30
	Net profit ratio (%)	3.14	1.31	1.44	1.31	9.28	10.93
	Earnings per share (NT$)	0.40	0.34	0.26	0.02	1.68	0.29
Cash flow	Cash flow ratio (%)	7.81	4.64	13.64	32.60	129.05	13.60
	Cash flow adequacy ratio (%)	3.58	38.62	100.16	262.91	577.62	532.74
	Cash reinvestment ratio (%)	3.87	1.81	3.31	8.08	22.70	2.20
Leverage	Degree of operating leverage	1.67	1.95	1.79	1.73	1.16	1.21
	Degree of financial leverage	1.36	1.63	1.56	1.33	1.07	1.05

1. Debt to assets ratio: The Company and subsidiaries' short-term borrowings decreased compared with the previous period due to partial repayment of the original borrowings.
2. Long-term capital to property, plant and equipment, current ratio, quick ratio, interest coverage multiple, return on assets (%), return on equity (%), net income before tax to paid-in capital (%), net profit ratio (%), and earnings per share (NT$): In 2020, the Company sold the land held by its subsidiary in Nangang District, Yucheng Section, in order to increase its working capital; and in 2020, the oil price dropped significantly due to the pandemic and the cost of the Companywas relatively reduced while selling price remained stable.
3. Cash flow ratio and cash reinvestment ratio: Cash arising from operating actives for the current period has increased. Thus, the cash flow ratio and cash reinvestment ratio in the current period are higher than those in the prior year.
4. Cash flow adequacy ratio: Net cash flow arising from operating activities for the most recent five years has increased. Thus, the cash flow adequacy ratio in the current period is higher than that in the prior period.
5. Operating leverage: The Company sold its interest in the land held by its subsidiary in Nangang District, Yucheng Section, in 2020 to increase working capital.

2. Parent company only financial analysis

Item		2016	2017	2018	2019	2020
	Year	Financial analysis for the most recent five years				
Financial structure (%)	Debt to asset ratio	24.37	21.36	23.41	24.63	15.21
	Long-term capital to property, plant and equipment ratio	2259.35	2520.64	2588.52	1957.93	2633.24
Solvency (%)	Current ratio	109.38	142.26	139.86	176.59	444.51
	Quick ratio	99.08	120.56	128.70	95.54	423.23
	Interest coverage ratio	6.90	6.54	5.01	1.17	19.10
Operating performance	Accounts receivable turnover (times)	4.32	3.88	4.84	3.35	8.46
	Average collection days	84.49	94.07	75.41	108.95	43.14
	Inventory turnover (times)	15.12	18.39	25.06	5.29	5.40
	Accounts payable turnover (times)	8.04	7.63	10.49	6.50	9.95
	Average days in sales	24.14	19.84	14.56	68.99	67.59
	Property, plant and equipment turnover (times)	9.49	8.85	11.64	7.30	10.29
	Total assets turnover (times)	0.35	0.32	0.41	0.29	0.42
Profitability	Return on total assets (%)	3.06	2.67	2.21	0.45	12.41
	Return on equity (%)	3.61	3.03	2.37	0.17	14.78
	Ratio of profit before tax to paid-in capital (%)	4.01	3.14	2.53	1.33	15.29
	Net profit ratio (%)	7.76	7.30	4.52	0.09	28.43
	Earnings per share (NT$)	0.40	0.34	0.26	0.02	1.68
Cash flow	Cash flow ratio (%)	4.09	7.04	3.74	21.62	457.20
	Cash flow adequacy ratio (%)	108.39	70.60	129.16	41.50	185.52
	Cash reinvestment ratio (%)	0.83	0.69	(1.77)	1.53	20.30
Leverage	Degree of operating leverage	0.24	2.86	(1.58)	(0.67)	1.04
	Degree of financial leverage	0.57	(0.74)	0.21	1.70	1.06

1. Debt to assets ratio, long-term capital to property, plant and equipment ratio, current ratio, quick ratio, interest coverage ratio, property, plant and equipment turnover (times), total assets turnover (times), return on assets (%), return on equity (%), net income before tax to paid-in capital (%), net profit ratio (%), earnings per share (NT$): The Company sold the land held by its subsidiary in Nangang District, Yucheng Section in 2020 and merged with the subsidiary.
2. Accounts receivable turnover rate (times) and average collection days: The turnover rate of accounts receivable increased and the average collection days decreased due to the increase in operating revenues and the provision of expected credit impairment losses.
3. Accounts payable turnover (times): The turnover rate of accounts payable increased due to the decrease in operating costs and accounts payable in the current period compared to the previous period.
4. Cash flow ratio, cash reinvestment ratio: The increase in cash from operating activities resulted in an increase in cash flow ratio and cash reinvestment ratio compared to the previous period.
5. Cash flow adequacy ratio: The increase in net cash flows from operating activities for the past five years resulted in a increase in the cash flow adequacy ratio for the current period compared to the previous period.
6. Degree of operating leverage: The increase in operating revenue and income led to an increase in operating leverage in the current period as compared to the previous period.
7. Degree of financial leverage: The increase in operating income and interest expense resulted in a decrease in financial leverage in the current period compared to the previous period.

Note 1: All the financial information listed above were audited and certified by the independent auditors.

Note 2: Formulas for calculating the financial analysis information:

1. Financial structure
   (1) Debt-asset ratio = Total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (total equity + non-current liabilities) / net amount of property, plant, and equipment.
2. Solvency
   (1) Current ratio = Current assets / current liabilities.
   (2) Quick ratio = (Current assets - inventories - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = Net profit before tax and interest / interest expenses.

3. Operating performance

(1) Accounts receivable (including accounts receivable and Note s receivable resulting from operation) turnover = Net sales / balance of average accounts receivable (including accounts receivable and Note s receivable resulting from operation).

(2) Average collection days = 365 / receivables turnover rate.

(3) Inventory turnover rate = Cost of sales / average inventory.

(4) Accounts payable (including accounts payable and Note s payable resulting from operation) turnover = Cost of sales / balance of average accounts payable (including accounts payable and Note s payable resulting from operation).

(5) Average days in sales = 365 / Inventory turnover rate.

(6) Property, plant, and equipment turnover rate = Net sales / Average net property, plant, and equipment.

(7) Total asset turnover rate = Net sales / Average total assets.

4. Profitability

(1) Return on assets (ROA) = [Net profit after tax + Interest expenses * (1 - tax rate)] / Average total assets.

(2) Return on equity = Net profit after tax / Average equity.

(3) Net margin = Net profit after tax / Net sales.

(4) Earnings per share = (Net profit (loss) attributable to owners of parent company – Dividends on preferred shares) / Weighted average number of issued shares. (Note 4)

5. Cash flow

(1) Cash flow ratio = Net operating cash flow / Current liabilities.

(2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (Capital expenditure + Increase in inventory + Cash dividends) in the most recent five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross of property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 5)

6. Leverage:

(1) Degree of operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating profit (Note 6).

(2) Degree of financial Leverage = Operating profit / (Operating profit - Interest expenses).

Note 4: Special attention shall be paid to the following matters when using the formula of earnings per share above:

1. The calculation shall be based on the weighted average quantity of common shares, instead of the number of shares outstanding as of the end of the year.
2. When calculating the weighted average shares after capital increase or treasury stock trades, their effective term shall be taken into consideration.
3. Where retained earnings or capital surplus are transferred to common stocks, retrospective adjustment shall be made in proportion to the quantity of shares issued in calculating the semi- annual or annual EPS of the year. The period for the release of such new shares may be omitted.
4. If the preferred stock is non-convertible cumulative preferred stocks, dividend for the year (whether it is being distributed or not) shall be subtracted from net profit after income tax or added to net loss after income tax. If the preferred stock is not cumulative, dividend thereon shall be subtracted from net profit after income tax if net profit after income tax is earned, or no adjustment is required if loss arises.

Note 5: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the cash outflow to annual capital investment.
3. The increase in inventory is included only when the balance at the end of the period is larger than the balance at the beginning of the period. If the inventory decreases at the end of the year, it shall be calculated as zero.
4. Cash dividends include the cash dividends paid to holders of common shares and preferred shares.

5. Gross property, plant, and equipment refer to total property, plant and equipment before the accumulated depreciation is subtracted.

Note 6: The issuers shall categorize operating costs and operating expenses into fixed and variable ones based on their nature. If any estimation or subjective judgement are involved, special attention shall be paid to rationality and consistency.

Note 7: When the shares issued by the Company have no par value or have a par value other than NT$10 per share, the above-mentioned calculation concerning the percentage of paid-in capital shall be replaced by equity ratio on the balance sheet attributable to the owners of the parent company.

III. Audit Committee's Audit Report for the Most Recent Year

Ho Tung Chemical Corp.

Audit Committee's Audit Report

The Board of Directors has submitted the 2020 Business Report, Financial Statements and Surplus Distribution Proposal of the Company. The CPAs from PwC Taiwan have audited and certified the financial statements and issued an audit report. The aforementioned business reports, financial statements and surplus distribution proposal have been audited and certified by the Audit Committee with the opinion that no discrepancy has been found. The above is hereby reported in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Ho Tung Chemical Corp.
Convener of the Audit Committee:

May 20, 2021

IV. Financial Reports for the Most Recent Year

Ho Tung Chemical Corp.

Declaration of Consolidated Financial Statements of Affiliated Companies

We hereby declared that

The information of the companies that should be included when preparing the consolidated financial reports for the affiliated enterprises according to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and the companies that should be included when preparing the consolidated financial reports for the parent and subsidiary companies according to International Financial Reporting Standards No. 10 for the year ended December 31, 2020 for our company are the same. The relevant information required to be disclosed on the consolidated financial reports of the affiliated company has been disclosed on the consolidated financial reports for the parent and subsidiary companies. Therefore, the consolidated financial reports won’t be prepared separately.

Company Name: Ho Tung Chemical Corp.

Chairman: YANG, YU-CHIEH

March 25, 2021

Independent Auditors' Report

(110) TSAI-SHEN-PAO-TZU No. 20005091

To the Board of Directors and Shareholders of Ho Tung Chemical Corp.

Opinion

We have audited the Consolidated Balance Sheets of Ho Tung Chemical Corp. and its subsidiaries (hereinafter referred to as "the Group") as of December 31, 2020 and 2019, the Consolidated Comprehensive Income Statement of January 1 to December 31, 2020 and 2019 as well as the Consolidated Statement of Changes in Equity, Consolidated Statements of Cash Flows and Consolidated Financial Statement Notes (including significant 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 consolidated financial statements present fairly, in all material respects, of the consolidated financial status of December 31, 2020 and 2019 in the Group and the consolidated financial performance and consolidated cash flow of January 1 to December 31, 2020 and 2019 prepared according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

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 Group 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.

Key Audit Matters

Key audit matters refer to the most important matters on the audits to the Group’s consolidated financial statements for the year ended December 31, 2020 based on professional judgment. The matters have been responded on the whole audited consolidated 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 Group’s consolidated 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(XXIX) to the consolidated financial report for details of the accounting policies for operating income.

The 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 sales revenue 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, and we therefore list the correct timing of the recognition of 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 the accountant has 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.

Valuation of accounts receivable

Description

Please refer to Notes IV(IX), IV(X), V(II), VI(V) and VII(II) to the consolidated financial statements for the accounting policy, accounting estimates and assumptions and description of accounting items for the impairment assessment of the accounts receivable.

The assessment of impairment of accounts receivable by the Group was based on an individual assessment of the probability of collection of accounts receivable and a collective assessment of expected credit losses. The assessing process of the impairment of accounts receivable was affected by several factors, such as the financial conditions of customers, the Group's internal credit rating, and historical transaction history. This may affect the factor assessment of the customers' credit quality and involve the subjective judgement of the management with high uncertainty in the estimate. Considering that the evaluation of the Group's accounts receivable and their evaluation amounts have a significant effect on the consolidated financial statements and the valuation of accounts receivable shall be decided by using judgement and estimate, we thus listed the valuation of accounts receivable as one of the key audit matters.

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. Understand and evaluate the policies and internal controls related to credit risk management and impairment assessment of accounts receivable.
2. Review the supporting documents provided by management to assess the reasonableness of the collection possibility for significant accounts receivable beyond the normal credit period.
3. Check the original certificates and accounts receivable with significant amounts randomly to verify the collection situation after the period.

Oil Spill at the Pier - Provisioning for Liabilities

Description

As described in Note IX (I) to the Consolidated Financial Statements, an oil spill occurred on October 24, 2013 at the West No.7 Pier of Taichung Port by Chenergy Global Corp. 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 Global Corp'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 financial statements of Chenergy Global Corp were audited by other CPAs, with procedures already performed in respect of the above critical audit items set out below:

1. Interviewing with Chenergy Global Corp management to understand their assessment of the pending environmental restoration and litigation case.
2. Discussing the progress of the case with outside counsel and reviewing the case's documents issued and received.
3. Obtaining management's self-assessment documents on environmental restoration and legal advice letters from external lawyers on outstanding litigation cases.
4. Assessing the appropriateness of the related liability provision and disclosure of contingent liabilities.

Other matters - Reference to the audits of other independent accountants

The financial statements of certain subsidiaries included in the consolidated financial statements of the 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 subsidiaries were NT$4,601,800 thousands and NT$4,954,599 thousands as of December 31, 2020 and 2019, respectively, accounting for 18.95% and 20.83% of the consolidated total assets, respectively. The net operating revenue from January 1 to December 31, 2020 and 2019 was NT$3,134,625 thousands and NT$5,707,782 thousands, respectively, representing 12.13% and 20.79% of the consolidated net operating income. In addition, HT-S-Venture Philippines Corporation and Tung Bao Co., Ltd., investment made by the Group using the equity method, are based on the evaluation and disclosure in the financial statements audited by other CPAs appointed by the companies. The investment balance as of December 31, 2020 and 2019 was NT$297,335 thousands and NT$297,152 thousands, respectively, accounting for 1.22% and 1.25% of the total consolidated assets. Comprehensive income from January 1 to December 31, 2020 and 2019 was NT$ 2,070 thousands and NT$1,625 thousands, respectively, constituting 0.08% and 0.99% of consolidated comprehensive income, respectively.

Other matter - Parent company only financial reports

Ho Tung Chemical Corp. has prepared a parent company only financial statements for the years 2020 and 2019, with us issuing a report with unqualified opinions and other matters for reference.

Responsibility of the management and the governing body for the Consolidated Financial Statements

Management's responsibility is to prepare the consolidated financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission as well as maintain necessary internal control related to the preparation of the consolidated financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

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

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

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

The purpose of the consolidated financial statements audited by us is to obtain reasonable assurance on whether the significant untrue expression exists on the whole consolidated 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 individual 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 consolidated 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 consolidated 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 Group.
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 Group's capability in continuous operation are made. If we believe major uncertainty existed on the event or situation, we must remind the users of consolidated 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 Group not capable in continuous operation.
5. Evaluating the overall expression, structure and content of the consolidated financial statements (including relevant notes) as well as whether the consolidated 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 individual entity within the group as well as express opinions towards financial statements. We are in charge of the directing, supervision, and execution on the consolidated audit cases as well as concluding audit opinions on the consolidated 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 Group's consolidated 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
Former Securities Management Commission, Ministry of Finance
Approval Certificate No.: (85)TAI-TSAI-CHENG(VI) No. 65945
March 25, 2021

Ho Tung Chemical Corp. and Its Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

Unit: NT$ thousands

	Asset	Notes	Dec. 31, 2020			Dec. 31, 2019		
				Amount	%		Amount	%
	Current assets							
1100	Cash and cash equivalents	VI (I)	$	6,568,066	27	$	3,199,676	13
1100	Financial assets at fair value through profit or loss - current	VI (II)		208,988	1		240,476	1
1136	Financial assets at amortized cost - current	VI (IV) & VIII		1,201,686	5		1,059,343	4
1150	Notes receivable, net	VI (V) & VIII		156,703	1		360,529	2
1170	Accounts receivable, net	VI (V), (VI)		2,857,645	12		2,939,218	12
1180	Accounts receivable - related parties	VII		126,862	-		1,064,363	5
1200	Other receivables	VI (VIII)(IX) & IX (I)		155,748	-		285,000	1
1210	Other receivables - related parties	VII		729	-		866	-
130X	Inventories	VI (VII) & VIII		2,375,788	10		3,838,603	16
1410	Prepayment	VI (VIII) & VII		478,619	2		443,751	2
1470	Other current assets			659	-		339	-
11XX	**Total current assets**			14,131,493	58		13,432,164	56
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	VI (III)		2,371,711	10		1,665,504	7
1535	Financial assets measured at amortized cost - non-current	VI (IV) & VIII		57,029	-		19,523	-
1550	Investment accounted for using equity method	VI (IX)		297,335	1		297,152	1
1600	Property, plant and equipment	VI (XI) & (XX)& VIII		4,894,032	20		5,643,940	24
1755	Right-of-use assets	VI (XII) & VIII		1,571,869	7		1,671,599	7
1760	Investment property, net	VI (XIV) & VIII		102,176	-		102,410	1
1780	Intangible assets	VI (XV)		396,561	2		439,984	2
1840	Deferred income tax assets	VI (XXXV)		302,390	1		268,001	1
1900	Other non-current assets	VI (XVI) (XXII) & VII		157,229	1		244,317	1
15XX	**Total non-current assets**			10,150,332	42		10,352,430	44
1XXX	**Total assets**		$	24,281,825	100	$	23,784,594	100

(Continued on next page)

Ho Tung Chemical Corp. and Its Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

Unit: NT$ thousands

	Liabilities and equity	Notes	Dec. 31, 2020 Amount	%	Dec. 31, 2019 Amount	%
	Current liabilities					
2100	Short-term borrowing	VI (XVIII) & VIII	$ 1,112,949	5	$ 2,577,146	11
2130	Contract liabilities	VI (XXVII)	335,935	1	303,316	1
2150	Notes payable		1,630	-	1,698	-
2170	Accounts payable		934,909	4	1,323,862	6
2180	Accounts payable - related parties	VII	14,014	-	-	-
2200	Other payables	VI (XIX)	1,212,621	5	1,153,339	5
2220	Other payables - related parties	VII	12,225	-	11,905	-
2230	Current income tax liabilities		257,215	1	123,232	-
2280	Lease liabilities - current		36,870	-	33,329	-
2300	Other current liabilities	VI (XX), (XXI), VIII & IX (I)	861,981	4	911,345	4
21XX	**Total current liabilities**		4,780,349	20	6,439,172	27
	Non-current liability					
2540	Long-term loans	VI (XX) & VIII	1,675,815	7	1,935,853	8
2570	Deferred income tax liabilities	VI (XXXV)	5,404	-	2,927	-
2580	Lease liabilities - non-current		736,589	3	831,375	4
2600	Other non-current liabilities	VI (XXII) & VII	739,704	3	754,224	3
25XX	**Total non-current liabilities**		3,157,512	13	3,524,379	15
2XXX	**Total liabilities**		7,937,861	33	9,963,551	42
	Equity					
	Equity attributable to owners of parent company					
	Share capital	VI (XXIII)				
3110	Share capital - common stock		10,168,248	42	10,168,248	43
	Capital surplus	VI (XXIV)				
3200	Capital surplus		50,541	-	50,541	-
	Retained earnings	VI (XXV)				
3310	Legal capital reserve		631,294	2	629,512	3
3320	Special reserve		396,773	2	284,134	1
3350	Unappropriated retained earnings		1,689,647	7	114,421	-
	Other equity interest	VI (XXVI)				
3400	Other equity interest		(504,761)	(2)	(672,710)	(3)
3500	Treasury stocks	VI (XXIII)	(95,951)	-	(95,951)	-
31XX	**Equity attributable to owners of parent company**		12,335,791	51	10,478,195	44
36XX	**Non-controlling interests**		4,008,173	16	3,342,848	14
3XXX	**Total equity**		16,343,964	67	13,821,043	58
	Significant contingent liabilities and unrecognized contract commitments	IX				
3X2X	**Total liabilities and equity**		$ 24,281,825	100	$ 23,784,594	100

The notes to the consolidated financial statements are part of the consolidated financial statements and should be read together.

Chief Director: YANG, YOU-JYE; Manager: CHEN, YI-JU; Accounting Supervisor: LIN, HUI-YEN

Ho Tung Chemical Corp. and Its Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2020 and 2019

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

	Items	Notes	2020 Amount	2020 %	2019 Amount	2019 %
4000	Operating revenue	VI (XIII), (XXVII)& VII	$ 25,849,191	100	$ 27,459,637	100
5000	Operating costs	VI (VII), (XXVIII), (XXXIII), (XXXIV)& VII	(19,843,007)	(77)	(24,916,265)	(91)
5900	Gross profit		6,006,184	23	2,543,372	9
5910	Unrealized profits on sales		(1,927)	-	(1,521)	-
5920	Realized profits on sales		1,521	-	2,264	-
5950	Gross profit from operations		6,005,778	23	2,544,115	9
	Operating expenses	VI (XXXIII), (XXXIV)				
6100	Selling expenses		(859,410)	(3)	(893,850)	(3)
6200	Administrative expenses		(720,628)	(3)	(637,801)	(2)
6300	Research and development expenses		(66,745)	-	(93,382)	(1)
6450	Expected credit impairment loss	VII & XII (V)	(725,550)	(3)	(59,117)	-
6000	Total operating expenses		(2,372,333)	(9)	(1,684,150)	(6)
6900	Profit from operations		3,633,445	14	859,965	3
	Non-operating income and expenses					
7100	Interest income	VI (IV), (XXIX)& VII	68,925		40,855	
7010	Other income	VI (III), (XXI), (XXX)& VII	111,197	-	139,799	1
7020	Other gains and/or losses	VI (II), (VIII), (IX), (XII), (XVII), (XXXI)& IX (I)	(569,630)	(2)	(253,009)	(1)
7050	Financial costs	VI (XII), (XXXII)	(235,168)	(1)	(215,315)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for under equity method	VI (IX)	1,259	-	(6,317)	-
7000	Total non-operating income and expenses		(623,417)	(3)	(293,987)	(1)
7900	**Pre-tax profit**		3,010,028	11	565,978	2
7950	Income tax expense	VI (XXXV)	(610,482)	(2)	(207,354)	(1)
8200	**Net profit for this period**		$ 2,399,546	9	$ 358,624	1

(Continued on next page)

Ho Tung Chemical Corp. and Its Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2020 and 2019

Unit: NT$ thousands

(Except the unit of earnings per share is NT$)

	Liabilities and Equity	Notes	2020 Amount	2020 %	2019 Amount	2019 %
	Other comprehensive income (loss)					
	Items that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	VI (XXII)	$ 4,321	-	$ 8,830	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	VI (III)	171,661	1	(60,570)	-
8349	Income tax expenses related to items that will not be reclassified subsequently to profit or loss	VI (XXXV)	(866)	-	(1,544)	-
8310	**Total amount of items that will not be reclassified to profit or loss**		175,116	1	(53,284)	-
8361	Exchange differences on translation of foreign financial statements		52,033	-	(457,907)	(2)
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method - components of other comprehensive income that will be reclassified to profit or loss	VI (XXVI)	812	-	(11,539)	-
8360	Total amount of items that may be reclassified subsequently to profit or loss		52,845	-	(469,446)	(2)
8500	**Total comprehensive income for the period**		$ 2,627,507	10	($ 164,106)	(1)
	Net profit attributable to:					
8610	Owners of the parent company		$ 1,686,431	6	$ 17,820	-
8620	Non-controlling interest		$ 713,115	3	$ 340,804	1
	The total comprehensive income attribute to:					
8710	Owners of the parent company		$ 1,857,789	7	($ 371,883)	(2)
8720	Non-controlling interest		$ 769,718	3	$ 207,777	1
	Earnings per share	VI (XXXVI)				
9750	Basic earnings per share		$	1.68	$	0.02
9850	Diluted earnings per share		$	1.68	$	0.02

The notes to the consolidated financial statements are part of the consolidated financial statements and should be read together.

Chief Director: YANG, YOU-JYE; Manager: CHEN, YI-JU; Accounting Supervisor: LIN, HUI-YEN

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

Unit: NT$ thousands

		Attributable to the equity of parent company										
				Retained earnings			Other equity interest					
	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	Non-controlling interest	Total
2019												
Balance at January 1, 2019		$10,168,248	$50,541	$603,129	$15,657	$581,166	($97,125)	($187,009)	($95,951)	$11,038,656	$3,476,901	$14,515,557
Net profit for this period		-	-	-	-	17,820	-	-	-	17,820	340,804	358,624
Other comprehensive income (loss) for the year	VI (XXVI)	-	-	-	-	7,238	(336,407)	(60,534)	-	(389,703)	(133,027)	(522,730)
Total comprehensive income for the period		-	-	-	-	25,058	(336,407)	(60,534)	-	(371,883)	207,777	(164,106)
Appropriation & distribution of 2018 earnings:	VI (XXV)											
Legal reserve		-	-	26,383	-	(26,383)	-	-	-	-	-	-
Special reserve		-	-	-	268,477	(268,477)	-	-	-	-	-	-
Cash dividend		-	-	-	-	(152,524)	-	-	-	(152,524)	-	(152,524)
Cash dividends which belong to non-controlling interests		-	-	-	-	-	-	-	-	-	(104,818)	(104,818)
Changes in non-controlling interests	VI (XXXVII)	-	-	-	-	-	-	-	-	-	(237,012)	(237,012)
Changes in ownership of subsidiaries	VI (XXXVII)	-	-	-	-	(36,054)	-	-	-	(36,054)	-	(36,054)
Disposal of equity instruments measured at fair value through other comprehensive income	VI (III), (XXVI)	-	-	-	-	(8,365)	-	8,365	-	-	-	-
Balance at Dec. 31, 2019		$10,168,248	$50,541	$629,512	$284,134	$114,421	($433,532)	($239,178)	($95,951)	$10,478,195	$3,342,848	$13,821,043
2020												
Balance at January 1, 2020		$10,168,248	$50,541	$629,512	$284,134	$114,421	($433,532)	($239,178)	($ 95,951)	$10,478,195	$3,342,848	$13,821,043
Net profit for this period						1,686,431				1,686,431	713,115	2,399,546
Other comprehensive income (loss) for the year	VI (XXVI)					3,409	(2,302)	170,251		171,358	56,603	227,961
Total comprehensive income for the period	VI (XXV)					1,689,840	(2,302)	170,251		1,857,789	769,718	2,627,507
Appropriation & distribution of 2019 earnings:												
Legal reserve				1,782		(1,782)						
Special reserve					112,639	(112,639)						
Cash dividends which belong to non-controlling interests											(104,586)	(104,586)
Changes in ownership of subsidiaries						(193)				(193)	193	-
Balance at Dec. 31, 2019		$10,168,248	$50,541	$631,294	$396,773	$1,689,647	($435,834)	($68,927)	($ 95,951)	$12,335,791	$4,008,173	$16,343,964

The notes to the consolidated financial statements are part of the consolidated financial statements and should be read together.

Chief Director: YANG, YOU-JYE Manager: CHEN, YI-JU Accounting Supervisor: LIN, HUI-YEN

Ho Tung Chemical Corp. and Its Subsidiaries

Consolidated Statement of Cash Flows

January 1 to December 31, 2020 and 2019

Unit: NT$ thousands

	Notes	From Jan. 1, to Dec. 31, 2020	From Jan. 1, to Dec. 31, 2019
Cash flow from operating activities			
Profit before tax for the period		$ 3,010,028	$ 565,978
Adjustments			
Income and expenses having no effect on cash flows			
Net gain on financial assets at fair value through profit or loss	VI (II), (XXXI)	(22,880)	(6,240)
Depreciation charge	VI (XI), (XII), (XIV), (XXXIII)	556,639	605,274
Amortization	VI (XV), (XXXIII)	36,070	36,690
Expected credit impairment loss	XII (V)	725,550	138,918
Interest expense	VI (XXXII)	235,168	215,315
Interest income	VI (XXIX)	(68,925)	(40,855)
Dividend income	VI (XXX)	(16,779)	(15,835)
Impairment income	VI (VIII) (IX) (XVII) (XXXI)	505,855	92,426
Provision of liabilities	VI (XXXI), IX (I)	154,000	-
Share of profit or loss of related companies using the equity method	VI (IX)	(1,259)	6,317
Disposal of investment interests	VI(XXXI)	-	(10,193)
Loss (profit) on disposal of property, plant and equipment	VI (XXXI)	4,497	13,281
Government’s subsidiaries	VI (XXI)(XXX)	(31,223)	(72,743)
Loss of lease modification	VI (XII) (XXXI)	14,373	-
Unrealized benefits on sales		1,927	1,521
Realized benefits on sales		(1,521)	(2,264)
Changes in assets/liabilities relating to operating activities			
Net changes in operating assets			
Financial assets mandatorily measured at FVTPL		57,734	(135,215)
Notes receivable		203,826	(72,563)
Accounts receivable		(145,586)	339,120
Accounts receivable- related parties		229,036	364,622
Other receivables		160,963	(55,543)
Other receivables - related parties		140	-
Inventories		1,486,200	243,296
Prepayment		(55,722)	278,286
Other current assets		(320)	2,284
Net change in liabilities relating to operating activities			
Contract liabilities		32,619	81,771
Notes payable		(68)	(321)
Accounts payable		(398,612)	(330,895)
Accounts payable - related parties		13,739	(9,256)
Other payables		50,149	238,801
Other payables-related parties		114	338
Other current liabilities		16,576	13,066
Other non-current liabilities		43,536	94,051
Cash inflow generated from operations		6,795,844	2,579,432
Interests received		69,115	43,555
Dividend received		17,489	16,793
Interest paid		(215,919)	(279,404)
Income tax paid		(497,568)	(250,098)
Net cash flows from operating activities		6,168,961	2,110,278

(Continued on next page)

Ho Tung Chemical Corp. and Its Subsidiaries

Consolidated Statement of Cash Flows

January 1 to December 31, 2020 and 2019

Unit: NT$ thousands

	Notes	From Jan. 1, 2019 to Dec. 31, 2019	From Jan. 1, 2018 to Dec. 31, 2018
Net cash flow in investing activities			
Disposal of financial assets measured at fair value through other comprehensive income	VI (III)	$ -	$ 29,045
Financial assets measured at FVTOCI	XII (VI)	(608,034)	-
Return of share payment after capital reduction		-	15,391
Decrease (increase) in financial assets measured at amortized cost		(171,268)	152,889
Decrease (increase) in other receivables - related parties		-	45,303
Acquisition of property, plant and equipment	VI (XXXVIII)	(188,184)	(399,939)
Disposal of property, plant and equipment		167	5,674
Acquisition of intangible assets	VI (XXXVIII)	(42,974)	(3,176)
Acquisition of right-of-use assets		(2,544)	(1,558)
Decrease (increase) in other non-current assets		159,564	(10,014)
Net cash flows used in investing activities		(853,273)	(166,385)
Cash flows from financing activities			
Decrease in short-term borrowings	VI (XXXIX)	(1,465,601)	(1,733,865)
Proceeds from long-term borrowings	VI (XXXIX)	-	1,850,463
Repayment of long-term borrowings	VI (XXXIX)	(705,234)	(1,749,920)
Cash dividend paid	VI (XXV)	-	(152,524)
Government grants	VI (XXI)	273,802	-
Repayment of lease principal	VI (XXXIX)	(32,398)	(23,098)
Payment of the cash dividends for non-controlling interests		(104,586)	(104,818)
Net cash flows from financing activities		(2,034,017)	(1,913,762)
Effect of exchange		86,719	(27,983)
Increase (decrease) in current cash and cash equivalents		3,368,390	2,148
Cash and cash equivalents at beginning of year		3,199,676	3,197,528
Cash and cash equivalents at end of the year		$ 6,568,066	$ 3,199,676

The notes to the consolidated financial statements are part of the consolidated financial statements and should be read together.

Chief Director: YANG, YOU-JYE; Manager: CHEN, YI-JU; Accounting Supervisor: LIN, HUI-YE

Ho Tung Chemical Corp. and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019

Unit: NT$ thousands

(except otherwise specified)

I. Company history

Ho Tung Chemical Corp.(hereinafter referred to as “the Company”) was established in the Republic of China in August 1980 and the Group's stock has been listed on the Taiwan Stock Exchange since August 30, 1991. The Group and its subsidiaries (hereinafter referred to as “the Group”) principal business is the manufacturing, processing and trading of n-paraffin, n-alkene and other chemical products, and the trading of general merchandise.

II. Approval Date and Procedures of the Consolidated Financial Statements

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

III. Application of New and Amended Standards and Interpretations

(I) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC adopted by the Group

The following table sets out the newly issued, amended and revised standards and interpretations of the applicable IFRSs for 2010 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 Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

(II) Effect of newly issued and amended IFRS endorsed by the FSC not yet adopted

The following table presents the new, amended and revised IFRS standards and interpretations. endorsed by the FSC for application in 2021:

Newly Issued/Amended/Revised Standards and Interpretations	Effective date of issue by the 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 Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

(III) 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:

Newly Issued/Amended/Revised Standards and Interpretations	Effective date of issue by IASB
Amendments to IFRS 3 – Updating a Reference to the Conceptual Framework	Jan 1, 2022
Amendments to IFRS 10/IAS 28 – Sales or Contributions of Assets Between an Investor and Its Associate/Joint Venture	To be determined by IASB
IFRS 17 Insurance Contracts	Jan 1, 2023
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 – Disclosures 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 to IFRSs 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 consolidated 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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs, IAS, interpretations and explanatory statements (hereinafter referred to as IFRSs) approved by the FSC.

(II) Basis of preparation

1.The consolidated 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 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 IFRSs requires the use of certain significant accounting estimates and requires the management to use its judgment in the application of the Group's accounting policies. For items involving a high degree of judgment or complexity, or items involving significant assumptions and estimates in the consolidated financial statements, please refer to Note V for details.

(III)<u>Basis of consolidation</u>

1. Basis for preparation of consolidated financial statements

(1)The Group includes all subsidiaries as entities in the preparation of the consolidated financial statements. A subsidiary is an entity (including a structured entity) that is controlled by the Group when the Group is exposed to, or has rights to, variable remuneration from its participation in that entity and has the ability to influence such remuneration through its power over that entity. Subsidiaries are included in the consolidated financial statements from the date the Group obtains control, and the consolidation is terminated from the date of loss of control.

(2)Intra-group transactions, balances and unrealized gains and losses have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary and are consistent with those adopted by the Group.

(3)Each component of profit or loss and other comprehensive income is attributed to the owners and non-controlling interests of the parent; total comprehensive income is also attributed to the owners and non-controlling interests of the parent, even if it results in the non-controlling interests incurring a loss balance.

(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 Group loses control of a subsidiary, the remaining investment in the former subsidiary is remeasured at fair value as either the fair value of the original recognized financial asset or the cost of the original recognized investment in an associate or joint venture. The difference between the fair value and carrying amount is recognized in profit or loss for the current period. The accounting for all amounts previously recognized in other comprehensive income relating to the subsidiary is based on the same basis as if the Group 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.

2. Subsidiaries included in the consolidated financial statements:

Name of Investment Company	Name of Subsidiary	Nature of Business	Shareholding ratio (direct or indirect) Dec. 31, 2020	Dec. 31, 2019	Description
Ho Tung Chemical Corp.	Paotze Investment Ltd. (Paotze)	Investment company and trading of goods	100	100	
Ho Tung Chemical Corp.	He Hsin Cheng Co., Ltd. (He Hsin Cheng)	Residence and Buildings Lease Construction and Development	-	100	Note 14
Ho Tung Chemical Corp.	He Mao Venture Capital Corp., Ltd. (He Mao VC)	Investment	100	100	Note 20
Ho Tung Chemical Corp.	Zortech Corporation (Zortech)	Trading of Chemicals	100	100	Note 9, 20
Ho Tung Chemical Corp.	Inadvance Holdings Ltd. (Inadvance)	Trading of goods	100	100	
Ho Tung Chemical Corp.	Hua Chung Co., Ltd. (Hua Chung)	Production and sale of raw materials for cement	94.22	94.22	Note 8, 16, 20
Ho Tung Chemical Corp.	Ho Tung Cement Corp. (Ho Tung Cement)	Cement Manufacturing	92.71	92.71	Note 17, 20
Ho Tung Chemical Corp.	Sharpinvest International Ltd. (Sharpinvest)	Trading of goods	100	100	Note 20
Ho Tung Chemical Corp.	Signpost Enterprises Ltd. (Signpost)	Trading of goods	100	100	
Ho Tung Chemical Corp.	Hua Tung Investment Co., Ltd. (Hua Tung)	Investment	-	100	Note 14
Ho Tung Chemical Corp.	Top Device Investments Ltd. (Top Device)	Investment	100	100	Note 1
Ho Tung Chemical Corp.	Hsin Tay Petroleum Co., Ltd. (Hsin Tay Petro)	Trading of oil products	100	100	Note 6, 15, 20
Ho Tung Chemical Corp.	Chenergy Global Co., Ltd.	Trading of oil products	99.07	-	Note 15, 19, 20
Ho Tung Chemical Corp.	Ally Solution Ltd. (Ally Solution)	Investment	100	100	
Paotze Investment Ltd.	Jintung Petrochemical Co., Ltd. (Nanjing Jintung)	Production and sale of linear Alkylbenzene sulfonic Acid	60	60	
Paotze Investment Ltd.	Jiangsu Jintung Chemical Corp., Ltd. (Jiangsu Jintung)	Production and sale of surfactants	50	50	
Paotze Investment Ltd.	Jintung Fine Chemical Co., Ltd. (Nanjing Fine)	Sales of oil displacing agents and sulfonic acids	-	-	Note 5
Paotze Investment Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd. (Tianjin Tianzhi)	Production and sale of alkyl benzenesulfonic acids	25.95	25.95	
Paotze Investment Ltd.	Nanjing Kuan Hsin OptoelectronicsCo., Ltd. (Nanjing Kuan Hsin)	Production and sale of PMMA light guide plate	51.59	51.59	
Paotze Investment Ltd.	Nanjing He Sheng Pao New Energy Technology Co., Ltd. (Nanjing He Sheng Pao)	Research and development of new energies and surfactants	100	100	
Paotze Investment Ltd.	Xiamen Jintung Synthetic Detergent Co., Ltd. (Xiamen Jintung)	Production and sale of new energies and surfactants	65	65	
Paotze Investment Ltd.	Signpost (HK)Limited (Signpost (HK))	Trading of goods	48.65	48.65	Note 7, 10
Paotze Investment Ltd.	Hsin Tay Shanghai Co., Ltd. (Hsin Tay Shanghai)	Trading of chemical and fuel products	100	-	Note 13, 20
Jintung Petrochemical Corp., Ltd.	Sichuan Jintung Fine Chemical Corp., Ltd. (Sichuan Fine)	Production and sale of alkyl benzenesulfonic acids	100	100	
Jintung Petrochemical Corp., Ltd.	Anhui Jintung Fine Chemical Co., Ltd. (Anhui Fine)	Production and sale of alkyl benzenesulfonic acids	100	100	
Jiangsu Jintung Chemical Corp., Ltd.	Jiangsu Jintung Surfactants Co., Ltd. (JiangbeiSutung)	Production and sale of alkyl benzenesulfonic acids	100	100	
Signpost Enterprises Ltd.	Signpost (HK)Limited (Signpost(HK))	Trading of goods	33.39	33.39	Note 7, 10
Signpost (HK) Limited	Guangzhou Litze Chemical Co., Ltd. (Guangzhou Litze)	Production and sale of alkyl benzenesulfonic acids	60	60	
Signpost (HK) Limited	Zhi Sheng (Huizhou) Petrochemical Co., Ltd. (Zhi Sheng Huizhou)	Production and sale of surfactants	100	100	
Signpost (HK) Limited	Tianjin Tianzhi Fine Chemical Co., Ltd.(Tianjin Tianzhi)	Production and sale of alkyl benzenesulfonic acids	24.05	24.05	

Name of Investment Company	Name of Subsidiary	Nature of Business	Shareholding ratio (direct or indirect) Dec. 31, 2020	Dec. 31, 2019	Description
Inadvance Holdings Ltd.	Signpost (HK) Limited (Signpost (HK)	Trading of goods	17.96	17.96	Note 7
Hsin Tay Petroleum Ltd.	Hsin Tay Ltd. (Hsin Tay)	Trading of oil products	100	100	Note 20
Hsin Tay Petroleum Ltd.	Chenergy Global Co., Ltd.	Trading of oil products	-	98.36	Note 12, 15 and 20
Chenergy Global Co., Ltd.	Big Success Co.,Ltd. (Big Success)	Investment	100	100	Note 18, 20
Hsin Tay Ltd.	Tianjin Port Bonded Area Hsintung Petrochemical Co. (Tianjin Hsintung)	Sale of chemicals and fuels in development industry and rental of oil tanks	55	55	Note 20
Hsin Tay Ltd.	Shanghai Hsin Tay Investment (HK) Corporation(Shanghai Hsin Tay Investment)	Trading of chemicals and fuels	-	100	Note 13, 20
Hsin Tay Ltd.	Lien Ting (Guangzhuo) International Trade Co., Ltd.(Guangzhuo Lien Ting)	Trading of chemical products	-	-	Note 2
Hsin Tay Ltd.	Hsin Tay (HK) Ltd. (Hsin Tay (HK))	Investment	-	-	Note 4
Hsin Tay Ltd.	Beijing Tong Shengtai Co., Ltd.	Trading of chemicals and fuels	75	75	Note 20
Hsin Tay Ltd.	Shanghai Hsin Tay Investment (HK) Corporation(Shanghai Hsin Tay Investment)	Investment	-	100	Note 11, 20
Hsin Tay Ltd.	Oceanwide International Ltd. (Oceanwise)	Investment	100	100	Note 20
Lien Ting Technology Co., Ltd.	Lien Ting (Guangzhuo) International Trade Co., Ltd.(Guangzhuo Lien Ting)	Trading of chemical products	-	-	Note 3

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, Guangzhou Lien Ting Tech Co., Limited was dissolved on May 4, 2018 through an application approved by the Board of Directors, the liquidated shares were returned on December 27, 2018, and the dissolution process was completed on December 9, 2019.

Note 3: In response to the planning of the Group’s organization, Lien Ting (Guangzhuo) was dissolved by the Board of Directors on May 4, 2018, the liquidated shares were returned on December 24, 2018, and the dissolution process was completed on January 7, 2019.

Note 4: In response to the planning of the Group's organization, Hsin Tay (HK) was dissolved on October 24, 2018 through an application approved by the Board of Directors, the liquidated shares were returned on November 28, 2018, and the dissolution process was completed on November 29, 2019.

Note 5: In response to the planning of the Group's organization, Nanjing Fine was dissolved on March 22, 2018 through an application approved by the Board of Directors, the liquidated shares were returned on December 26, 2018, and the dissolution process was completed on April 1, 2019.

Note 6: Hsin Tay Petroleum made a cash capital reduction in November 2019 and the liquidated shares in total were $139,700.

Note 7: :Signpost (HK) acquired 6,410,203 equity shares of Signpost (HK) from related parties on January 23, 2019 and simultaneously proceeded with the cancellation and completed the alteration registration process on March 6, 2019, resulting in the Group's combined shareholding in Signpost (HK) increased from 82.77% to 100.00% (Signpost's shareholding increased from 35.11% to 42.42%; Paotze's shareholding increased from 32.79% to 39.62%; Inadvance's shareholding increased from 14.87% to 17.96%), as described in Note VII (II)6.

Note 8: Hua Chung made a cash capital reduction in August 2019, returning $19,865 in shares.

Note 9: Zortech made a cash capital reduction in October 2019, returning $30,840 in shares.

Note 10: Signpost and Paotze have agreed that Signpost will repay the loan of funds and related interest to Paotze in the total amount of US$3,228 thousands (equivalent to $96,775) from the shares of Signpost (HK) held by Signpost, and the related alternation registration process was completed on October 15, 2019, and Signpost's shareholding in Signpost (HK) decreased from 42.42% to 33.39% and Paotze's shareholding in Signpost (HK) increased from 39.62% to 48.65%.

Note 11: Shanghai Hsin Tay Investment was dissolved by a resolution of the Board of Directors on January 9, 2020 and the share refund was made on January 13, 2020 and the cancellation process was completed on January 29, 2021.

Note 12: On May 25, 2020, the Board of Directors of Hsin Tay Petroleum decided that all common shares issued by Chenergy Global Corp, a subsidiary thereof, were not subscribed in proportion to its shareholding and the relevant statutory registration procedures were completed. Hsin Tay Petroleum's shareholding in Chenergy Global Corp changed to 98.56%.

Note 13: In line with the Group's plan, the Board of Directors approved the transfer of the equity interest of Hsin Tay Shanghai to Paotze on February 27, 2020 and the relevant change registration procedures were completed.

Note 14: In line with the Group's plan, the Company's Board of Directors on June 19, 2020 decided to conduct a simple merger with Hua Tung Investment Co. and He Hsin Cheng on September 10, 2020 and the relevant change registration procedures were completed.

Note 15: In accordance with the Group's plan, Hsin Tay Petroleum's Board of Directors on August 14, 2020 approved a capital reduction in the amount of NT$489,300 and the elimination of 48,930 shares in thousands and the return of its shares in Chenergy Global Corp to the Company, with the relevant change registration procedures completed.

Note 16: In response to the Group's adjustment, the Company's Board of Directors decided on June 19, 2020 to purchase the equity interest in Hua Chung Co. from Zortech and the relevant equity transaction was completed.

Note 17: In response to the Group's adjustment, the Company’s Board of Directors decided on June 19, 2020 to purchase equity interest in Ho Tung Cement Co. from Zortech and the relevant equity transaction was completed.

Note 18: Chenergy Global Corp's Board of Directors decided on September 28, 2020 to increase

100% of Big Success Co's shares in cash for the purpose of the Gulei Investment Plan for a total amount of US$9,844 in thousands (NT$281,095), which was transferred to Ever Victory Global Ltd's indirect investment in Fujian Gulei Petrochemical Co, China.

Note 19: In November 2020, the Company increased its shareholding in Chenergy Global Corp. for $300,00 from 98.56% to 99.07% by adding 20,000,000 shares at NT$15 per share, and the relevant change registration procedures were completed.

Note 20: The consolidated financial reports as of and for the years ended December 31, 2019 and 2018 were audited by other independent accountants.

3. Subsidiaries not included in the consolidated financial statements: None.
4. Different adjustments and treatments for subsidiaries' accounting periods: None.
5. Significant restrictions: None.
6. Subsidiaries in which the Group has a material non-controlling interest: The Group's total non-controlling interests as of December 31, 2020 and 2019 were $4,008,173 and $3,342,848, respectively, and the following is information on non-controlling interests and subsidiaries that are material to the Group:

		Non-controlling interest			
		Dec. 31, 2020		Dec. 31, 2019	
Name of Subsidiary	Principal Place of Business	Amount	Shareholding ratio	Amount	Shareholding ratio
Jiangsu Jintung	China	$ 1,685,600	50%	$ 1,184,816	50%
Nanjing Jintung	China	1,578,225	40%	1,325,027	40%
Tianjin Tianzhi	China	538,041	50%	655,823	50%

Summary financial information of subsidiaries:

Balance Sheets

	Jiangsu Jintung	
	Dec. 31, 2020	Dec. 31, 2019
Current assets	$ 1,967,968	$ 2,193,896
Non-current assets	1,974,347	1,341,967
Current liabilities	(258,456)	(827,315)
Non-current liabilities	(218,620)	(212,926)
Total net assets	$ 3,465,239	$ 2,468,622

	Nanjing Jintung	
	Dec. 31, 2020	Dec. 31, 2019
Current assets	$ 2,570,703	$ 2,169,243
Non-current assets	1,832,186	1,518,253
Current liabilities	(307,602)	(237,523)
Non-current liabilities	(149,725)	(137,405)
Total net assets	$ 3,945,562	$ 3,312,568

	Tianjin Tianzhi	
	Dec. 31, 2020	Dec. 31, 2019
Current assets	$ 788,738	$ 979,373
Non-current assets	1,098,437	1,462,685
Current liabilities	(811,094)	(1,130,412)
Total net assets	$ 1,076,081	$ 1,311,646

Statements of Comprehensive Income

	Jiangsu Jintung	
	2020	2019
Revenue	$ 4,263,778	$ 5,421,383
Pre-tax profit	1,181,051	560,057
Income tax expenses	(125,931)	(87,789)
Net profit of this period	1,055,120	472,268
Other comprehensive income (net amount after tax)	223,969	(38,109)
Total comprehensive income for the period	$ 1,279,089	$ 434,159
Comprehensive income (loss) attributable to non-controlling interests	$ 639,545	$ 217,080

	Nanjing Jintung	
	2020	2019
Revenue	$ 4,025,090	$ 5,251,439
Pre-tax profit	781,972	328,403
Income tax expenses	(123,306)	(39,520)
Net profit for this period	658,666	288,883
Other comprehensive income (net amount after taxes)	90,781	(55,081)
Total comprehensive income for the period	$ 749,447	$ 233,802
Comprehensive income (loss) attributable to non-controlling interests	$ 299,779	$ 93,521

	Tianjin Tianzhi	
	2020	2019
Revenue	$ 2,168,682	$ 2,527,888
Pre-tax profit	(215,669)	11,849
Income tax expenses	(19,578)	2,062
Net profit for this period	(235,247)	13,911
Other comprehensive income (net amount after tax)	77,806	(21,777)
Total comprehensive income for the period	($157,441)	($7,866)
Comprehensive income (loss) attributable to non-controlling interests	($78,721)	($3,933)

Statements of Cash Flows

	Jiangsu Jintung	
	2020	2019
Cash inflow (outflow) from operating activities, net	$ 1,012,369	$ 528,438
Net cash inflow from investing activities	(21,703)	(13,917)
Net cash outflow (inflow) from financing activities	(351,349)	(420,014)
Effects of foreign exchange	19,983	(17,044)
Increase (decrease) in cash and cash equivalents	659,300	77,463
Cash and cash equivalents at beginning of the period	415,520	338,057
Cash and cash equivalents at end of the period	$ 1,074,820	$ 415,520

	Nanjing Jintung	
	2020	2019
Cash inflow (outflow) from operating activities ,net	$ 571,702	$ 267,918
Net cash inflow from investing activities	(63,008)	5,585
Net cash inflow (outflow) from financing activities	(94,195)	(153,253)
Effects of foreign exchange	13,037	(10,948)
Increase (decrease) in cash and cash equivalents	427,536	109,302
Cash and cash equivalents at beginning of the period	274,137	164,835
Cash and cash equivalents at end of the period	$ 701,673	$ 274,137

	Tianjin Tianzhi	
	2020	2019
Cash inflow (outflow) from operating activities, net	$ 218,088	$ 216,665
Net cash inflow from investing activities	(29,722)	(106,571)
Net cash inflow(outflow) from financing activities	(231,975)	(4,452)
Effects of foreign exchange	3,490	(10,124)
Increase (decrease) in cash and cash equivalents	(40,119)	95,518
Cash and cash equivalents at beginning of the period	252,855	157,337
Cash and cash equivalents at end of the period	$ 212,736	$ 252,855

(IV)Foreign currency translation

Items included in the financial statements of each entity within the Group are measured in the currency of the primary economic environment in which that entity operates (i.e. the functional currency). The functional currency of the Company and the presentation currency in the consolidated 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 Profits and Losses" in the Statement of Income.

2.Translation of foreign operations

(1)The results of operations and financial position of all group entities, associates and joint arrangements 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 statement 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 Group 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.

(4)The adjustments to goodwill and fair value arising from the acquisition of a foreign entity are treated as assets and liabilities of that foreign entity and are translated at the closing rate.

(V) 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 Group 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 Group 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 Group determine all liabilities which do not meet the conditions mentioned above as the non-current liabilities.

3.Since the operating cycle of the sale and contracting of housing is usually longer than one year, assets and liabilities related to construction and long-term contracts are classified as current and non-current based on the operating cycle (usually two years).

(VI)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.

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

1.Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.

2.The Group uses settlement date accounting for financial assets that are measured at fair value through profit or loss in accordance with trade practices.

3.The Group measures at fair value on initial recognition, with the related transaction costs recognized in profit or loss and subsequently measured at fair value, with the gain or loss recognized in profit or loss.

4.The Group 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.

(VIII)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 Group uses settlement date accounting for financial assets measured at fair value through other comprehensive income that comply with trade practices.

3.The Group 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 Group 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.

(IX)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.

3.The Group's business model for receivables expected to be sold is to collect contractual cash flows and sell them for purpose, which are subsequently measured at fair value with changes recognized in other comprehensive income.

(X)Impairment of financial assets

At each Balance sheet date, for financial assets measured at amortized cost, the Group 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 or contract assets that do not contain a significant financial component, an allowance for losses is measured at the amount of expected credit losses over the duration.

(XI)Derecognition of financial assets

When the Group's contractual rights to receive cash flows from financial assets lapse, the financial assets are derecognized.

(XII)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.

(XIII)Inventories

1. Inventories are valued at lower of cost or net realizable value. Cost carryforwards 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 borrowing 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. Operating sites are recorded on a perpetual inventory basis, using the cost of acquisition as the basis of accounting and capitalizing interest on the site during the period of construction, with the cost carried forward calculated using the weighted average method. Closing inventories are measured at the lower of cost or net realizable value, and comparisons are made on a line-by-line basis to determine the lower of cost or net realizable value. Net realizable value is the estimated selling price in normal circumstances less the costs still to be invested before completion and related variable selling expenses.

(XIV)Investments accounted for under the equity method - associates

1. An associate is an entity over which the Group 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 Group's investments in associates are accounted for using the equity method and are recognized at cost when acquired.
2. The Group 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 Group's share of losses in an associate equals or exceeds its interest in that associate (including any other unsecured receivables), the Group does not recognize further losses unless the Group has incurred legal obligations, constructive obligations or made payments on behalf of that associate.
3. The Group recognizes all changes in equity as "capital surplus" in proportion to the Group'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 Group's proportional shareholding in the associates.
4. Unrealized profits or losses arising from transactions between the Group 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 Group.

5. If the Group 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.
6. When the Group 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.
7. When the Group 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 Group 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.
8. When the Group disposes of an associate, capital surplus relating to that associate is transferred to profit or loss if the Group 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.

(XV)Joint operations

For interests in joint operations, the Group recognizes its direct rights (and shares thereof) in the assets, liabilities, revenues and expenses of the joint operations and is included in the applicable items in the financial statements.

(XVI)Property, plant and equipment

1. Property, plant and equipment are accounted for on an acquisition cost basis and interest is capitalized over the period of acquisition.
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 Group 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 significant.
4. The Group 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:

Building (including affiliated facilities)	2 – 55 years
Machinery and equipment	2 – 20 years
Leasehold equipment	2 – 17 years
Other equipment	2 – 20 years

(XVII)Lease transactions by lessees - right-of-use assets/lease liabilities

1.Leased assets are recognized as right-of-use assets and lease liabilities at the date they become available for use by the Group. When a lease agreement is a short-term lease or a lease of a low-value asset, lease payments are recognized as an expense over the lease term using the straight-line method.

2.Lease liabilities are recognized at the inception of the lease at the present value of the unpaid lease payments discounted at the Group's incremental borrowing rate, which includes:

(1)Fixed benefits, less any lease incentives that may be received;

(2)Lease payments that are dependent on a change in an index or rate;

Subsequent interest is measured using the amortized cost method and interest expense is provided over the term of the lease. When a non-contractual modification results in a change in 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 of the lease, which includes.

(1)The initial measurement amount of the lease liability;

(2)Any lease payments made on or before the inception date.

(3)Any initial direct costs incurred.

Subsequently, depreciation is provided upon the earlier of the useful life of the right-of-use asset or the expiration of the lease term, measured using the cost model. When a lease liability is reassessed, the right-of-use asset shall adjust for any remeasurement of the lease liability.

4. For lease modifications that reduce the scope of the lease, the lessee reduces the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognizes the difference between this and the remeasurement amount of the lease liability in profit or loss.

(XVIII)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.

(XIX)Intangible assets

1.Royalty

(1)The royalties on the first set of normal paraffin (NP) expansion equipment for technical skills and process improvements are recorded at acquisition cost and are amortized using the straight-line method over a period of 10 years.

(2)The royalties on the acquisition of the right to use the water quenched slags is recorded at acquisition cost and amortized on a straight-line basis over 20 years.

2.Goodwill

Goodwill arises from business combinations using the acquisition method.

3.Computer software

It is recognized at acquisition cost and amortized on a straight-line basis over the estimated benefit years.

4.Customer relationship

It is recognized at acquisition cost and amortized on a straight-line basis over a 5-year period.

(XX)Impairment of non-financial assets

1.The Group 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. Except for goodwill, 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.

2.The recoverable amount of goodwill shall be estimated periodically. An impairment loss is recognized when the recoverable amount is less than its carrying value. Impairment losses for goodwill impairment are not reversed in subsequent years.

3.Goodwill is allocated to cash-generating units for the purpose of impairment testing. This allocation is made to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination from which the goodwill arose, as identified by the operating department.

(XXI)Borrowings

1.It is the amount of long and short term borrowings from banks. The Group measures at its fair value less transaction costs at initial recognition and subsequently recognizes interest expense in profit or loss over the period in which it is outstanding, using the effective interest method, for any difference between the price after deducting transaction costs and the redemption value.

2.When it is probable that some or all of the borrowings will be withdrawn, the expense is recognized as transaction cost of the borrowings and deferred until the effective interest rate adjustment is recognized when the expense is incurred; when it is unlikely that some or all of the amount will be withdrawn, the charge is recognized as a prepayment and amortized over the period to which the amount relates.

(XXII)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.

(XXIII)Derecognition of financial liabilities

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

(XXIV)Provisions

A provision is a present legal or constructive obligation that arises from past events, it is probable that an outflow of economically efficient resources will be required to settle the obligation, and the amount of the obligation is recognized when the obligation can be estimated reliably. A provision is measured at the best estimate of the present value of the expenditure required to settle the obligation at the balance sheet date, using a pre-tax discount rate that reflects current market assessments of the time value of currency and the risks specific to the liability. Amortization of the discount is recognized as interest expense. No provision for future operating losses may be recognized.

(XXV)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. Retirement expense

(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.

(XXVI)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 Group 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 undistributed earnings under the Income Tax Act is recognized as income tax expense on the undistributed 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 Consolidated Balance Sheets. 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 Group 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 Group 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; 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.

(XXVII)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.

(XXVIII)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.

(XXIX)Revenue

Sales of Products

1.The Group 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 Group.

2.Sales revenue 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 Group 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 Group and the customer.

Land development and resale

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

(XXX) 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 Group for expenses incurred, the project grants are recognized in profit or loss on a systematic basis for the period in which they are incurred. Government grants related to property, plant and equipment are recognized as non-current liabilities and recognized in profit or loss for the period on a straight-line basis over the estimated useful lives of the related assets.

(XXXI)Business combinations

1.The Group uses the acquisition method for business combinations. Combined consideration is based on the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued, and the consideration transferred includes the fair value of any assets and liabilities arising from contingent consideration agreements. Acquisition-related costs are recognized as an expense when incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured at fair value at the acquisition date. The Group, on an individual acquisition transaction basis, elects to measure non-controlling interests whose components are current ownership interests and whose holders are entitled to a pro rata share of the net assets of the enterprise at the time of liquidation, either at fair value at the acquisition date or at the non-controlling interest's proportion of the acquiree's identifiable net assets; all other components of non-controlling interests are measured at fair value at the date of acquisition.

2.Goodwill is recognized at the date of acquisition if the aggregate fair value of the consideration transferred, the non-controlling interest in the acquiree, and the previously held interest in the acquiree exceeds the fair value of the identifiable assets acquired and liabilities assumed; if the fair value of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the non-controlling interest in the acquiree and the fair value of the previously held interest in the acquiree, the difference is recognized in profit or loss for the period at the date of acquisition.

(XXXII)Operating segments

Information on the Group's operating segments is reported in a manner consistent with the internal management reports provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to operating segments and evaluating their performance, and the Group's chief operating decision maker has been identified as the Board of Directors.

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

In preparing the Group’s consolidated 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 judgments, estimates and assumptions:

Major accounting estimates and assumptions

1.Assessment of impairment of tangible and intangible financial assets (excluding goodwill)

In the process of asset impairment assessment, the Group should determine the independent cash flow, the durable years of the assets and the possible future income and expense of the specific asset group based on subjective judgment and the asset use pattern and industrial characteristics. Any change in estimates due to changes in economic conditions or group strategies may result in significant impairments in the future. As on December 31, 2020, the carrying amount of property, plant and equipment, intangible assets and investment property after recognizing the impairment losses of the Group respectively were $4,283,547, $396,561, $102,176.

2. Accounts receivable

In assessing the impairment of accounts receivable, the Group must use judgement and estimates to measure the credit risk of accounts receivable in order to assess the expected credit loss. The credit risk is affected by a number of factors such as the financial position of the customer, the Group's internal credit rating, historical transaction history and other factors that may affect the credit quality of the customer. This assessment is a reasonable expectation of expected credit losses based on current conditions at the balance sheet date, but actual results may differ from estimates and therefore may be subject to material change.

As at December 31, 2020, the carrying amount of the Group's accounts receivable was $2,984,507.

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

The fair value of the Group'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 (V). As on December 31, 2020, the carrying amount of the Group's unlisted (not over-the-counter) company shares with no active market was $1,877,149.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	Dec. 31, 2020	Dec. 31, 2019
Cash on hand	$ 4,439	$ 2,986
Check accounts	415	348
Demand deposits	4,097,777	2,209,173
Time deposits	2,378,086	960,275
Cash equivalents	87,349	26,894
	$6,568,066	$ 3,199,676

1. The Group's dealings with financial institutions are of good credit quality and the Group deals with a number of financial institutions to diversify its credit risk, the probability of default is expected to be low.
2. Time deposits with initial maturity exceeding over 3 months held by the Group on December 31, 2020 and 2019 were $344,608 and $268,173, respectively, and are presented in the table "Financial assets measured at amortized cost".
3. The Group's cash and cash equivalents restricted for use are presented in the tables "Financial assets at amortized cost - current" and "Financial assets measured at amortized cost - non-current" based on their liquidity on December 31, 2020, for $857,078 and $57,029, respectively, and on December 31, 2019, for $791,170 and $19,523, respectively, as detailed in Note VIII.

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

Item	Dec. 31, 2020	Dec. 31, 2019
Current Items:		
Financial assets mandatorily measured at FVTPL		
Financial products	$ 208,326	$ 218,206
Structured deposits	-	21,647
Beneficiary certificates	407	429
	208,733	240,282
Valuation adjustment	255	194
Total	$ 208,988	$ 240,476

1. The details of financial assets measured at fair value through profit or loss that are recognized in profit or loss are as follows:

Item	2020	2019
Financial assets mandatorily measured at FVTPL		
Financial products	$ 20	$ 3,935
Structured deposits	18,086	3,065
Beneficiary certificates	1,403	16
Derivatives	3,371	(776)
Total	$ 22,880	$ 6,240

2.The Group has not pledged financial assets that are measured at fair value through profit or loss.

3.Please refer to Note XII (V) and (VI) for related price risk information and fair value information on financial assets measured at fair value through profit or loss.

(III)Financial assets measured at FVTOCI

Item	Dec. 31, 2020	Dec. 31, 2019
Non-current items:		
Equity instruments		
Listed and OTC stocks	$ 533,918	$ 534,120
Unlisted stocks	1,946,128	1,414,035
	2,480,046	1,948,155
Valuation adjustment	(108,335)	(282,651)
Total	$ 2,371,711	$ 1,665,504

1.The Group has elected to classify equity investments, which are strategic investments, as financial assets measured at FVTOCI, with fair values of $2,371,711 and $1,665,504 on December 31, 2020 and 2019, respectively.

2.The Group disposed of its investment in Hanns Touch Solution Inc. with a fair value of $29,045 in 2019 as a result of group capital expenditures, resulting in a cumulative disposal loss of $8,365.

3.The Group invested a total of $20,587 thousands in Gulei Paraxylene (PX) Plant in 2020, please refer to Note IX(II).

4.The details of financial assets measured at FVTOCI recognized in profit or loss and comprehensive income are as follows:

	2020	2019
Equity instruments measured at FVTOCI		
Fair value change recognized in other comprehensive income	$ 171,661	($ 60,570)
Accumulative gains or losses from derecognition or transfer of retained earnings	-	($ 8,365)

5.Dividend income recognized in 2020 and 2019 was $16,779 and $ 15,835, respectively, both related to investments still held at the end of the reporting period.

6.The Group has not pledged financial assets that are measured at FVTOCI.

7.Please refer to Note XII (V) and (VI) for price risk information and fair value information on financial assets measured at FVTOCI.

(IV)Financial assets measured at amortized cost

Item	Dec. 31, 2020	Dec. 31, 2019
Current:		
Time deposits with maturities over 3 months	$ 344,608	$ 268,173
Restricted cash and cash equivalents	857,078	791,170
Total	$ 1,201,686	$ 1,059,343
Non-current:		
Restricted cash and cash equivalents	$ 57,029	$ 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	$ 13,684	$ 9,027

2.The most representative of the Group'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 $1,258,715 and $1,078,866, respectively.

3.Please refer to Note VIII for details of the Group'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.

(V)Notes and accounts receivable

	Dec. 31, 2020	Dec. 31, 2019
Notes receivable	$ 156,703	$ 360,529
Accounts receivable	$ 3,185,010	$ 3,014,426
Less: Allowance for bad debts	(327,365)	(75,208)
	$ 2,857,645	$ 2,939,218

1.The aging analysis of accounts and Notes receivable is as follows:

	Dec. 31, 2020		Dec. 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 2,699,191	$ 156,703	$ 2,688,854	$ 360,529
Past due				
Within 90 days	116,304	-	115,016	-
91-180 days	-	-	121,183	-
Over 181 days	369,515	-	89,373	-
	$ 3,185,010	$ 156,703	$ 3,014,426	$ 360,529

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

2.On December 31, 2020, December 31, 2019 and January 1, 2019, the Group had balances of $3,341,713, $3,374,955 and $3,747,287, respectively, in respect of receivables (including Notes receivable) under contracts with customers.

3.Please refer to Note VIII for details of the Group's Notes receivable to be pledged as collateral.

4.The Group does not hold any collateral for its notes and accounts receivable.

5.The most representative of the Group'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 $156,703 and $360,529, respectively; and the most representative of the Group's accounts receivable were the most exposed to credit risk on December 31, 2020 and 2019 in the amounts of $2,857,645 and $2,939,218, respectively.

6.On December 31, 2020 and 2019, the Group had accounts receivable of $1,482,698 and $1,036,394, respectively, which are financial assets measured at FVTOCI. For information on transfers of financial assets, please refer to Note VI (VI).

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

(VI)Transfer of financial assets

The Group has entered into contracts with financial institutions for the factoring of accounts receivable, under which the Group is not exposed to the risk that these transferred accounts receivable will not be recovered, but only to losses arising from commercial disputes, and the Group does not have any continuing involvement in these transferred accounts receivable, therefore the Group excludes these transferred accounts receivable from the factoring of accounts receivable as follows:

Dec. 31, 2020

Factoring counter-parties	Amount of receivables sold	Derecognized amount	Advanced amount	Rest amount for prepayment	Interest rate range of advance
J.P. Morgan Chase Bank	$2,036,252	$2,036,252	$2,036,252	$ -	0.04%~1.18%

Dec. 31, 2019

Factoring counter-parties	Amount of receivables sold	Derecognized amount	Advanced amount	Rest amount for prepayment	Interest rate range of advance
Deutsche Bank	$ 211,602	$ 211,602	$ 211,602	$ -	0.06%~0.52%
J.P. Morgan Chase Bank	1,608,066	1,608,066	1,608,066	-	0.03%~0.96%

(VII)Inventories

	Dec. 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,410,630	($ 24,948)	$ 1,385,682
Work in progress	220,862	-	220,862
Finished goods	600,223	(26,113)	574,110
Inventories	159,355	(85,579)	73,776
Inventory in transit	121,358	-	121,358
	$ 2,512,428	($ 136,640)	$ 2,375,788

	Dec. 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,613,735	($41,226)	$ 1,572,509
Work in progress	196,757	-	196,757
Finished goods	682,573	(30,850)	651,723
Inventories	316,795	(85,579)	231,216
Inventory in transit	136,403	-	136,403
Land held for construction	1,049,995	-	1,049,995
	$ 3,996,258	($ 157,655)	$ 3,838,603

The Group's cost of inventories recognized as expenses for the period:

	2020	2019
Cost of inventories sold	$ 19,701,791	$ 24,578,254
Loss from price decline in inventories (with rebound interests)	(21,392)	9,256
Gain on physical inventory	(10,428)	(10,475)
Loss on disposal of inventories	-	9,383
Unallocated fixed manufacturing overheads	61,918	83,312
	$ 19,731,889	$ 24,669,730

1.The net realizable value of inventories recognized as valuation loss of 2019 has risen in 2020, hence creating the recovered benefits.

2.The capitalized amount and interest rate range of borrowing costs for construction sites are as follows:

	2020	2019
Capital or amount	$ 6,440	$ 17,779
Range of capitalized interest rate	2.17%~3.01%	2.88%~3.01%

3.Please refer to Note VIII for details of the collaterals for the above inventories.

(VIII)Prepayment

	Dec. 31, 2020	Dec. 31, 2019
Prepayment	$ 349,660	$ 257,932
Tax overpaid retained	111,623	160,595
Prepaid expense	17,336	25,224
	$ 478,619	$ 443,751

In response to the development plan of the Gulei case, Beijing Tung Shengtai appointed an agent to import ethylene glycol through prepayment to Company A and sold it to end customers. In view of the Group's future operating policy to reduce the scale of the aforementioned business, however, Company A had liquidity problems, so Beijing Tung Shengtai entered into a repayment agreement with it and transferred the prepayment of goods to other receivables totaling $98,773. The Group has recorded an impairment loss of $79,801 in 2019 under "Other gains and losses." In April 2020, a mediation agreement was reached through the court, whereby Company A and its joint and several guarantors were required to repay RMB4,600 in thousands by May 10, 2020, then the guarantee for part of the real property in its name would be released and the remaining amount should be paid up by Dec 31, 2021. As of Dec 31, 2020, a cumulative recovery of RMB8,260 in thousands (NT$36,075) has been made and a reversal gain of $13,401 was recognized in 2020 under "Other gains and losses."

(IX)Investments accounted for using equity method

1.The investment details are as follows:

Name of Associate	Dec. 31, 2020	Dec. 31, 2019
Tung Bao	$284,469	$ 283,618
Shanghai Jingdi Chemical Co., Ltd. (Shanghai Jingdi)	-	-
HT-S Venture Philippines Corporation (HT-S Venture)	12,866	13,534
Ho-Li United Technology Co., Ltd. (Ho-Li United)	-	-
	$ 297,335	$ 297,152

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

Name of Associate	Dec. 31, 2020	Dec. 31, 2019
Tung Bao	$852	($2,148)
Shanghai Jingdi Chemical Co., Ltd. (Shanghai Jingdi)	-	(7,438)
HT-S Venture	407	3,269
	$1,259	($6,317)

3. Basic information about the Group's associates is as follows:

Name of Company	Principal Place of Business	Shareholding ratio Dec. 31, 2020	Shareholding ratio Dec. 31, 2019	Method of measurement
Tung Bao	Taiwan	34.64%	34.64%	Equity method
HT-S Venture	Philippines	40.00%	40.00%	"
Ho-Li United	Taiwan	11.63%	11.63%	"

4.On December 31, 2020 and 2019, the combined carrying amounts of the Group's individual immaterial associates were $297,335 and $297,152, respectively, and their operating results are summarized as follows:

	2020	2019
Net profit (loss) for continuing operations	$ 3,428	($20,097)
Other comprehensive income (net amount after tax)	2,029	(34,719)
Total comprehensive income for the period	$ 5,457	($54,816)

5.Shanghai Jingdi entered into liquidation process in October 2019 and reclassified the investment amount originally accounted for using the equity method of $47,152 to "Other receivables" as the Group has lost material influence over it. In 2020, the recoverable amount was estimated to be RMB7,613 in thousands (NT$33,249), therefore, an impairment loss of $10,390 was recorded under "Other gains and losses." In the course of liquidation, due to the registration of the real property certificate of Shanghai Jingdi, it was not possible to complete the liquidation process. As agreed by the shareholders, the Group intends to transfer its shareholdings to other shareholders and the relevant share transfer agreement is still under discussion.

6.As of December 31, 2020 and 2019, Tung Bao and HT-S Venture were evaluated on the basis of the financial statements of each company's appointed accountants to audit the visas.

7. The Group has not pledged any investment under the equity method.

(X)Joint operations

In November 2006, He Hsin Cheng signed a "Joint Investment and Development Agreement" with other joint operating companies to jointly contribute to the purchase of four parcels of land, namely, parcel no. 271, 271-4, 271-5 and 271-7, in the Yucheng section, second small section, Nangang District, Taipei City, and appointed one of the companies to handle the modification of urban planning division. Upon completion of the modification process of urban planning division, the company plans, constructs and sells the building, net of necessary expenses to share the benefits in proportion to the investment.

He Hsin Cheng holds a 12.25% share of the aforementioned Nangang Project and the following shows the Group's share of assets, liabilities and results of sales and operations held in the project, which have been consolidated in the Consolidated Balance Sheets and consolidated statement of comprehensive income:

	Dec. 31, 2020	Dec. 31, 2019
Assets:		
Current assets	$-	$ 1,038,861
Liabilities:		
Current liabilities	-	(886,450)
Net assets	$-	$ 152,411

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

1. The Group has no contingent liabilities in relation to this joint operating commitment and the joint operation itself has no contingent liabilities.
2. On May 7, 2020, He Hsin Cheng Co and other joint operating companies sold two small plots located in the Yucheng section, Nangang District, Taipei City to Fubon Life Insurance Co. for a total bid price of $28,287,000 in order to enhance 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 the settlement of the landowners' interests and the second cash distribution under the Great Nangang project, and the settlement was completed on the following day.

(XI)Property, plant and, equipment

	Land	Buildings Self use	Buildings For lease	Machinery equipment Self use	Machinery equipment For lease	Leasehold equipment For lease	Other equipment Self use	Other equipment For lease	Unfinished constructions and equipment to be tested	Total
Jan. 1, 2020										
Cost	$ 508,806	$ 2,872,704	$ 192,560	$ 7,658,530	$ 156	$ 144,069	$ 395,795	$ 13,842	$ 635,572	$ 12,422,034
Accumulated depreciation	-	(1,060,192)	(168,990)	(5,215,362)	(104)	(34,723)	(280,363)	(6,885)	(11,475)	(6,778,094)
	$ 508,806	$1,812,512	$23,570	$ 2,443,168	$52	$109,346	$115,432	$ 6,957	$ 624,097	$ 5,643,940
2020										
Jan. 1	$ 508,806	$1,812,512	$23,570	$ 2,443,168	$ 52	$109,346	$115,432	$ 6,957	$ 624,097	$ 5,643,940
Addition	-	2,779	187	21,781	-	15,539	9,140	312	127,306	177,044
Disposal	-	(549)	-	(3,511)	-	-	(640)	-	-	(4,664)
Capitalization of interest	-	-	-	-	-	-	-	-	6,958	6,958
Transfer	-	2,525	3,492	173,008	-	-	2,330	-	(201,098)	(19,743)
Depreciation charge	-	(100,620)	(2,128)	(323,299)	(52)	(23,206)	(25,779)	(2,457)	-	(477,541)
Impairment loss	-	(27,396)	-	(166,567)	-	-	(9,591)	-	(290,351)	(494.265)
Net exchange differences	-	25,812	438	33,887	-	-	606	1	1,559	62,303
Dec. 31	$ 508,806	$1,715,063	$ 25,559	$ 2,178,467	$ -	$ 101,679	$ 91,174	$4,813	$ 268,471	$ 4,894,032
Dec. 31, 2020										
Cost	$ 508,806	$ 2,918,797	$ 199,638	$ 7,791,481	$ 156	$ 160,210	$ 395,436	$ 14,154	$ 576,320	$ 12,564,998
Accumulated depreciation and impairment	-	(1,203,734)	(174,079)	(5,613,014)	(156)	(58,531)	(304,262)	(9,341)	(307,849)	(7,670,966)
	$ 508,806	$1,715,063	$ 25,559	$ 2,178,467	$ -	$ 101,679	$ 91,174	$ 4,813	$ 268,471	$ 4,894,032

	Land	Buildings		Machinery equipment		Leasehold equipment	Other equipment		Unfinished constructions and equipment to be tested	Total
		Self use	For lease	Self use	For lease	For lease	Self use	For lease		
Jan. 1, 2019										
Cost	$ 508,806	$ 2,943,664	$ 232,467	$ 7,732,989	$ 17,722	$ 1,424,299	$ 391,522	$ 72,740	$ 438,335	$ 13,762,544
Accumulated depreciation	-	(987,663)	(212,415)	(4,849,814)	(17,289)	(1,354,992)	(274,329)	(69,745)	(11,959)	(7,774,206)
	$ 508,806	$ 1,956,001	$20,052	$ 2,883,175	$ 433	$ 69,307	$117,193	$ 6,995	$ 426,376	$ 5,988,338
2020										
Jan. 1	$ 508,806	$ 1,956,001	$20,052	$ 2,883,175	$ 433	$ 69,307	$117,193	$ 6,995	$ 426,376	$ 5,988,338
Addition	-	27,331	-	23,667	-	96,602	11,047	$ 4,863	253,116	416,626
Disposal	-	(110)	-	(17,540)	-	-	(1,305)	-	-	(18,955)
Capitalization of interest	-	-	-	-	-	-	-	-	21,741	21,741
Transfer	-	5,832	6,400	83,893	-	-	16,501	-	(47,955)	64,671
Depreciation charge	-	(104,648)	(1,910)	(342,820)	(381)	(56,563)	(26,324)	(4,901)	-	(537,547)
Impairment loss	-	(2,546)	-	(90,738)	-	-	(201)	-	-	(93,485)
Net exchange differences	-	(69,348)	(972)	(96,469)	-	-	1,479	-	(29,181)	(197,449)
Dec. 31	$ 508,806	$1,812,512	$ 23,570	$ 2,443,168	$ 52	$ 109,346	$ 115,432	$ 6,957	$ 624,097	$ 5,643,940
Dec. 31, 2019										
Cost	$ 508,806	$ 2,872,704	$ 192,560	$ 7,658,530	$ 156	$ 144,069	$ 395,795	$ 13,842	$ 635,572	$ 12,422,034
Accumulated depreciation and impairment	-	(1,060,192)	(168,990)	(5,215,362)	(104)	(34,723)	(280,363)	(6,885)	(11,475)	(6,778,094)
	$ 508,806	$1,812,512	$ 23,570	$ 2,443,168	$52	$ 109,346	$ 115,432	$ 6,957	$ 624,097	$ 5,643,940

1.Due to the competence of the market, the Company recorded an impairment loss of $ 80,937 and $3,017 in December 2020 and June 2019 respectively on its fixed assets since the recoverable amount was less than the carrying amount.

2.An impairment loss of $288,055 and $35,717 was recorded in 2020 and 2019, respectively, for the fixed assets of Tianjin Tianzhi as the recoverable amount was lower than the carrying amount due to unsatisfactory utilization.

3.An impairment loss of $78,252 was recorded in 2020 as the recoverable amount was lower than the carrying amount and the plant was not expected to resume operation due to the impact of the fire on the fixed assets of Jiangsu Jintung.

4. The fixed assets of Nanjing Jintung were not used as expected and the plant is adjacent to Jiangsu Jintung, which had a fire, and was not expected to resume operation, so the recoverable amount was lower than the carrying amount, and an impairment loss of $47,021 and $54,751 was recorded in December 2020 and 2019, respectively.

5. For the above-mentioned fixed assets with indications of impairment, the Group assesses the impairment loss using the recoverable amount, which is calculated based on value in use and net fair value (which is level 3). The value in use is calculated using pre-tax cash flow projections for the five-year financial budget prepared by management, using a discount rate of 9.06%.

6. Please refer to Note XII(III) for a description of the fire at Jiangsu Jintung.

7.The capitalized amount of property, plant and equipment borrowing costs and interest rate range:

	2020	2019
Capitalization amount	$ 6,958	$ 21,741
Range of capitalized interest rate	2,61%~4.20%	3.39%~5.87%

8.Please refer to Note VIII for details of the collaterals for the property, plant and equipment.

(XII)Lease transaction - lessee

1.The underlying assets of the Group under lease include land, buildings and Machinery and equipment, with lease agreements covering the period from 1995 to 2061. Lease agreements are individually negotiated and contain a various terms and conditions.

2.The Group leases parking spaces, buildings and office equipment for a period not exceeding 12 months and leases underlying assets that are of low value as office equipment.

3.The carrying value of the right-of-use assets and the depreciation charge recognized are as follows:

	Dec. 31, 2020	Dec. 31, 2019
	Book value	Book value
Lands	$ 1,562,064	$ 1,573,096
Buildings	9,805	5,737
Machinery equipment	-	92,766
	$ 1, 571,869	$ 1,671,599

	2020	2019
	Depreciation charge	Depreciation charge
Lands	$ 63,531	$ 47,988
Buildings	3,481	3,014
Machinery equipment	11,850	16,489
	$ 78,862	$ 67,491

4. Chenergy Global Corp. leased land from the Taichung Harbor Bureau of the Ministry of Transportation and Communications for the construction of the Taichung Port West No. 7 Pier and rear storage tanks, and secured a rent-free term of 17 years (June 25, 2002 to June 24, 2019) with the investment amount. Subsequently, the company on June 25, 2019 entered into a new lease agreement with the bureau for the "Taichung Port West No. 7 Pier and rear storage tanks and ancillary facilities and specialized zone for the petrochemical industry" to lease the land and rear storage tanks and ancillary facilities etc. under an operating lease for a total period of 20

years (June 25, 2019 to June 24, 2039). The lease is subject to a right of first refusal at the end of the lease term and the land use fee is calculated on the basis of the area of the leased land at the section value and rate approved by the government and is payable in advance in three monthly instalments in Jan, April, July and Oct of each year within the period specified in the notice of payment from the bureau. In addition, the parties agree not to sublet or assign all or part of the subject matter of the lease except with the consent of the bureau.

5. Lianshui Xinyuan Biology Co on September 30, 2020, prematurely terminated the 10-year production line usage right contract with Hsin Tay Shanghai and returned the performance bond amounting to RMB8,000 in thousands (NT$34,939) and gave an additional compensatory payment of RMB24,000 in thousands (NT$102,757). Therefore, Hsin Tay Shanghai derecognized right-to-use assets of RMB18,829 in thousands (NT$80,619) and lease liabilities of RMB15,472 in thousands (NT$66,246), and recognized lease modification losses of RMB3,357 in thousands (NT$14,373) and compensation income of RMB24,000 in thousands (NT$102,757), which were recorded under "Other gains and losses."
6. The additions to the Group's right-of-use assets in 2020 and 2019 were $46,042 and $1,558 respectively.
7. Information on profit or loss items relating to lease agreements is as follows:

Items affecting profit or loss	2020	2019
Interest expenses for lease liabilities	$ 25,181	$ 14,521
Expenses which belong to short-term lease contract	2,323	2,958
Expenses which belong to the lease of low-value assets	36	83

8. The Group's total lease cash outflow in the year ended December 31, 2020 and 2019 respectively was $59,938 and $40,660.
9. Please refer to Note VIII for details of the collaterals for right-of-use assets.

(XIII) Lease transaction - lessor

1. The underlying assets leased by the Group include wharfs, storage tanks and warehousing equipment and its ancillary facilities, with lease agreements covering the period from 1 May 2019 to 30 April 2022, which are individually negotiated and contain various terms and conditions.
2. The Group recognized rental receipt of $120,129 and $101,267 for 2020 and 2019 respectively based on operating lease agreements, of which there were no variable lease payments.
3. An analysis of the maturity dates of the Group's lease payments under operating leases is as follows.

	Dec. 31, 2020	Dec. 31, 2019
Less than one year	$ 32,164	$ 35,164
More than one year but less than two years	3,425	22,924
More than two years but less than three yeras	-	3,561
Total	$ 35,571	$ 61,649

(XIV)Investment Property

	Land	Buildings	Total
Jan. 1, 2020			
Cost	$ 244,959	$ 6,040	$ 250,999
Accumulated depreciation	(146,039)	(3,550)	(148,589)
	$ 99,920	$ 2,490	$ 102,410
2020			
Jan. 1	$ 99,920	$ 2,490	$ 102,410
Depreciation charge	-	(236)	(236)
Impairment loss/gain on reversal	2	-	2
Dec. 31	$ 99,922	$ 2,254	$ 102,176
Dec. 31, 2020			
Cost	$ 244,959	$ 6,040	$ 250,999
Accumulated depreciation	(145,037)	(3,786)	(148,823)
	$ 99,922	$ 2,254	$ 102,176

	Land	Buildings	Total
Jan. 1, 2019			
Cost	$ 244,959	$ 6,040	$ 250,999
Accumulated depreciation	(146,098)	(3,314)	(149,412)
	$ 98,861	$ 2,726	$ 101,587
2019			
Jan. 1	$ 98,861	$ 2,726	$ 101,587
Depreciation charge	-	(236)	(236)
Impairment loss/gain on reversal	1,059	-	1,059
Dec. 31	$ 99,920	$ 2,490	$ 102,410
Dec. 31, 2019			
Cost	$ 244,959	$ 6,040	$ 250,999
Accumulated depreciation	(145,039)	(3,550)	(148,589)
	$ 99,920	$ 2,490	$ 102,410

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

	2020	2019
Rental income from investment in property	$ 400	$ 343
Direct operating expenses generated from the investment in property which generates rental income	$ 236	$ 235

2.Hua Chung's land in Pingtung was valued by an independent real estate appraiser using the comparative method and the income approach (net of land appreciation tax) at $16,397 and $16,395 as of December 31, 2020 and 2019, respectively, and Hua Chung recognized an gain on reversal of impairment loss of $2 and $1,059 in 2020 and 2019, respectively, recorded under "Other gains and losses".

3.Excluding Hua Chung's land in Pingtung mentioned above, the fair value of the Group's investment property held as of December 31, 2020 and 2019 was $162,101 and $161,432, 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.

4.Please refer to Note VIII for details of the collaterals for investment property.

(XV)Intangible assets

	Goodwill	Royalty fees	Others	Total
Jan. 1, 2020				
Cost	$ 246,149	$ 359,766	$ 103,982	$ 709,897
Accumulated amortization	-	(198,085)	(71,828)	(269,913)
	$ 246,149	$ 161,681	$ 32,154	$ 439,984
2020				
Jan. 1	$ 246,149	$ 161,681	$ 32,154	$ 439,984
Additions - acquired separately	-	892	4,567	5,459
Amortization	-	(20,511)	(15,559)	(36,070)
Impairment loss	-	-	(14.603)	(14,603)
(Net exchange differences	-	1,808	(17)	1,791
Dec. 31	$ 246,149	$ 143,870	$ 6,542	$ 396,561
Dec. 31, 2020				
Cost	$ 246,149	$ 347,628	$ 106,461	$ 700,238
Accumulated amortization and impairment	-	(203,758)	(99,919)	(303,677)
	$ 246,149	$ 143,870	$ 6,542	$ 396,561

	Goodwill	Royalty fees	Others	Total
Jan. 1, 2019				
Cost	$ 246,149	$ 365,807	$ 104,506	$ 716,462
Accumulated amortization	-	(178,154)	(56,977)	(235,131)
	$ 246,149	$ 187,653	$ 47,529	$ 481,331
2019				
Jan. 1	$ 246,149	$ 187,653	$ 47,529	$ 481,331
Additions - acquired separately	-	372	1,095	1,467
Amortization	-	(21,131)	(15,559)	(36,690)
Net exchange differences	-	(5,213)	(911)	(6,124)
Dec. 31	$ 246,149	$ 161,681	$ 32,154	$ 439,984
Dec. 31, 2019				
Cost	$ 246,149	$ 359,766	$ 103,982	$ 709,897
Accumulated amortization	-	(198,085)	(71,828)	(269,913)
	$ 246,149	$ 161,681	$ 32,154	$ 439,984

(XVI)Other non-current assets

	Dec. 31, 2020	Dec. 31, 2019
Refundable deposits	$ 7,556	$ 105,305
Long-term notes and accounts receivable - land payments receivable	-	129,957
Long-term accounts receivable- related parties	139,159	-
Others	10,514	9,055
	$ 157,229	$ 244,317

1. He Hsin Cheng transferred its 9% share in Nangang Project to Yusheng Development Co., Ltd. in September 2008 and completed the ownership transfer in June 2009. The parties have agreed to settle the final profit or loss and settle the related receivables upon the release of the Nangang Project's syndicated loan. The aforementioned transfer receivables are recorded under "Long-term notes and accounts receivable" and the amount has been received on August, 2020.
2. Tianjin Zhongran was unable to repay the receivables due to Hsin Tay Ltd as agreed, and therefore based on the agreement reached, Tianjin Zhongran intended to settle the receivables over three years, which the Group classified under "Accounts receivable - related parties" and "Long-term receivables - related parties" in the current account. “Long-term receivables - related parties" amounted to $139,159 after taking into account the time value and allowance for doubtful debts, please refer to Note VII(II) for details.

(XVII) Impairment of financial assets and non-financial assets

The Group recognized an impairment loss of ($508,866 and $92,426) for 2020 and 2019, respectively, which are detailed below:

	2020 Recognized as gain or loss of the term	2019 Recognized as gain or loss of the term
Non-financial assets:		
Impairment loss－buildings	($ 27,396)	($2,546)
Impairment loss－machinery equipment	(166,567)	(90,738)
Impairment loss－other equipment	(9,951)	(201)
Impairment loss－unfinished construction and equipment to be tested	(290,351)	-
Reversal gain－investment property	2	1,059
Impairment loss－intangible assets	(14,603)	-
	($508,866)	$ 92,426

(XVIII) Short-term borrowings

Loan type	Dec. 31, 2020	Interest range
Collateralized loan from bank	$ 636,410	2.06%~3.11%
Bank credit loan	41,943	1.94%~2.06%
Bank purchase loan	434,596	3.30%~4.20%
	$ 1,112,949	
Issue guaranteed bill	$ 1,305,440	

Loan type	Dec. 31, 2019	Interest range
Collateralized loan from bank	$ 1,538,682	2.25%~5.78%
Bank credit loan	412,746	1.28%~4.35%
Bank purchase loan	625,718	2.74%~4.79%
	$ 2,577,146	
Issue guaranteed bill	$ 1,509,940	

Please refer to Note VIII for details of the collaterals for short-term borrowing.

(XIX) Other payables

	Dec. 31, 2020	Dec. 31, 2019
Salary payable	$ 299,916	$257,242
Transportation fees payable	251,809	226,718
Utility expenses payable	156,523	159,535
Taxes payable	127,448	45,809
Repairing charges payable	126,640	73,458
Equipment charges payable	56,181	74,279
Pipeline charges payable	48,987	63,544
Employees benefits payable and remuneration payable to directors and supervisors	38,712	11,471
Services expenses payable	15,013	10,714
Fines payable	6,000	6,000
Interests payable	5,983	3,566
Management charges payable	5,371	12,282
Commission payable	4,640	19,456
Others	69,398	189,265
	$ 1,212,621	$ 1,153,339

1. The Company on May 30, 2017 experienced an oil spill in Houjin River, Kaohsiung City, and on July 25, 2017, the Kaohsiung City Environmental Protection Bureau imposed a fine of NT$6,000 in accordance with the Water Pollution Control Act, with other payables set aside in full by the Company. Dissatisfied with the above decision, the Company filed an administrative remedy according to law in August 2017, but the appeal was dismissed and the Company on

June 28, 2018 lodged further administrative litigation. On February 4, 2020, the Kaohsiung High Administrative Court ruled (2018 Appeal No. 251) that the fines imposed by the Kaohsiung Environmental Protection Bureau were defective and therefore the fines imposed were revoked, and thus the bureau would re-evaluate the Company's violations and impose new fines. As the amount of the penalty cannot be estimated, the Company's other payables as originally set aside were not adjusted.

2.The lease agreement between Chenergy and the Taichung Harbor Bureau stipulates that additional management fees shall be charged if annual import, export or transit from Taichung Port wharves does not meet the minimum operating volume. In the year ended December 31, 2019, the management fees recognized in total is NT$94,683, and the outstanding balance until December 31, 2020 is NT$4,536.

(XX)Long-term borrowings

Loan type	Dec. 31, 2020	Interest range
Secured loans from banks	$ 1,890,000	2.10%~2.16%
Loans from non-financial institution	34,444	6.90%
	1,924,444	
Less: Syndicated loan fee	(5,006)	
Portions due within one year (listed as current liability)	(243,623)	
	$ 1,675,815	
Issue guaranteed bill	$ 1,750,000	

Loan type	Dec. 31, 2019	Interest range
Secured loans from banks	$ 2,537,348	2.32%~2.88%
Loans from non-financial institution	91,905	
	2,629,253	
Less: Syndicated loan fee	(8,616)	
Portions due within one year (listed as current liability)	(70,045)	
Portions due within one operating cycle (listed as current liability)	(614,739)	
	$ 1,935,853	
Issue guaranteed bill	$ 1,750,000	

1.Please refer to Note VIII for details of the collaterals for Long-term borrowings.

2.(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 drawdown 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.

3.(1)The Company on December 28, 2018entered 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 atNT$53,000.

(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. 124and 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.

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

	Dec. 31, 2020	Dec. 31, 2019
After 1 year	$ 70,000	$ 50,000

5.Loans of non-financial institutions are as follows:

Financing of RMB33,800 thousands from Far Eastern Leasing Co., Ltd. with a loan period of January 27, 2019 to July 27, 2021 and monthly repayment of principal amount of RMB1,127 thousands beginning in February 2019.

(XXI) Deferred government grants benefits

	Dec. 31, 2020	Dec. 31, 2019
Deferred government grants -current	$ 273,802	$ 29,802

1. Due to the redrawing of land in Tianjin, the Tianjin municipal government requested the Tianjin Tianzhi plant to be relocated from the urban area to the industrial area. Pursuant to the "Tianzhi Chemical Co. Relocation Compensation Agreement" signed between Tianjin Tianzhi and related departments of the Tianjin municipal government, the government shall provide relocation compensation at RMB3,800 thousands per mu, including RMB2,000 thousands per mu for the compensation for original land use rights, buildings and other attachments. Compensation for other expenses such as loss of production shutdown, relocation costs and personnel placement costs was RMB1,800 thousands per acres. The aforementioned compensation payments totaled NT$868,235, which Tianjin Tianzhi received in full in 2016 and recognized NT$31,223 and NT$72,743, respectively, in 2020 and 2019, respectively, as governmental subsidy revenue (listed as other revenue), in accordance with the compensation terms under the agreement.

   As of December 31, 2020, there was still deferred revenue of NT$0 and NT$29,802(listed as other current liabilities) to be recognized as the government grants benefits when remaining relocation expenses and shutdown losses actually occurred.
2. The land use rights, buildings and other appurtenances of Anhui Jintung were requisitioned by the Maanshan Municipal Government for the urban renovation project. In accordance with the compensation agreement for expropriation signed between the parties, the compensation for the land use rights, buildings and other appurtenances was RMB59,579 in thousands and the compensation for the suspension of production and business was RMB7,846 in thousands. Anhui Jintung has received RMB62,692 in thousands (NT$273,802) in December 2020 (recorded as other current liabilities) and would recognize the government grant income when the relocation loss was actually incurred, leaving RMB4,733 in thousands outstanding as of December 31, 2020.

(XXII)Pension

1.(1)In accordance with the Labor Standards Act, the Company and its domestic subsidiaries have 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 and its domestic subsidiaries make 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 and its domestic subsidiaries 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.

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

	Dec. 31, 2020	Dec. 31, 2019
Present value of defined benefit obligation	($ 62,610)	($ 73,381)
Fair value of employee benefit plan assets	68,008	73,443
Net defined benefit liabilities	$ 5,398	$ 62

(3) The changes in the net defined benefit liability 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	($ 73,381)	$ 73,443	$ 62
Current service cost	(217)	-	(217)
Interest income (expense)	(452)	483	(31)
	(74,050)	73,926	(124)
Remeasurement:			
Return on plan assets(not including interest revenue or expenses)	-	2,702	2,702
Effects of changes in demographic assumptions	-	-	-
Effects of changes in financial assumptions	(208)	-	(208)
Experience adjustments	1,827	-	1,827
	1,619	2,702	4,321
Contributions from the employer	-	1,201	1,201
Pension paid	9,821	(9,821)	-
Balance as of Dec. 31	($ 62,610)	$ 68,008	$ 5,398

	Present value of defined benefit obligations	Fair value of employee benefit plan assets	Net defined benefit liabilities
2019			
Balance as of Jan. 1	($ 82,798)	$ 72,652	($ 10,146)
Current service cost	(239)	-	(239)
Interest income (expense)	(728)	631	(97)
	(83,765)	73,283	(10,482)
Remeasurement:			
Return on plan assets(not including interest revenue or expenses)	-	2,656	2,656
Effects of changes in demographic assumptions	510	-	510
Effects of changes in financial assumptions	(1,339)	-	(1,339)
Experience adjustments	7,003	-	7,003
	6,174	2,656	8,830
Contributions from the employer	-	1,714	1,714
Pension paid	4,210	(4,210)	-
Balance as of Dec. 31	($ 73,381)	$ 73,443	$ 62

(4)The assets of the defined benefit pension plans of the Company and its domestic subsidiaries 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 actuarial assumptions relating to pensions are summarized as follows:

	2020	2019
Discount rate	0.57%~0.67%	0.57%~0.67%
Salary increase rate in the future	1.00%~2.00%	1.00%~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	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
Dec. 31, 2020				
Effects on the present value of defined benefit obligations	($1,676)	$ 1,726	$ 1,736	($ 1,651)
Dec. 31, 2019				
Effects on the present value of defined benefit obligations	($ 2,642)	$ 3,036	$ 3,027	($ 2,668)

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 Group expects to make a contribution of $1,200 to the retirement plan in 2021.

(7) As of December 31, 2020, the weighted average duration of a retirement plan is 9 to 13 years. The maturity analysis of pension payments is as follows:

Year	Benefits Paid
2021	$ 47,064
2022	1,112
2023	1,240
2024	1,339
2025	1,874
After 2025	2,081
	$ 54,710

2.(1)On July 1, 2005, the Company and its domestic subsidiaries established a defined benefit pension plan in accordance with the Labor Pension Act, which is applicable to employees of domestic nationality. The Company and its domestic subsidiaries make monthly contributions to the employees' individual 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 individual pension accounts and the amount of accumulated earnings is received as a monthly pension or as a lump sum.

(2)Our subsidiaries in China make monthly pension contributions in accordance with the pension insurance system established by the government of the People's Republic of China, which is based on a certain percentage of the total payroll of local employees, and in 2020 and 2019, the contribution rates are 13% to 20% and 9% to 20%. The pension of each employee is managed and arranged by the Government and the Group has no further obligation other than to make monthly contributions.

(3)For 2020 and 2019, the Group recognized pension costs of $25,568 and $68,705, respectively, under the aforementioned pension plan.

(XXIII) Share capital

1.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.

2.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:

	2019	2018
Jan. 1/ Dec. 31	1,016,825 thousands shares	1,016,825 thousands shares

3.Treasury stocks

(1)Information about the equity of the Company's shares held by the Company and subsidiaries is as follows:

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

Note: The subsidiaries held the Company's shares for investment income, and those share were regarded as treasury stocks.

(2)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.

(3)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.

(4)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.

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

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

(XXV) 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 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 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 the years 2019 and 2018, respectively:

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

(XXVI)Other equity items

	2020		
	Unrealized gain (loss) on valuation	Foreign Currency Translation	Total
Jan.1	($239,178)	($433,532)	($672,710)
–The Group	170,251	(3,114)	167,137
–Associates	-	812	812
December 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 Group	(60,534)	(324,868)	(385,402)
–Associates	-	504	504
–Associates: sanction	-	(12,043)	(12,043)
–Transfer from valuation adjustment to retained earnings	8,365		8,365
December 31	($239,178)	($433,532)	($672,710)

(XXVII) Operating revenue

	2020	2019
Revenue from contracts with customers		
Sales income	$ 25,729,062	$ 27,358,370
Rental income	120,129	101,267
Total	$ 25,849,191	$ 27,459,637

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					
	Chemicals	Petroleum products	Construction	Cement	Warehouse	Total
Taiwan	$ 224,943	$ -	$2,950,334	$ 868,575	$ 15,594	$ 4,059,446
China	17,073,283	-	-	-	-	17,073,283
Southeast Asia	2,728,251	-	-	-	-	2,728,251
Others	1,868,082	-	-	-		1,868,082
	$21,894,559	$ -	$2,950,334	$868,575	$15,594	$ 25,729,062

	2019					
	Chemicals	Petroleum products	Construction	Cement	Warehouse	Total
Taiwan	$ 577,538	$ -	$ -	$ 918,867	$ 15,321	$ 1,511,726
China	17,452,015	2,474,442	-	-	-	19,926,457
Southeast Asia	2,739,372	-	-	-	-	2,739,372
Others	3,180,815	-	-	-	-	3,180,815
	$ 23,949,740	$2,474,442	-	$ 918,867	$ 15,321	$ 27,358,370

Note: The commodities of Hsin Tay Petro and Its Subsidiaries include chemicals, oils and warehouses, which are listed in the Oil Products segment of Note XIV.

2.Contract liability

The contract liabilities recognized by the Group are as follows:

	Dec. 31, 2020	Dec. 31, 2019	Jan. 1, 2019
Contract liabilities:			
Contract liabilities-advance receipts	$ 335,935	$ 303,316	$ 221,545

Contract liabilities at the beginning of the term recognized as income

	2020	2019
Opening balance of contract liabilities recognized as income for the period		
Advance receipts	$ 278,172	$ 194,964

(XXVIII)Operating cost

	2020	2019
Cost of goods sold	$ 19,731,889	$ 24,669,730
Cost of lease	111,118	246,535
	$ 19,843,007	$ 24,916,265

(XXIX)Interest income

	2020	2019
Interest from bank deposits	$ 51,289	$ 30,212
Interest income from financial assets measured at amortized cost	13,684	9,027
Related parties accommodation	2,633	-
Other interest income	1,319	1,616
	$ 68,925	$ 40,855

(XXX) Other income

	2020	2019
Dividend income	$ 16,779	$ 15,835
Government subsidiary income	31,223	72,743
Other interest income	63,195	51,221
	$ 111,197	$ 139,799

(XXXI) Other gains and losses

	2020	2019
Loss on the disposal of property, plant and equipment	($4,497)	($13,281)
Gain on disposal of investments	-	10,193
Loss on lease modifications	(14,373)	-
Compensation income	102,757	-
Loss on oil pollution compensation estimated	(154,000)	-
Loss on foreign exchange	10,068	(55,659)
Net gain on financial assets measured at FVTPL	22,880	6,240
Impairment loss	(519,258)	(93,485)
Gain on impairment reversal	13,403	1,059
Loss on expected credit loss	-	(79,801)
Miscellaneous expenses	(26,610)	(28,275)
	($569,630)	($253,009)

(XXXII) Finance costs

	2020	2019
Interest expense:		
Bank loans	$ 140,439	$ 221,127
Non-financial loans	4,494	7,948
Joint operation unavailable funds	50,193	-
Amortization of syndication fees	7,090	5,608
Lease liabilities - discounted amortization	25,181	14,521
Long-term payables - discounted amortization	5,416	5,631
Others	15,753	-
Less: Capitalization of assets that meet the criteria	(13,398)	(39,520)
	$ 235,168	$ 215,315

(XXXIII) Additional information on the nature of expense

	2020		
	Cost	Expense	Total
Employee benefits expenses	$ 411,268	$ 516,714	$ 927,982
Depreciation charge for property, plant and equipment	451,025	26,516	477,541
Depreciation charge for right-of-use assets	40,795	38,067	78,862
Amortization expense for intangible assets	24,359	11,711	36,070

	2019		
	Cost	Expense	Total
Employee benefits expenses	$ 443,124	$ 480,322	$ 923,446
Depreciation charge for property, plant and equipment	509,471	28,076	537,547
Depreciation charge for right-of-use assets	24,596	42,895	67,491
Amortization expense for intangible assets	25,127	11,563	36,690

(XXXIV) Employee benefit expenses

	2020	2019
Salary expense	$ 721,078	$ 694,526
Labor Insurance and National Health Insurance expense	12,257	12,388
Pension expense	25,754	69,041
Directors' remuneration	18,178	4,580
Other personnel cost	150,715	142,911
	$ 927,982	$ 923,446

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 for 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.

(XXXV) Income tax

1. Income tax expense

(1) Components of income tax expense:

	2020	2019
Current Income Taxes:		
Income tax incurred in current period	$ 593,058	$ 300,521
Land value increment tax	49,935	-
Surtax on undistributed earnings	-	1,221
Overestimation of prior years' income tax payable	542	(6,758)
Total income tax in the period	639,535	294,984
Deferred income tax:		
Initial recognition and reversal of temporary differences	(32,778)	(79,076)
Effect of foreign exchange	3,725	(8,554)
Total deferred income tax	(29,053)	(87,630)
Income tax expense	$ 610,482	$ 207,354

(2) The amount of income tax related to other comprehensive income:

	2020	2019
Remeasurement of defined benefit obligations	($ 866)	($ 1,544)

2.Reconciliation between income tax expense and accounting profit:

	2020	2019
Income tax calculated based on profit before tax and at the statutory rate	$ 864,930	$ 204,989
Effect on income tax arising from tax law amendments	(386,064)	55,573
Land value increment tax	45,935	-
Foreign dividend income	16,655	-
Withholding tax for distributed earnings	12,020	8,346
Surtax on undistributed earnings	-	1,221
Prior year income tax over-estimation	542	(6,758)
Change in realizability evaluation of deferred income tax assets	19,602	(107,941)
Temporary differences that are not recognized in deferred income tax assets	36,862	51,924
Income tax expense	$ 610,482	$ 207,354

3.The amounts of deferred tax assets or liabilities as a result of temporary differences, tax loss and investment tax credit are as follows:

	2020			
	Jan.1	Recognized in profit or loss	Recognized in others comprehensive profit and loss	Dec.31
Deferred income tax assets:				
Temporary differences:				
Excess of allowance for bad debts	$ 9,063	$ 18,533	$ -	$ 27,596
Impairment losses from property, plant and equipment	53,407	12,258	-	65,665
Unrealized exchange loss	5,137	(2,214)	-	2,923
Unrealized selling gross profit	2,303	166	-	2,469
Allowance for inventory write-down	4,962	(4,694)	-	268
Unrealized cost and expenses	83,291	86,858	-	170,149
Temporary difference arising from pension costs recognized	1,564	-	-	1,564
Compensation to unused annual leave	2,137	(319)	-	1,818
-Deductible loss	106,137	(76,199)	-	29,938
Subtotal	$ 268,001	$34,389	-	$ 302,390
Deferred income tax liabilities				
-Temporary differences:				
Unrealized exchange gains	-	(1,638)	-	(1,638)
Temporary difference arising from pension costs recognized	(2,918)	18	(866)	(3,766)
Others	(9)	9	-	-
Subtotal	($2,927)	$ 1,611	($866)	($5,404)
Total	$ 265,074	$ 32,778	($866)	$ 296,986

	2019			
	Jan. 1	Recognized in profit or loss	Recognized in other comprehensive profit and loss	Dec. 31
Deferred income tax assets:				
-Temporary differences:				
Excess of allowance for bad debts	$ 627	$ 8,436	$ -	$ 9,063
Impairment losses from property, plant and equipment	-	53,407		53,407
Unrealized exchange losses	1	5,136	-	5,137
Unrealized selling gross profit	893	1,410	-	2,303
Allowance for inventory write-down	1,377	3,585	-	4,962
Unrealized cost and expenses	90,979	(7,688)	-	83,291
Temporary difference arising from pension costs recognized	1,564	-	-	1,564
Compensation to unused annual leave	3,099	(962)	-	2,137
-Deductible loss	92,078	14,059	-	106,137
Subtotal	$ 190,618	$ 77,383	$ -	$ 268,001
Deferred income tax liabilities:				
-Temporary differences:				
Unrealized exchange gains	(1,613)	1,613	-	-
Temporary difference arising from pension costs recognized	(1,455)	81	(1,544)	(2,918)
Others	(8)	(1)	-	(9)
Subtotal	($ 3,076)	$ 1,693	($ 1,544)	($2,927)
Total	$ 187,542	$ 79,076	($ 1,544)	$ 265,074

4. The Company has not recognized a deferred income tax liability for taxable temporary differences related to investments in certain subsidiaries, and the amounts of the unrecognized temporary differences were $3,968,772 and $3,453,652 for deferred income Current income tax liabilities on December 31, 2020 and 2019, respectively.
5. The profit-seeking enterprise income tax of the Company had been examined by the tax authorities as of 2018.

(XXXVI)Earnings per share

	2020		
	Amount after tax	Weighted average number of common shares outstanding (in thousands shares)	Earnings per share(NTD)
Basic earnings per share:			
Profit for the period attributable to ordinary shareholders of the parent	$ 1,686,431	1,003,165	$ 1.68
Diluted earnings per share:			
Profit for the period attributable to ordinary shareholders of the parent	$ 1,686,431	1,003,165	
Assumed conversion of dilutive potential ordinary shares			
Employee remuneration	-	1,680	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 1,686,431	1,004,845	$ 1.68

	2019		
	Amount after tax	Weighted average number of common shares outstanding (in thousands shares)	Earnings per share(NTD)
Basic Earnings per share:			
Profit for the period attributable to ordinary shareholders of the parent	$ 17,820	1,003,165	$ 0.02
Diluted Earnings per share:			
Profit for the period attributable to ordinary shareholders of the parent	$ 17,820	1,003,165	
Assumed conversion of dilutive potential ordinary shares			
Employee remuneration	-	107	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 17,820	1,003,272	$ 0.02

(XXXVII)Transactions with non-controlling interests

Signpost (HK) loaned funds to Moral Rich, a related parties, 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 $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 (VI).

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) for 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 earnings - Recognized changes in ownership of subsidiaries	($ 36,054)

(XXXVIII)Supplemental cash flow information

1.Investing activities with partial cash received:

	2020	2019
Purchase of property, plant and equipment	$ 177,044	$ 438,367
Add: Beginning payables for equipment	74,279	57,592
Add: Beginning lease payable	-	65,577
Less: Ending payables for equipment	(56,181)	(74,279)
Less: Reclassification of payables for lease	-	(65,577)
Less: Capitalization of interest	(6,958)	(21,741)
Cash paid during the period	$ 188,184	$ 399,939

	2020	2019
Purchase of intangible assets	$ 5,459	$ 1,467
Add: Beginning long-term payables	120,828	119,773
Add: Long-term payables－discounted amortization	5,416	5,631
Less: Ending long-term payables	(88,729)	(120,828)
Effect of foreign exchange	-	(2,867)
Cash paid in the period	$ 42,974	$ 3,176

2.Operating activities with no cash flow effect:

	2020	2019
Inventories transferred to property, plant and equipment	$ 16,376	$ 64,671

3.Financing activities with no cash flow effect:

	2020	2019
Investments accounted for using equity method to other receivables	$ -	$ 47,152

4.Financing activities that do not influence cash flows:

Signpost (HK) loaned funds to Moral Rich, a related party, and Moral Rich agreed to repay the loan of funds and related interest on Signpost (HK) shares held by Moral Rich, as described in Note VI (XXXVII).

(XXXIX) Changes in liabilities from financing activities

	2020			
	Short-term borrowing	Long-term borrowings	Rental liabilities	Total liabilities from financing activities
Jan. 1	$ 2,577,146	$ 2,620,637	$ 864,704	$ 6,062,487
Changes in cash flows from financing	(1,465,601)	(705,234)	(32,398)	(2,203,233)
Effect of exchange rate changes	1,404	4,035	7,399	12,838
Lease modification loss	-	-	14,373	14,373
Reduction of right-of-use asset	-	-	(80,619)	(80,619)
Dec. 31	$ 1,112,949	$ 1,919,438	$ 773,459	$ 3,805,846

	2019			
	Short-term borrowing	Long-term borrowings	Rental liabilities	Total liabilities from financing activities
Jan. 1	$ 4,419,186	$ 2,523,989	$ 887,746	$ 7,830.921
Changes in cash flows from financing	(1,733,865)	100,543	(23,098)	(1.656.420)
Effect of exchange rate changes	(104,698)	(3,448)	56	(108.090)
Other non-cash alterations	(3,477)	(447)	-	(3.924)
Dec. 31	$ 2,577,146	$ 2,620,637	$ 864,704	$ 6,062.487

VII. Related party transactions

(I)Name of related parties and relationship

Name of related party	Relationship with the Group
Tung Bao	Associate
HT-S Venture	"
Shanghai Jingdi (note)	"
Tianjin Zhongran Ship Fuel Co., Ltd. (Tianjin Zhongran)	Other associates
Tianjin Angel Chemicals Group Co., Ltd. (Tianjin Angel)	"
Tianjin Daichi Fine Chemicals Co., Ltd. (Tianjin Daichi)	"
Jiangsu Hsintai Chemical S&T Co., Ltd. (Jiangsu Hsintai)	"
He Ming Co., Ltd. (He Ming)	"
Ho Tung (China) Co., Ltd. (Ho Tung China)	"
Jinlin Petrochemical Co. (Jinlin Petro)	"
Chia He Co., Ltd. (Chia He)	"
Yuan He Bioapplication Co., Ltd. (Yuan He)	"
Hung I Investment Co., Ltd. (Hung I Investment)	"
Guangzhou Liby Enterprise Co., Ltd. (Guangzhou Liby)	"
Xiamen Shahua Enterprise Co., Ltd. (Xiamen Shahua)	"
Xiamen Jinbaitung Investment and Management Consulting Co., Ltd. Co., Ltd.(Xiamen Jinbaitung)	"
BELLFIELD INVESTMENTS LIMITED (BELLFIELD)	"
Dynamic Ever Investments Ltd. (Dynamic Ever)	"
Moral Rich Investments Ltd. (Moral Rich)	"

Note1: Shanghai Jingdi is no longer a related party of the Group since October 1, 2019.

(II)Significant transactions with related parties

1.Operating revenue

	2020	2019
Sales of goods:		
Other associates		
Tianjin Zhongran	$ -	$ 2,474,442
Others	77,058	52,412
Associates		
HT-S Venture	401,144	909,294
Sales of services:		
Other associates	2,491	3,666
Rental income:		
Other associates	10,276	15,563
	$ 490,969	$ 3,455,377

(1) The trading price of a commodity sale is determined by the negotiati8on 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)The processing revenue from the service selling and the related parties is calculated at cost plus, and the condition for collection is 30 days after the provision of labor.

(3)The lease payments and collection terms for leased storage equipment and auxiliary facilities to related parties are based on the terms of the lease agreements between the parties and are not comparable to non-related parties' transactions.

2.Purchase

	2020	2019
Purchase of goods:		
Other associates		
Jinlin Petro	$ 3,142,174	$ 3,775,014
Jiangsu Hsintai	692,505	557,851
Others	37,859	39,625
Associates	-	10,727
Purchase of services:		
Other associates	201,265	313,584
Associates	-	1,358
	$ 4,073,803	$ 4,698,159

(1)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.

(2)The processing fees from the service purchasing and the related parties is calculated at cost plus, and the condition for collection is 30 days after the provision of labor.

3.Receivables from related parties

	December 31, 2020	December 31, 2019
Accounts receivable-related parties:		
Other associates		
Tianjin Zhongran	$ 144,212	$ 744,004
Others	-	32,241
Associates		
HT-S Venture	54,756	306,385
	198,968	1,082,630
Less: Allowance for bad debts	(72,106)	(18,267)
	126,862	1,064,363
Other receivables:		
Other associates	-	
Ho Tung China	$ 437	$ -
Xiamen Jinbaitung	116	
Jiangsu Hsintai	171	
Guangzhou Liby	-	859
Others	5	7
	$ 729	$ 886
Long-term receivables:		
Other associates		
Tianjin Zhongran	$ 288,424	$ -
Less: Unrealized interest income	(12,644)	-
	275,780	-
Less: Allowance for bad debts	(136,621)	-
	$139,159	$ -

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

(2) Other receivables are interest receivables, advances, etc.

(3) The aging analysis for receivables from related parties is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Not past due	$ 54,756	$ 917,839
Past due		
Within 90 days		146,524
91-180days	-	-
Over 181 days	144,212	18,267
	$ 198,968	$ 1,082,630

The aging analysis above is based on past due date.

(4) Tianjin Zhongran, a major Chinese-funded fuel product importer and exporter, has suspended payment for fuel products due to the changeover between the old and new teams. In order to protect its rights and interests, the Group has engaged an attorney to file a civil lawsuit. By March 25, 2021, the Group has settled the dispute with the company by way of settlement and obtained a letter of guarantee from the state-owned subsidiary, under which the company may pay off the debt in various ways, including cash, equity, fixed assets and business cooperation, over a period of three years.

As of December 31, 2020, the Group's accounts receivable from Tianjin Zhongran amounted to $677,739. Based on the principle of being prudent and conservative, an expected credit impairment loss of $470,881 was recorded and the amount of $245,103 was eliminated. The current account is shown under "Accounts receivable - related parties" at $72,106 (accounts receivable at $144,212 and allowance for doubtful accounts at $72,106) and "Other non-current assets - long-term receivables - related parties" at $139,159 (long-term receivables at $275,780 and allowance for doubtful accounts at $136,621). The realized interest income from these long-term receivables was $2,633 in 2020.

4. Payables to related parties

	Dec. 31, 2019	Dec. 31, 2018
Accounts payable:		
Other associates		
Jiangsu Hsintai	$ 14,014	$ -
Other payables:		
Other associates		
Jinlin Petro	$ 11,727	$ 11,070
Others	498	835
	$ 12,225	$ 11,905
Long-term payables:		
Other associates		
Jinlin Petro	$ 23,584	$ 23,184

(1) Accounts payable are primarily generated from purchase transactions.

(2) Other payables are primarily due to incentive payments, processing fees and collections.

(3) Long-term payables are primarily for technical service fees.

5. Prepayment

	Dec. 31, 2020	Dec. 31, 2019
Other associates		
Jinlin Petro	$ 94,474	$ 57,887
Jiangsu Hsintai	28,104	22,653
Others	-	4,407
	$ 122,578	$ 84,947

Prepaid product payment is the major part.

6. Loans to related parties

(1) Closing balance:

	Dec. 31, 2020	Dec. 31, 2019
Other associates		
BELLFIELD	$ -	$ 40,814
Less: Allowance for bad debts	$ -	(40,814)
		$ -

A. Hsin Tay has been lending funds to BELLFIELD since 2008. Under the debt settlement agreement, the company provided shares of equal value to the debt as security for the loan, and in the first half of 2010, 19,545 shares in thousands of Taiwan Youni Corp shares of equal value were pledged as security for the loan. However, as the recoverable amount was lower than the carrying amount, an impairment loss of US$5,100 in thousands was recorded in 2012. As for December 31, 2020, US$5,739 in thousands has been recovered. BELLFIELD was dissolved in October 2019 and the Group has instructed its lawyers to conduct follow-on legal recourse proceedings to assess the subsequent legal recourse proceedings in order to protect the shareholders' interests. In July 2020, the Group assessed that the recourse of the account no longer brought substantial benefit and in September 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 November 2020, after taking advice from the appointed solicitor.

B. In November and December 2017, Signpost (HK) had a short-term funding requirement and loaned funds to Moral Rich in the amount of US$8,440 thousands (equivalent to $259,277); under the loan agreement between the parties, Moral Rich's holdings of Signpost (HK) shares were used as collateral for the loan. Signpost (HK) and Moral Rich have entered into a contract dated September 12, 2018, whereby Moral Rich repaid the capital loan and related interest in the aggregate amount of US$9,126 thousands (equivalent to $281,912) on the above collateral share, which has a fair value of US$9,264 thousands based on appraisal results. The total number of shares held by Moral Rich, 6,410,203, was transferred to Signpost (HK) on January 23, 2019, together with the cancellation, and the alteration registration process was completed on March 6, 2019. Please refer to Note VI (XXXVII) for details of the influence of the related transactions on the Group's equity.

7.Other income

	2020	2019
Other associates		
Xiamen Shahua	$ 219	$ 227
Yuan He	60	69
Chia He	12	179
Others	9	9
Associates		
Tung Bao	1	-
	$ 301	$ 484

Other revenue primarily consists of service revenue.

8.Endorsements and Guarantees

	Dec. 31, 2020	Dec. 31, 2019
Key management of the entity or its parent	$ 3,910,880	$ 4,176,842
Other associates	275,147	377,809
	$ 4,186,028	$ 4,554,651

9.Property transaction

Signpost (HK) acquired 6,410,203 equity shares of Signpost (HK) from a related parties on January 23, 2019, and at the same time proceeded with the cancellation and completed the alteration registration process on March 6, 2019, please refer to Note VII (II) 6 for details.

10.Others

Hsin Tay, the owner of Room A-1901 in SOHO Modern City, Beijing (book value US$203,299), has entrusted the Group's top management to purchase it in its name, register it in its name, and obtain a power of attorney and a land certificate of the building, in consideration of the convenience of the loan.

(III) Key management compensation

	2020	2019
Wages and employee benefit	$ 107,795	$ 56,794
Post-employment benefits	141	3326
	$ 107,936	$ 57,120

VIII. Pledged assets

Details of the assets guaranteed by the Group are as follows:

Assets	Dec. 31, 2020	Dec. 31, 2019	Nature of pledges
Notes receivable	$ 21,861	$ 50,894	Financing guarantees
Inventory	-	1,049,995	Financing guarantees
Repurchase bond, demand deposit and time deposit (listed as financial assets measured at amortized cost - current)	857,078	791,170	L/C guarantee deposit, Financing guarantees, Performance bond
Property, plant and equipment	871,129	1,598,646	Financing guarantees
Investment property	74,867	74,867	Financing guarantees
Demand deposit and time deposit (listed as financial assets measured at amortized cost - non-current)	57,029	19,523	Financing guarantees and performance bond
Right-of-use assets-land	290,440	335,556	Financing guarantees
	$ 2,172,404	$ 3,920,651	

IX. Significant contingent liabilities and unrecognized contractual commitments

(I)Contingencies

1.Chenergy was involved in an oil spill at the West No.7 Pier of Taichung Port on October 24, 2013. For subsequent insurance claims and other related matters, Chenergy and the engineering contractor initially estimated that the total cost of the soil remediation project would not exceed the maximum amount of insurance coverage of NT$360,000. On June 27, 2018, Chenergy and Fubon Insurance reached a settlement and executed a settlement agreement in connection with this insurance claim, and on July 6, 2018, signed a settlement statement, which provided that Chenergy's receipt ofNT$190,000 in insurance proceeds would be used in full for the remediation and cleanup of the land and groundwater at the contested contaminated site. If Chenergy does not apply part or all of the insurance proceeds to the land and groundwater remediation and cleanup at the contaminated site in dispute, Chenergy shall return the insurance proceeds plus statutory interest, which shall be guaranteed by Hsin Tay Petro. Chenergy had received insurance claims totaling NT$190,000. As at December 31, 2020, $170,500 (included in other current liabilities) remained. In May 2020, Chenergy Global Corp again commissioned a professional environmental engineering team to evaluate the improvement plan for the contaminated site, and has been conducting hydraulic tests, bioremediation tests, and working on changes to the soil and groundwater contamination control plan for the site. In October 2020, it was granted permission with a Zhong-Shi Huan-Shui-Zi letter No.

1090123376 from the Environmental Protection Bureau of the Taichung City Government to extend the submission of its change control plan to April 30, 2021. In summary, the Consolidated Company has made reference to the assessment of the foregoing incident by the professional environmental engineering team and the best remediation process, construction period and contaminated area of the contaminated site. Although the insurance proceeds of $190,000 received by Chenergy Global Corp have substantially reduced the damage it has suffered as a result of the oil spill, $154,000 (included in other gains and losses and other current liabilities) has been estimated in 2020 to improve the site remediation project, provided that the above incident has not resulted in material financial or operating harm to Chenergy Global Corp.

2. Chenergy Global Corp on June 12, 2019 issued a letter to the contractor to terminate the contract due to a contract dispute with the soil remediation contractor and on August 23, 2019 requested a refund. of $44,100 (recorded as other receivables) for the work paid to the contractor. The contractor in February 2020 filed an application for arbitration with the Chinese Arbitration Association and the relevant arbitration proceedings are still in progress. In the assessment of the foregoing incident by Chenergy Global Corp's appointed counsel, the claim by the contractor in this arbitration is unmeritorious and does not, for the time being, result in significant financial and business harm to Chenergy Global Corp.

(II)<u>Commitments</u>

Except as described in Note VI (XII), (XIII), (XX), (XXI) and VII, the other significant commitments are as follows:

1.The Group had NT$147,857 (equivalent to US$5,192 thousands) and NT$402,835 (equivalent to US$13,437) on December 31, 2020 and 2019, respectively, for purchases of goods and properties, plants and equipment.

2.The Company has a kerosene purchase contract with CPC Corporation, Taiwan, under which the parties agreed to sell the raffinate back to CPC. The contract ran 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 a bank guarantee of NT$98,000 and NT$230,000, respectively.

3.As of December 31, 2020 and 2019, the total contract price for major works signed but not completed by the Group was NT$684,722 and NT$688,871 respectively, for which NT$339,138 and NT$304,122 were paid respectively by contract, with the remainder to be paid as per the progress of works.

4.The Group's application 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 Petro and Chenergy) 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 reinvested Ever Victory and then to Dynamic Ever through Ally Solution, Big Success and Oceanwise. The Group had invested US$9,553 thousands and US$11,034 thousands on April and November 2020, respectively, and the Group had invested US$ 57,185 thousands until December 31, 2020 with the new joint venture contract.

X. Significant disaster loss

None.

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

None.

XII. Others

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

2)The Chief Director 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, 2014brought an indictment against Yang Yu-chieh, Chief Director of the Company, and others for knowing that He Mao VC, 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 Chief Director 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.

3) A fire broke out at Jiangsu Jintung on July 18, 2020, and as of March 25, 2021, operation was still suspended. Jiangsu Jintung negotiated with the Nanjing Municipal Government in November 2020. The government basically disagreed with the resumption of production and operation by Jiangsu Jintung , and hoped that Jiangsu Jintung and Nanjing Jintung would implement a plan to relocate the plant to the new Jiangbei district of Nanjing as soon as possible, to which Jiangsu Jintung and Nanjing Jintung would draw up a relevant proposal expeditiously and submit it to the relevant authorities for approval.

4)Capital management

The Group's capital management objectives are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group 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 Consolidated Balance Sheets) less cash and cash equivalents. This total is calculated as "equity" plus net debt as reported in the Consolidated Balance Sheets. The Group'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 Group's debt-to-capital ratios were as follows:

	Dec. 31, 2020	Dec. 31, 2019
Total loans	$ 3,032,387	$ 5,197,783
Less: Cash and cash equivalents	(6,658,066)	(3,199,676)
Net liabilities	(3,535,679)	1,998,107
Total equity	16,343,964	13,821,043
Total assets	$ 12,808,285	$ 15,819,150
Debt/Capital ratio	-27.60%	12.63%

(V)Financial instruments

1.Categories of financial instruments

	Dec. 31, 2020	Dec. 31, 2019
Financial assets		
Financial assets measured at fair value through profit or loss	$ 208,988	$ 240,476
Financial assets mandatorily measured at FVTPL		
Financial assets through equity tool measured at FVTOCI		
Designated equity instrument investment	2,371,711	1,665,504
Accounts receivable	1,482,698	1,036,394
Financial assets measured at amortized cost		
Cash and cash equivalents	6,568,066	3,199,676
Financial assets at amortized cost - current	1,201,686	1,059,343
Notes receivable	156,703	360,529
Accounts receivable	1,374,947	1,902,824
Accounts receivable- related parties	126,862	1,064,363
Other receivables	155,748	285,000
Other receivables - related parties	729	866
Financial assets measured at amortized cost - non-current	57,029	19,523
Long-term account receivables	-	129,957
Long-term account receivable- related parties	139,159	-
Refundable deposits	7,556	105,305
	$ 13,851,882	$ 11,069,760
Financial liabilities		
Financial liabilities measured at amortized cost		
Short-term borrowings	$ 1,112,949	$ 2,577,146
Notes payable	1,630	1,698
Accounts payable	934,909	1,323,862
Accounts payable - related parties	14,014	-
Other payables	1,212,621	1,153,339
Other payables - related parties	12,225	11,905
Long-term payables (including due in 1 year)	88,729	120,828
Long-term payables - related parties	23,584	23,184
Long-term borrowings (including current portion of one year or one operating cycle)	1,919,438	2,620,637
Guarantee deposit received	64,011	45,286
	$ 5,384,110	$ 7,877,885
Lease liabilities - current	$ 36,870	$ 33,329
Lease liabilities - non-current	736,589	$ 831,375
	$ 773,459	$ 864,704

2.Risk management policy

(1)The Group'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 Group's overall risk management policy focuses on unpredictable events in the financial markets and seeks to mitigate potential adverse effects on the Group's financial position and financial performance.

(2)Risk management is carried out by the Group's Finance Department in accordance with the policies approved by the Boards of Directors. The Group's Finance Department is responsible for identifying, assessing and hedging financial risks by working closely with the various operating units within the Group. 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 Group operates on a multinational basis and is therefore exposed to currency risk arising from transactions that are different from the functional currencies of the Company and Its Subsidiaries, primarily the U.S. dollar and RMB. The related currency risk arises from future business transactions and recognized assets and liabilities.

B.The Group's management has established a policy that requires each company in the Group to manage its currency risk against its functional currency. Each company within the Group should hedge its overall currency risk through the Group’s Finance Department. To manage currency risk from future business transactions and recognized assets and liabilities, each company within the Group uses forward exchange contracts through the Group’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 entity.

C.The Group holds certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency risk arising from the net assets of the Group's foreign operations is mainly managed through loans denominated in the relevant foreign currencies.

D.The Group is engaged in operations involving certain non-functional currencies (the functional currency of the Company and some of its subsidiaries is NTD; the functional currencies of some of its subsidiaries are U.S. dollars and Renminbi) 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					
				Sensitivity analysis		
	Foreign currency (thousands)	Exchange rate	Book Value (NTD)	Range of change	Effect on Income	Effect on Other Comprehensive Income
(Foreign Currency: Functional Currency)						
Financial assets						
Monetary items						
NTD: USD	$ 32,994	0.0351	$ 32,994	5%	$ 1,650	$ -
USD: NTD	36,248	28.48	1,032,343	5%	51,617	-
RMB: USD	93,861	0.1534	409,929	5%	20,496	-
USD: RMB	29,812	6.5210	849,046	5%	42,452	-
Non-Monetary items						
USD: NTD	59,640	28.48	1,698,547	5%	-	84,927
PESO: USD	21,952	0.0206	12,866	5%	-	643
Financial liabilities						
Monetary items						
USD: NTD	6,813	28.48	194,034	5%	9,702	-
USD: RMB	24,082	6.5210	685,855	5%	34,293	-
RMB: USD	12,333	0.1534	53,863	5%	2,693	-
NTD: USD	23,966	0.0351	23,966	5%	1,198	-

	Dec. 31, 2019					
				Sensitivity analysis		
	Foreign currency (thousands)	Exchange rate	Book Value (NTD)	Range of change	Effect on Income	Effect on Other Comprehensive Income
(Foreign Currency: Functional Currency)						
Financial assets						
Monetary items						
NTD: USD	$ 35,665	0.0334	$ 35.665	5%	$ 1,783	$ -
USD: NTD	38,494	29.98	1,154.050	5%	57,703	-
RMB: USD	142,238	0.1432	610,670	5%	30,534	-
USD: RMB	39,630	6.9830	1,188,107	5%	59,405	-
Non-Monetary items						
USD: NTD	36,026	29.98	1,080,064	5%	-	54,003
PESO: USD	23,147	0.0195	13,534	5%	-	677
Financial liabilities						
Monetary items						
USD: NTD	15,683	29.98	470,176	5%	23,509	-
USD: RMB	47,383	6.9830	1,420,542	5%	71,027	-
RMB: USD	11,231	0.1432	48,218	5%	2,411	-
NTD: USD	5,524	0.0334	5,524	5%	276	-

E.The aggregate amount of all exchange losses (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 $10,068 and ($55,659), respectively.

Price risk

A.Financial instruments to which the Group is exposed to price risk are those financial assets held at fair value through profit or loss and those at fair value through other comprehensive income. In order to manage the price risk of investments in financial instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.

B.The Group primarily invests in financial instruments issued by domestic and foreign companies, open-end funds and structured commodities, etc. 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 had increased or decreased by 5% and all other factors had remained constant, net income before taxes for 2020 and 2019 would have increased or decreased by $10,449 and $12,024, respectively; for other comprehensive income that was classified as a gain or loss on financial assets measured at FVTOCI would have increased or decreased by $118,586 and $83,275, respectively.

Cash flow and fair value interest rate risk

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

B.The Group's loans are measured at amortized cost and are re-priced based on contractual annual interest rates, thus exposing the Group 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 $5,227 and $7,387, 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 $79 and $538, respectively, primarily due to changes in interest expense resulting from floating rate loans.

E.When the interest rate on RMB 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 $1,419 and $1,611, respectively, primarily due to changes in interest expense resulting from floating rate loans.

(2)Credit risk

A.The Group's credit risk is the risk of financial loss to the Group 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 Group's approach to credit risk management is group-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 entity within the Group 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 Group 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 Group 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:

(A) 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.

(B) A financial asset is considered to be low credit risk if it is rated as investment grade by any external rating agency as of the balance sheet date.

E.The indicators used by the Group 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 Group'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 provision matrix and loss ratio method.

G.The Group writes off amounts of financial assets that cannot reasonably be expected to be recoverable as a result of recourse proceedings, but the Group continues to pursue recourse proceedings to preserve the right to the debt.

H.The Group 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 (including related parties) and accounts receivable based on historical and current information for a specific period. The provision matrix on December 31, 2020 and 2019 is as follows:

	Not past due	90 days past due	90-180 days past due	More than 181 days past due
Dec. 31, 2020				
Expected loss rate	0.01%~1.12%	0.18%~59.24%	1%~100%	10%~100%
Dec. 31, 2019				
Expected loss rate	0.01%~0.45%	0.14%~30%	1%~50%	10%~100%

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

	2020		
	Accounts receivable	Accounts receivable - related parties	Total
Jan.1	$ 75,208	$ 18,267	$ 93,475
Provision of impairment loss	254,669	329,127	583,796
Write-off of unrecoverable amounts	-	(263,369)	(263,369)
Effect of foreign exchange	(2,512)	(11,919)	(14,431)
Dec.31	$ 327,365	$ 72,106	$ 399,471

	2019		
	Accounts receivable	Accounts receivable - related parties	Total
Jan.1	$ 18,520	$ 18,267	$ 36,787
Provision of impairment loss	60,052	-	60,052
Reversal of impairment loss	(935)	-	(935)
Write-off of unrecoverable amounts	(1,855)	-	(1,855)
Effect of foreign exchange	(574)	-	(574)
Dec.31	$ 75,208	$ 18,267	$ 93,475

J. The Group's other receivables (including related parties) and long-term receivables have been assessed at 12 months' expected credit losses and no allowance for loss has been provided, except for counterparties' financial difficulties, which have been assessed as non-low risk and are provided for as an allowance for loss. The statement of changes in the Group's allowance for loss on other receivables is as follows:

	2020		
		Duration	
	In 12 months	Significant increase in credit risk	Credit impaired
Jan.1	$ -	$ -	$ 120,615
Provision of impairment loss	-	-	152,144
Reversal of impairment loss	-	-	(13,401)
Write-off of unrecoverable amounts	-	-	(38,772)
Effect of foreign exchange	-	-	(9,329)
Dec.31	$ -	$ -	$ 211,257

	2019		
		Duration	
	In 12 months	Significant increase in credit risk	Credit impaired
Jan.1	$ -	$ -	$ 41,822
Provision of impairment loss	-	-	79,801
Effect of foreign exchange	-	-	(1,008)
Dec.31	$ -	$ -	$ 120,615

K. The Group's financial assets carried at amortized cost are time deposits and restricted bank deposits with a maturity of more than three months. 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 Group has dealings with various financial institutions to diversify its credit risk.

L. The Group accounts for refundable deposits, which is mainly a performance bond, and the probability of default is expected to be low due to the good quality of the credit to and from the counterparties.

(3) Liquidity risk

A.Cash flow forecasts are executed by operating entities within the Group and are aggregated by the Group’s Finance Department. The Group’s finance department supervises forecasts of the Group'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 Group does not breach the relevant loan limits or terms, taking into account the Group'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 Group’s Finance Department. The Group’s 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 Group held money market positions of $7,116,808 and $3,704,991, respectively, which are expected to generate immediate cash flows to manage liquidity risk.

C.The following table shows the Group'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	Within 1 year	1-3 years	3-5 years	More than 5 years
Short-term borrowings	$1,112,949	$ -	$ -	$ -
Notes payable	1,630	-	-	-
Accounts payable	934,909	-	-	-
Accounts payable - related parties	14,014	-	-	-
Other payables	1,212,621			
Other payables- related parties	12,225			
Lease liabilities (current and non-current)	59,537	112,318	107,633	672,706
Long-term payables	16,130	19,430	66,599	-
Long-term payables - related parties	-	23,584	-	-
Long-term borrowings (Including current portion of one year or one operating cycle)	277,059	863,470	880,906	-

Non-derivative financial liabilities: Dec. 31, 2019	Within 1 year	1-3 years	3-5 years	More than 5 years
Short-term borrowings	$ 2,577,146	$ -	$ -	$ -
Notes payable	1,698	-	-	-
Accounts payable	1,323,862	-	-	-
Other payables	1,017,824	135,515	-	-
Other payables - related parties	11,905	-	-	-
Lease liabilities (current and non-current)	56,973	179,536	107,632	780,340
Long-term payables	32,089	39,558	68,393	22,604
Long-term payables - related parties	-	23,184	-	-
Long-term1 borrowings (Including current portion of one year or one operating cycle)	701,541	653,040	1,400,585	-

The Group 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 Group's investments in listed stocks, over-the-counter stocks and beneficial certificates 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. The fair value of the Group's investments in financial management products and structured deposits is classified in level 2.

Level 3: Level 3 is composed of the inputs which are unobservable inputs for the asset or liability. The Group' s investment in equity instruments in inactive markets is classified in level 3.

2.Please refer to Note VI (XIV) for more information on the fair value of investment properties that are measured at cost.

3. Financial instruments not measured at fair value:

The carrying amounts of the Group's financial instruments (cash and cash equivalents, Notes receivable, accounts receivable [including related parties], other receivables [including related parties], long-term receivables, refundable deposits, financial assets carried at amortized cost, Short-term borrowings, notes payable, accounts payable [including related parties], other payables [including related parties], lease payments, lease liabilities, Long-term borrowings, long-term payables [including related parties] and deposits received) that are not measured at fair value represent reasonable approximations of fair value.

4.The Group 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 Group' 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				
Repeatable fair value				
Financial assets measured at fair value through profit or loss				
-Beneficiary certificates	$ 527	$ -	$ -	$ 527
-Financial Products	-	208,461	-	208,461
Financial assets measured at FVTOCI				
-Equity securities	494,562	-	1,877,149	2,371,711
	$ 495,089	$ 208,461	$ 1,877,149	$ 2,580,699

Dec. 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Repeatable fair value				
Financial assets measured at fair value through profit or loss				
-Beneficiary certificate	$ 525	$ -	$ -	$ 525
-Financial Products	-	218,304	-	218,304
-Structural Deposits		21,647	-	21,647
Financial assets measured at other comprehensive income-Equity securities				
-Equity securities	419,193	-	1,246,311	1,665,504
	$ 419,718	$ 239,951	$ 1,246,311	$ 1,905,980

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

A.The Group uses quoted market prices as fair value inputs (i.e. level 1), by instrument characteristics, as follows:

	Listed shares	Open-End Funds
Market quoted price	Closing Price	Net value

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 Consolidated Balance Sheets.

C.When evaluating non-standardized and less complex financial instruments, such as financial management products and exchange contracts, the Group uses valuation techniques that are widely used by market participants. The parameters used in the valuation models for these financial instruments are usually observable market information.

D.The output of the valuation model is an estimate of the estimated value, and valuation techniques may not reflect all relevant factors for the Group'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 Group'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 Sheets. 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	$ 1,246,311
Purchase of the period	608,034
Gain or loss recognized in other comprehensive income	
Unrealized valuation loss (gain) on investment listed as equity instrument measured at FVTOCI	103,911
Effects of foreign exchange	(80,907)
Dec. 31	$ 1,877,149

	2019
	Equity securities
Jan. 1	$ 1,284,534
Gain or loss recognized in other comprehensive income	
Unrealized valuation loss (gain) on investment listed as equity instrument measured at FVTOCI	(11,397)
Effects of foreign exchange	(26,826)
Dec. 31	$ 1,246,311

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	$ 177,907	Market comparative companies	PBR multiplier, Discounts for lack of marketability	The higher the multiplier and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
Unlisted shares	1,699,242	NAV method	NA	NA

	Fair value on Dec.31, 2019	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instruments:				
Unlisted shares	$ 165,552	Market comparative companies	PBR multiplier, Discounts for lack of marketability	The higher the multiplier and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
Unlisted shares	1,080,759	NAV method	NA	NA

9.The Group 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 gain and loss	
	Input	Variable	Favorable change	Adverse change
Financial assets				
Equity instruments	Discount for lack of marketability	±1%	$ 1,779	($ 1,779)

			Dec. 31, 2018	
			Recognized in other comprehensive gain and loss	
	Input	Variable	Favorable change	Input
Financial assets				
Equity instruments	Discount for lack of marketability	±1%	$ 1,656	($ 1,656)

XIII. Supplementary Disclosures

(I) Information about significant transactions:

1. To loan funds 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 paid-in capital: please refer to table 6.
9. Engaging in derivative transactions: please refer to Note VI (II).
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. (excluding the Chinese investee companies): 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 of the main shareholders:

Please refer to table 10.

XIV. Operating segment information

(I)General information

The Group's management has identified the reportable segment based on the reporting information used by operational decision makers in making decisions. The Group's operating decision makers operate the business and assess the performance of their segments from an industry-sector perspective; the Group currently focuses on the chemical, oil, investment, cement and construction businesses. Although the scale of operation of investment, cement and construction does not meet the quantification threshold of reportable segment as stipulated in IAS 8, the Group's management considers its information to be useful to users of financial statements and therefore decided to make it are portable segment.

(II)Measurement of segment information

1.The operating segments' accounting policies are the same as the summary of significant accounting policies described in Note IV.

2.The Group measures segment revenue and segment profit or loss as a basis for assessing performance.

(III)Information on segment profit or loss, assets and liabilities

Segment financial information of the reportable segments provided by the Group to the chief operating decision maker is set out below:

	2020					
	Chemicals	Petroleum products	Investment	Cement	Construction	Total
Segment revenue from external customers	$ 19,594,348	$ 2,435,934	$ -	$ 868,575	$ 2,950,334	$ 25,849,191
Inter-segment revenue	5,384,166	1,786,253	-	-	-	7,170,419
Segment revenue	$ 24,978,514	$ 4,222,187	$ -	$ 868,575	$ 2,950,334	$ 33,019,610
Net operating profit (loss) of reportable segments	$ 2,205,240	($ 461,952)	($ 980)	$ 53,075	$ 1,782,437	$ 3,577,820

	2019					
	Chemicals	Petroleum products	Investment	Cement	Construction	Total
Segment revenue from external customers	$ 21,684,670	$ 4,856,100	$ -	$ 918,867	$ -	$ 27,459,637
Inter-segment revenue	8,391,059	1,255,308	-	-	-	9,646,367
Segment revenue	$ 30,075,729	$ 6,111,408	$ -	$ 918,867	$ -	$ 37,106,004
Net operating profit (loss) of reportable segments	$ 919,361	$ 73,050	($ 1,173)	($ 663)	($ 1,781)	$ 842,694

(IV)Reconciliation for segment income (loss)

The reconciliation of the reportable operating segment profit or loss for the period and the profit or loss before tax of the continuing operations segment is as follows:

	2020	2019
Reportable net profit of operating segments	$ 3,577,820	$ 842,694
Write-offs and adjustments	55,625	17,271
Total	3,633,445	859,965
Non-operating income and expenditure	(623,417)	(293,987)
Continuing business department pre-tax net profit	$ 3,010,028	$ 565,978

(V)Information on products and services

Revenues from external customers are mainly derived from the chemical, oil, cement and construction businesses, with the same revenue balance as in Note XIV(III), segment revenue information.

(VI)Geographical information

The Group's Geographical information for 2020 and 2019 is as follows:

	2020		2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 4,179,575	$ 2,240,625	$ 1,577,964	$ 2,363,416
China	17,073,283	4,729,128	19,926,457	5,499,594
Southeast Asia	2,728,251	-	2,739,372	-
Others	1,868,082	-	3,215,844	-
Total	$ 25,849,191	$ 6,969,753	$ 27,459,637	$ 7,863,010

The Group's geographical revenue is based on the region of receipt. Non-current assets represent property, plant and equipment, right-of-use assets, investment property, intangible assets and other assets, but exclude financial instruments and deferred tax assets.

(VII)Major customer information

The Group's important customer information for 2019 and 2018 is as follows:

	2020		2019	
	Revenue	Segment	Revenue	Segment
Customer A	$ 10,276	Petroleum products	$ 2,490,005	Petroleum products
Customer B	2,950,334	Construction products	-	Construction products

Ho Tung Chemical Corp. and Its Subsidiaries

To Loan Funds to Others

From January 1, 2020 to December 31, 2020

Table 1

Unit: NT$ thousands
(except as otherwise indicated)

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)	Allowance for bad debts recognized	Collaterals Name	Collaterals Value	Limit on the loan amount to individual counterparty (Note VII)	Total limit amount on loan to others (Note VII)	Note
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	

Note1: 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.

Note2: 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.

Note3: The maximum balance of current year funds loaned to others.

Note4: The nature of the loan shall be filled in a business' current account or as necessary for short-term financing.

Note5: 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.

Note6: 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.

Note7: 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.

Note8: 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.

Note9: Pursuant to a tripartite agreement, the debt of Chenergy 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.

Note10: 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

Unit: NT$ thousands
(except as otherwise indicated)

No. (Note I)	Name of the endorser/guarantor	Guaranteed party: Company name	Guaranteed party: Relationship (Note II)	Limits on endorsement/guarantee amount provided to each guaranteed party (Note III)	Maximum balance for the period (Note IV)	Ending balance (Note V)	Amount actually drawn (Note VI)	Amount of endorsement/guarantee 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 entities in Mainland China (Note VII)	Note
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. Shares	Carrying value (Note III)	Shareholding percentage	Fair value	Note (Note IV)
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	
					$ 563,208		$ 563,208	
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	
					$ 107,583		$ 107,583	
Zortech Corporation	Stock - HannsTouch Solution Inc.	-	“	210,000	$ 2,373	0.03%	$ 2,578	
Paotze Investment LTD.	Beneficiary certificate - Capital Money Market Fund	-	Financial assets measured at fair value through profit or loss – current	32,425	$ 527	-	$ 527	
“	Stock - Ho Tung Chemical Corp.	The Company	Financial assets measured at FVTOCI	10,141,558	$ 105,472	0.99%	$ 105,472	
Ho Tung Cement Corp.	"	"	"	3,518,286	$ 36,590	0.34%	$ 36,590	
Ally Solution Ltd.	Stock - Ever Victory Global Ltd.	This company's Director is the Company's Chairman of the Board	"	26,865,000	$ 797,962	4.34%	$ 797,962	
Big Success Co.,Ltd.	"	"	"	14,500,000	$ 430,689	2.34%	$ 430,689	
Oceanwise International Ltd	"	"	"	15,820,000	$ 469,896	2.56%	$ 469,896	

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	
					$ 208,461		$ 208,461	

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.

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

Unit: NT$ thousands
(except as otherwise indicated)

Investor	Types and Names of Marketable Securities (Note 1)	Financial statement account	Transaction counterparty (Note 2)	Relation ships (Note 2)	Beginning of the period: Number of shares	Beginning of the period: Amount	Acquisition (Note 3): Number of shares	Acquisition (Note 3): Amount	Sale (Note 3): Number of shares	Sale (Note 3): Amount	Sale (Note 3): Number of shares	Sale (Note 3): Amount	End of the period: Number of shares	End of the period: 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	-	-
	Ningbo Bank Unit Structured Deposit						70,000,000	305,718	70,000,000	306,453	305,718	735		
Xiamen Jintung Co., Ltd.	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)

			Transaction details				Situation and reason of why trading conditions are different from general trading		Notes/ accounts receivable or payable		
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
Ho Tung Chemical Corp.	Sharpinvest 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	
"	Sharpinvest 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 Petrochecmical 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	

			Transaction details				Situation and reason of why trading conditions are different from general trading		Notes/ accounts receivable or payable		
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 Optoeletric 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)

				Conditions of transactions			
No. (Note 1)	Name of the trader	Name of the transaction counterparty	Relationship with the trader (Note 2)	Account	Amount	Terms of transaction	Percentage to consolidated net revenue or total assets (Note 3)
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 Optoeletric Co., Ltd.	"	"	200,712	Note 8	0 .83
2	Jintung Petrochemical Corp., Ltd.	Jiangsu Jintung Surfactants Co., Ltd.	3	"	375,596	"	1.55
		Anhui Jintung Fine Chemical Co., Ltd.	1	Endorsement	131,022	Note 9	-
3	Jiangsu Jintung Chemical Corp. Co., Ltd.	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: End of the period	Original investment amount: End of last year	Balance as of December 31, 2018: Number of shares	Balance as of December 31, 2018: Percentage of ownership	Balance as of December 31, 2018: Book value	Net income (loss) of the investee	Share of profit/loss of investee	Note
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: End of the period	Original investment amount: End of last year	Balance as of December 31, 2018: Number of shares	Balance as of December 31, 2018: Percentage of ownership	Balance as of December 31, 2018: Book value	Net income (loss) of the investee	Share of profit/loss of investee	Note
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	-	"
Sharpinvest 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

Unit: NT$ thousands
(except as otherwise indicated)

Investor Company	Investee Company	Location	Main businesses	Original investment amount: End of the period	Original investment amount: End of last year	Balance as of December 31, 2018: Number of shares	Balance as of December 31, 2018: Percentage of ownership	Balance as of December 31, 2018: Book value	Net income (loss) of the investee	Share of profit/loss of investee	Note
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 Chenergy 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 HsinOptoeletric 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 held50% 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 207 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 4May 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

	Shares	
Major Shareholders	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%

V. Parent Company Only Financial Reports for the Most Recent Year Without the Detail Tables of Material Accounting Items

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:

4. Review sales contracts and orders to confirm that revenue recognition is consistent with the terms of the contracts and their related trading conditions.
5. Analyze the changes in sales of various products to understand and recognize the nature of the significant changes.
6. 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:

5. Interview management for their assessment of the unresolved environmental restoration and litigation cases.
6. Discuss the progress of the case with an external attorney and review the correspondence on the case.
7. Acquire the management's self-assessment letters for environmental restoration and legal advisory letters from outside counsel for pending litigation.
8. 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 it 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

<u>Ho Tung Chemical Corp.</u>

<u>Parent Company Only Balance Sheet</u>

<u>December 31, 2020 and 2019</u>

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**		2,961,345	20	2,906,725	21
	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**		11,586,813	80	10,995,921	79
1XXX	**Total assets**		$ 14,548,158	100	$ 13,902,646	100

(Continued on next page)

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

Unit: NT$ thousands

(Restatement)

Code	Liabilities and equity	Notes	Dec. 31, 2020 Amount	%	Dec. 31, 2019 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**		666,210	4	1,646,034	12
	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**		1,546,157	11	1,778,417	13
2XXX	**Total liabilities**		2,212,367	15	3,424,451	25
	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)	(95,951)	(1)	(95,951)	(1)
3XXX	**Total equity**		12,335,791	85	10,478,195	75
	Significant contingent liabilities and unrecognized contract commitments	VI (XII), VII&IX				
3X2X	**Total liabilities and equity**		$ 14,548,158	100	$ 13,902,646	100

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 Amount	%	2019 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 Amount	%	2019 Amount	%
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign financial statements	VI (XVII)	(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	VI (XVII)	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	VI (XXVI)				
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
2019										
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		$ 10,168,248	$ 50,541	$ 629,512	$284,134	$ 114,421	($ 433,532)	($ 239,178)	($ 95,951)	$ 10,478,195
2020										
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		$ 10,168,248	$ 50,541	$ 631,294	$396,773	$ 1,689,647	($ 435,834)	($ 68,927)	($ 95,951)	$ 12,335,791

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

	Notes	From Jan. 1 to Dec. 31, 2020	(Restatement) 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

	Notes	From Jan. 1 to Dec. 31, 2020	(Restatement) 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	VI(VI)	(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 Investmen 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
Subsidiaries of the Company	
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
Subsidiaries of Paotze	
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 Chenergy 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
	$ 2,401,201	$ 473,774

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.

2. 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

1. 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.
2. 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
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	$ 82,630	($ 64,265)

3. 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.
4. 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.
5. 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.
6. The Company has not pledged financial assets that are measured at fair value through other comprehensive income.
7. 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
	$ 129,895	($ 371)	$ 129,524

	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
	$ 1,327,097	($ 1,480)	$ 1,325,617

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
	$ 3,926,858	$ 3,950,098

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:		
Subsidiary		
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
Sharpinvest	14,420	80,017
Ally Solution	798,879	794,149
Less: Treasury stocks	(95,951)	(95,951)
Subtotal	10,092,504	9,388,132
Associate		
Tung Bao Corp. (Tung Bao)	280,192	279,372
	$ 10,372,696	$ 9,667,504

Name of subsidiary and associates	Dec. 31, 2019	Dec. 31, 2018
Liabilities accounts:		
Subsidiary		
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
	$ 95,951	$ 95,951

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

Name of subsidiaries and associates	2020	2019
Subsidiary		
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	-	-
Sharpinvest	(72,337)	(27,538)
Ally Solution	(79)	(60)
Subtotal	306,335	205,874
Associate		
Tung Bao	821	(2,109)
	821	(2,109)
	$ 307,156	$ 203,765

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	$ 992,134	$ 179,433	$ 260,237	($ 2,414)	34%
Dec. 31, 2019					
Tung Bao	$ 965,452	$ 155,165	$ 265,729	($ 6,204)	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)
	$229,092	$ 80,365	$141,949	$79,654	$ 94,940	$ 626,000
2020						
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	$229,092	$ 67,444	$83,982	$ 55,263	$91,401	$ 527,182
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)
	$229,092	$ 67,444	$83,982	$ 55,263	$91,401	$ 527,182

	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)
	$229,092	$ 88,396	$136,624	$85,276	$ 12,339	$ 551,727
2019						
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	$229,092	$ 80,365	$141,949	$ 79,654	$ 94,940	$ 626,000
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)
	$229,092	$ 80,365	$141,949	$ 79,654	$ 94,940	$ 626,000

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			
Cost	$ 8,658	$ 6,040	$ 14,698
Accumulated depreciation	-	(3,548)	(3,548)
	$ 8,658	$ 2,492	$ 11,150
2020			
Jan. 1	$ 8,658	$ 2,492	$ 11,150
Depreciation charge	-	(235)	(235)
Dec. 31	$ 8,658	$ 2,257	$ 10,915
Dec. 31, 2020			
Cost	$ 8,658	$ 6,040	$ 14,698
Accumulated depreciation	-	(3,783)	(3,783)
	$ 8,658	$ 2,257	$ 10,915

	Land	Construction	Total
Jan. 1, 2019			
Cost	$ 8,658	$ 6,040	$ 14,698
Accumulated depreciation	-	(3,313)	(3,313)
	$ 8,658	$ 2,727	$ 11,385
2019			
Jan. 1	$ 8,658	$2,727	$11,385
Depreciation charge	-	(235)	(235)
Dec. 31	$ 8,658	$ 2,492	$11,150
Dec. 31, 2019			
Cost	$ 8,658	$ 6,040	$ 14,698
Accumulated depreciation	-	(3,548)	(3,548)
	$ 8,658	$ 2,492	$ 11,150

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

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

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			
Cost	$ 54,981	$ -	$ 54,981
Accumulated amortization and impairment	(43,984)	-	(43,984)
	$ 10,997	$ -	$ 10,997
2020			
Jan. 1	$ 10,997	$ -	$ 10,997
Addition	-	4,493	4,493
Amortization expense	(10,997)	(37)	(11,034)
Dec. 31	$ -	$ 4,456	$ 4,456
Dec. 31, 2020			
Cost	$ 54,981	$ 4,493	$ 59,474
Accumulated amortization and impairment	(54,981)	(37)	(55,018)
	$ -	$ 4,456	$ 4,456

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

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

	2020	2019
Marketing expenses	$ 11,034	$ 10,996

(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%
	$ 270,094	

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)	
	$ 1,477,815	
Issue guaranteed bill	$ 1,750,000	

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)	
	$ 1,694,415	
Issue guaranteed bill	$ 1,750,000	

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, 2018entered 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. 124and 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
	$ 38,903

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

1. 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.

2.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	1,016,825thousands shares	1,016,825thousands 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
		$ 95,951		$ 95,951

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

(2)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.

(3)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.

(4)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			
	Issue premium	Treasury stocks trade	Difference between the price received from acquisition or disposal of a subsidiary and its book value	Total
Jan. 1/Dec. 31	$ 8	$ 40,744	$ 9,789	$ 50,541

	2019			
	Issue premium	Treasury stocks trade	Difference between the price received from acquisition or disposal of a subsidiary and its book value	Total
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
	$ 3,152,800	$ 1,108,772	$ 1,429,973	$ 143,651	$ 95,898	$ 5,931,094

	2019					
	Taiwan	China	Southeast Asia	British Virgin Islands	Others	Total
Chemicals	$ 395,915	$ 59,622	$ 1,422,780	$ 1,784,734	$ 421,430	$ 4,084,481

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	$ 36,704	$ 422	$ 5

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	$ 422	$ -

(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	$ 17,738	$ 4,133

(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
	$ 42,515	$ 33,960

(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)
	($ 119,920)	($ 40,876)

(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	-
	$ 94,397	$ 55,969

(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
	$ 120,778	$ 69,332

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
		$ 176,495	

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
		$ 176,495	

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$)
Basic earnings per share:			
Net profit for this period	$ 1,686,431	1,003,165	$ 1.68
Diluted earnings per share:			
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$)
Basic earnings per share:			
Net profit for this period	$17,820	1,003,165	$ 0.02
Diluted earnings per share:			
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		
Sharpinvest	$ 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
	$ 1,275,827	$ 1,438,637

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	-
Sharpinvest	-	$ 434,413
Others	-	306
Associates		
HT-S Venture	54,615	207,637
	$ 248,395	$ 642,356

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

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

	December 31, 2020	Decebmer 31, 2019
Not past due	$ 248,395	$ 642,356

4.Accounts payable

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

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
Sharpinvest	-	1,808
Others	284	-
Other associates	5	2,188
	$ 5,291	$ 17,157

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

(2)Other payables

	Decebmer 31, 2020	December 31, 2019
Other payables from related parties:		
Subsidiary		
Zortech	$ 33,399	$ -
Others	-	2
	$ 33,399	$ 2

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
	$ 46,980	$ 50,304

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				33,999

7. Other income

	2020	2019
Subsidiary		
Paotze	$ 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
	$ 12,266	$ 14,516

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
Paotze	-	296,802
	$ 85,440	$ 1,891,811

(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
	$ 65,121	$ 16,980

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	$ 306,277	$ 1,374,138	

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 Chenergy) 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 Chenergy) 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. <u>Significant disaster loss</u>

None.

XI. <u>Significant Events after the End of the Financial Reporting Period</u>

None.

XII. <u>Others</u>

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,

2014brought 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) <u>Capital management</u>

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
Financial assets		
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
	$ 3,407,174	$ 2,065,782
Financial liabilities		
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
	$ 2,057,796	$ 3,285,846

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

	Dec. 31, 2019					
				Sensitivity analysis		
	Foreign currency (in thousands)	Exchange rate	Book Value (NT$)	Range of change	Effect on income	Effect on other comprehensive income
(Foreign Currency: Functional Currency)						
Financial assets						
Monetary items						
USD: NTD	$ 37,727	29.98	$ 1,131,055	5%	$ 56,553	$ -
RMB: NTD	32,990	4.2933	141,636		7,082	-
Non-Monetary items						
USD: NTD	232,896	29.98	6,892,217	5%	-	349,111
Financial liabilities						
Monetary items						
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
	Accounts receivable
Jan. 1	$ 53,427
Impairment loss reported	175,409
Dec. 31	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				
Recurring fair value				
Financial assets measured at FVTOCI -Equity securities	$ 492,034	$ -	$ 71,174	$ 563,208

Dec. 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
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	Net asset value approach	Not applicable	Not applicable

	Dec. 31,2019 Fair value	Valuation technique	Critical input not observable	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	
	Input	Change	Favorable change	Unfavorable change
Financial assets				
Equity instruments	Discounts for lack of marketability	±1%	$ 705	($ 705)

			Dec. 31, 2019	
			Recognized in other comprehensive profit and loss	
	Input	Change	Favorable change	Unfavorable change
Financial assets				
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

Table 1

Unit: NT$ thousands
(except as otherwise indicated)

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)	Allowance for bad debts recognized	Collaterals Name	Collaterals Value	Limit on the loan amount to individual counterparty (Note VII)	Total limit amount on loan to others (Note VII)	Note
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	

Note1: 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.

Note2: 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.

Note3: The maximum balance of current year funds loaned to others.

Note4: The nature of the loan shall be filled in a business' current account or as necessary for short-term financing.

Note5: 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.

Note6: 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.

Note7: 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.

Note8: 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.

Note9: Pursuant to a tripartite agreement, the debt of Chenergy 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.

Note10: 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

Unit: NT$ thousands
(except as otherwise indicated)

No. (Note I)	Name of the endorser/guarantor	Guaranteed party		Limits on endorsement/guarantee amount provided to each guaranteed party (Note III)	Maximum balance for the period (Note IV)	Ending balance (Note V)	Amount actually drawn (Note VI)	Amount of endorsement/guarantee 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 entities in Mainland China (Note VII)	Note
		Company name	Relationship (Note II)											
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. Shares	Carrying value (Note III)	Shareholding percentage	Fair value	Note (Note IV)
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	
					$ 563,208		$ 563,208	
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	
					$ 107,583		$ 107,583	
Zortech Corporation	Stock - HannsTouch Solution Inc.	-	“	210,000	$ 2,373	0.03%	$ 2,578	
Paotze Investment LTD.	Beneficiary certificate - Capital Money Market Fund	-	Financial assets measured at fair value through profit or loss – current	32,425	$ 527	-	$ 527	
“	Stock - Ho Tung Chemical Corp.	The Company	Financial assets measured at FVTOCI	10,141,558	$ 105,472	0.99%	$ 105,472	
Ho Tung Cement Corp.	"	"	"	3,518,286	$ 36,590	0.34%	$ 36,590	
Ally Solution Ltd.	Stock - Ever Victory Global Ltd.	This company's Director is the Company's Chairman of the Board	"	26,865,000	$ 797,962	4.34%	$ 797,962	
Big Success Co.,Ltd.	"	"	"	14,500,000	$ 430,689	2.34%	$ 430,689	
Oceanwise International Ltd	"	"	"	15,820,000	$ 469,896	2.56%	$ 469,896	

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. Shares	Carrying value (Note 3)	Shareholding percentage	Fair value	Note (Note 4)
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	
					$ 208,461		$ 208,461	

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

Unit: NT$ thousands (except as otherwise indicated)

Investor	Types and Names of Marketable Securities (Note 1)	Financial statement account	Transaction counterparty (Note 2)	Relation ships (Note 2)	Beginning of the period: Number of shares	Beginning of the period: Amount	Acquisition (Note 3): Number of shares	Acquisition (Note 3): Amount	Sale (Note 3): Number of shares	Sale (Note 3): Amount	Sale (Note 3): Number of shares	Sale (Note 3): Amount	End of the period: Number of shares	End of the period: 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	-	-
	Ningbo Bank Unit Structured Deposit						70,000,000	305,718	70,000,000	306,453	305,718	735		
Xiamen Jintung Co., Ltd.	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)

Company Name	Name of the counterparty	Relationships	Transaction details: Purchases (Sales)	Transaction details: Amounts	Transaction details: Ratio to total purchases/sales amount	Transaction details: Loan period	Situation and reason of why trading conditions are different from general trading: Unit price	Situation and reason of why trading conditions are different from general trading: Loan period	Notes/ accounts receivable or payable: Balance	Notes/ accounts receivable or payable: Ratio to total amount of notes/accounts receivable or payable	Note
Ho Tung Chemical Corp.	Sharpinvest 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	
"	Sharpinvest 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 Petrochecmical 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	

			Transaction details				Situation and reason of why trading conditions are different from general trading		Notes/ accounts receivable or payable		
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: Amount	Overdue receivables from related parties: Action taken	Amounts received in subsequent period	Allowance for bad debts recognized	Note
Ho Tung Chemical Corp.	Jiangsu Jintung Surfactants Co., Ltd.	Subsidiary	$ 193,780	1.48	$ -	-	$ 193,780	$-	
Paotze Investment Ltd.	Nanjing Kuan Hsin Optoeletric 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			
				Account	Amount	Terms of transaction	Percentage to consolidated net revenue or total assets (Note 3)
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 Optoeletric Co., Ltd.	"	"	200,712	Note 8	0 .83
2	Jintung Petrochemical Corp., Ltd.	Jiangsu Jintung Surfactants Co., Ltd.	3	"	375,596	"	1.55
		Anhui Jintung Fine Chemical Co., Ltd.	1	Endorsement	131,022	Note 9	-
3	Jiangsu Jintung Chemical Corp. Co., Ltd.	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: End of the period	Original investment amount: End of last year	Balance as of December 31, 2018: Number of shares	Balance as of December 31, 2018: Percentage of ownership	Balance as of December 31, 2018: Book value	Net income (loss) of the investee	Share of profit/loss of investee	Note
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	-	"
Sharpinvest 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

Unit: NT$ thousands
(except as otherwise indicated)

Investor Company	Investee Company	Location	Main businesses	Original investment amount: End of the period	Original investment amount: End of last year	Balance as of December 31, 2018: Number of shares	Balance as of December 31, 2018: Percentage of ownership	Balance as of December 31, 2018: Book value	Net income (loss) of the investee	Share of profit/loss of investee	Note
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 Chenergy 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: Outflow	Remittance or recovery of investment amount in the current period: Inflow	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
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 HsinOptoeletric 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 held50% 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 207 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 4May 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

	Shares	
Major Shareholders	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%

VI. If the Company and Its Affiliated Companies Encountered Difficulties in Financial Turnover in the Most Recent Year and up to the Date of Publication of the Annual Report, the Impact on the Company's Financial Position Shall be Specified.

The affiliated companies herein refer to companies in compliance of the Article 369-1 of Company Act. (1. Companies having controlling and subordinate relation between them; or 2. Companies having made investment in each other): None.

CHAPTER 7 REVIEW AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE AND RISK MANAGEMENT

I. Review and Analysis of Financial Position

Unit: NT$ thousand

Item	2019	2020	Difference	
			Amount	%
Current assets	13,432,164	14,131,493	699,329	5.21%
Property, plant, and equipment	5,643,940	4,894,032	(749,908)	(13.29%)
Other assets	4,708,490	5,256,300	547,840	11.64%
Total assets	23,784,594	24,281,825	497,231	2.09%
Current liabilities	6,439,172	4,780,349	(1,658,823)	(25.76%)
Long-term liabilities	1,935,853	1,675,815	(260,038)	(13.43%)
Other liabilities	1,588,526	1,481,697	(106,829)	(6.73%)
Total liabilities	9,963,551	7,937,861	(2,025,690)	(20.33%)
Capital	10,168,248	10,168,248	0	0%
Capital surplus	50,541	50,541	0	0%
Retained earnings	1,028,067	2,717,714	1,689,647	164.35%
Other equities	(672,710)	(504,761)	167,949	24.97%
Treasury stock	(95,951)	(95,951)	0	0%
Total equity attributable to owners of parent company	10,478,195	12,335,791	1,857,596	17.73%
Non-controlling interest	3,342,848	4,008,173	665,325	19.90%
Total shareholders' equity	13,821,043	16,343,964	2,522,921	18.25%

Analysis of main reasons for difference exceeding 20% and the amount of change reaching NT$10 million:

1. Current liabilities: Short-term borrowings of the Company and its subsidiaries decreased compared with the previous period due to repayment of loans.
2. Retained earnings: The increase in retained earnings was mainly due to the sale of a subsidiary's interest in the land held in Yucheng section of Nangang District in 2020 to increase working capital.
3. Other equities: The increase in other equity was mainly due to the fair value adjustment of unrealized valuation gains and losses on financial assets measured at fair value through other comprehensive income.

II. Operating Results

(I) Comparative analysis table:

Unit: NT$ thousand

Account	2019	2020	Increase/ Decrease	Ratio %
Operating revenue	27,459,637	25,849,191	(1,610,446)	(5.86%)
Gross profit	2,544,115	6,005,778	3,461,663	136.07%
Operating profits	859,965	3,633,445	2,773,480	322.51%
Non-operating income and expenses	(293,987)	(623,417)	(329,430)	(112.06%)
Pretax profit	565,978	3,010,028	2,444,050	431.83%
Net profit for continuing operations	358,624	2,399,546	2,040,922	569.10%
Loss of discontinued operations	0	0	0	0%
Net profit	358,624	2,399,546	2,040,922	569.10%
Other comprehensive income (net, after tax)	(522,730)	227,961	750,691	143.61%
Total comprehensive income (loss)	(164,106)	2,627,507	2,791,613	1701.10%
Net profit attributable to owners of parent Company	17,820	1,686,431	1,668,611	9363.70%
Net profit attributable to non- controlling interests	340,804	713,115	372,311	109.24%
Total comprehensive income or loss attributable to the owner of the parent company	(371,883)	1,857,789	2,229,672	599.56%
Total comprehensive income attributable to non-controlling interests	207,777	769,718	561,941	270.45%
Earnings per share	0.02	1.68	1.66	8300.00%

Analysis of main reasons for difference exceeding 20% and the amount of change reaching NT$10 million

1. Gross profit, operating profit, net profit before tax, net profit for continuing operations, net profit, net profit attributable to owners of the parent company, total comprehensive income and loss attributable to owners of the parent company, and earnings per share:
   (1) In 2020, the Company sold the land held by its subsidiary in Nangang District, Yucheng Section, in order to increase working capital and (2) in 2020, due to the significant decrease in oil prices, the cost was relatively reduced while the selling price remained stable.
2. Non-operating income and expenses:
   Mainly from an impairment loss on the subsidiary's fixed assets because the recoverable amount was less than the carrying amount.
3. Other comprehensive income, total comprehensive income:
   The Group's investment companies are primarily RMB and USD denominated, and this net asset represents a high percentage of consolidated net assets, while both RMB to USD and TWD to USD were apreciated at the end of 2020, resulting in an increase in the cumulative translation adjustment from the prior period.
4. Net profit attributable to non-controlling interests, total comprehensive income attributable to non-controlling interests:
   Net profit for the period of the Group's subsidiaries that are co-invested with external shareholders increased as compared to the previous period, resulting in an increase in net income attributable to non-controlling interests and total comprehensive income attributable to non-controlling interests as compared to the previous period.

(II) Estimation of future sales and reference:

In general, the supply of Normal Paraffin (NP) in the market still falls short. As to the business of linear alkyl benzene (LAB), the customers are relatively conservative due to the fluctuations of global oil prices. The Group continues to devote itself in increasing the sales of related trading products. Overseas revenue and net profit are more significantly impacted due to the low oil prices. With regard to the prospect of operations for 2021, the global demand for detergent raw materials continues to grow. The Company's goal for the year is to establish a more comprehensive mechanism for the supply of NP. With the Group's advantage in Mainland China's market, the Company believes that business will be steady this year as long as the supply of NP is secured.

(III) Effect of changes on the Company's future business and future response actions: Not applicable.

III. Cash Flow

(Analysis on the changes in annual cash flow for the latest year, remedy for shortage of liquidity, and cash flow analysis for the coming year)

(I) Analysis of the changes in annual cash flow for the latest year

Unit: NT$ thousand

Cash and cash equivalents at the beginning of the period (1)	Net cash flow from operating activities of the period (2)	Net cash flow from investment and financing activities of the period (3)	Cash surplus (1)＋(2)＋(3)	Remedial measures for cash deficit	
				Investment plans	Financing plans
3,199,676	6,168,961	(2,800,571)	6,568,066	-	-

Cash flow analysis for the current year:
Investment and financing activities: In 2020, the Group increased the investment in Gulei Petrochemical by $608,346 thousand.
The Group's repayment of short-term loans was $1,465,601, and cash outflow for the repayment of long-term loans was $705,234, resulting in a net cash outflow from investing and financing activities.

(II) Cash flow analysis for the coming year:

Unit: NT$ thousand

Cash and cash equivalents at the beginning of the period (1)	Estimated net cash flow from operating activities of the period (2)	Net cash flow from investment and financing activities of the period (3)	Estimated cash surplus (deficit) (1) + (2) + (3)	Remedial measures for projected cash deficit	
				Investment plans	Financing plans
6,568,066	670,612	(1,380,297)	5,858,381	-	-

Analysis of changes in the cash flow for the coming year:
(1) Operating activities: Profits arising from the Group's main business increase steadily.
(2) Investment and financing activities: The estimated net cash outflow arising from the Group's capital expenditure, issuance of cash dividends and repayment to bank loans amounted to NT$1,380,297. thousand.

IV. Major Capital Expenditure for the Most Recent Year and Its Effect on Financial Position and Operation of the Company

V. Investment Policies for the Most Recent Year, the Main Reasons for Profit or Loss, and Remedy and Investment Plans for the Coming Year

1. Reinvestment policies for the most recent year: Focus on the main business of chemical products and gradually reduce the percentage of reinvestment in non-chemical businesses.
2. Main reasons for profits or losses arising from reinvestment:

Name of investees	Profits (loss) recognized for the year ended December 31, 2020 (TWD; thousand dollars)	Main reasons
Tung Bao Co., Ltd	852	Due to increase of sales and the cost reduction of raw material, the The reduction was not immediately reflected in selling prices.
HT-S Venture Philippienes	407	Earning profits steadily.

VI. Risks for the Most Recent Year and up to the Date of Publication of the Annual Report and Evaluation

(I) Effects of changes in interest rates, foreign exchange rates and inflation on the Company's profit and loss and future countermeasures

(1) Interest rates: The hike of interest rates will lead to an increase in capital costs. Each company in the Group will pay back parts of bank loans where necessary in the hope of improving financial ratios and saving interest expenses.

(2) Foreign exchange rates: The Company's revenues, accounts receivable and accounts payable are mainly quoted in U.S. dollars. The offsetting of foreign-currency assets and liabilities can reduce the exchange rate risk and achieve a natural hedge effect.

(3) Inflation: The Company monitors the trend in market values at all times. By far, there is no significant influence due to inflation.

(II) Policies, main causes of gain or loss and future countermeasures with respect to high- risk, high-leveraged investments, lending or endorsement/guarantees and derivatives transactions:

(1) The Company has no high-risk or high-leveraged investments for the year ended December 31, 2020 and up to the publication date of the annual report.

(2) With respect to lending to others, the Company provides lending in accordance with the Company's procedures for lending to others set up by the Board of Directors. The limit of lending provided by the Company is NT$4.934 billion (40% of the stockholders' equity of NT$12.336 billion at the end of 2020). As of March 2021, the balance of the Group's lending amounted to NT$0.759 billion.

(3) With respect to endorsement and guarantees, the Company provides endorsement and guarantees in in accordance with the Company's procedures for endorsement and

guarantees set up by the Board of Directors. The limit of endorsement and guarantees provided by the Company is NT$6.168 billion (50% of the stockholders' equity of NT$12.336 billion at the end of 2020). As of March 2021, the balance of endorsement and guarantees provided by the Group amounted to NT$1.191 billion.

(4) The Company's policies for derivatives centers on hedging.

(5) Currently, the Company's hedging tools for derivatives transactions are pre-sale or pre-purchase of forward exchange. The principle is to reduce the foreign exchange losses.

(III) Future R&D projects and planned budget: None.

(IV) Effects of and countermeasures to changes in major domestic and foreign policies and regulations relating to the Company's financial position and operations:

The Company has made necessary adjustments in response to the amendments made by the competent authorities to Company Act, Securities and Exchange Act and other related laws and regulations. There is no significant influence to the Company's financial position and operations so far.

(V) Effects and countermeasures of changes in technology and industry on the Company's financial operations:

In order to enable the information systems to resume its operations as soon as possible when damage occurs and to reduce possible losses and risks, the Company currently reviews and checks its contingency plans for information system damages regularly every year. In addition, the Company also regularly conducts drills of the contingency plans for information system damages. In the future, the Company plans to establish a remote host backup system to reduce the response time when damages occur.

(VI) Effects and countermeasures of changes of corporate image on the Company's crisis management:

The Company's operating principles are profession and integrity. For many years, the Company has been devoted to maintaining its corporate image and risk management. By now, there are no foreseeable risk events.

(VII) Expected benefits, possible risks, and countermeasures of mergers: Not applicable.

(VIII) Expected benefits, possible risks, and countermeasures of the expansion of plants:

In order to enhance the core competitiveness and to meet the demand in the market, the Company continues to expand its plants. It is expected that the expansions will increase the Group's overall revenue and profits in the future.

(IX) Risks relating to and countermeasures to excessive concentration of purchasing sources and excessive customer concentration:

1. Risks relating to and response to excessive concentration of purchasing sources: Risks: The Company's main purchasing source is CPC Corporation.

   Countermeasures: Maintain a strong business relationship with CPC and proactively seek for other purchasing resources for raw materials.

2. Risks relating to and response to excessive customer concentration: Not applicable.

(X) Effects of, risks relating to, and countermeasures to large share transfers or changes in shareholdings by Directors, Supervisors or shareholders with shareholdings of over 10%: The Company's Directors, Supervisors, and shareholders with shareholdings of over 10% did not involve in large share transfers.

(XI) Effects of, risks relating to and countermeasures to the changes in management Rights: None.

(XII) For litigation or non-litigation matters, Please specify major lawsuits with final and conclusive judgment, major ongoing litigation, non-litigation or administrative litigation involving the Company, the Company's Directors, Supervisors, General Manager, de facto persons in charge, or shareholders with shareholdings of over 10%, if the event has significant influence on shareholders' equity or securities prices. The fact in dispute, target amount, starting date of litigations, parties involved and how the matters were addressed up to the publication date of the annual report shall be disclosed:

1. The Company's major litigation with final and conclusive judgment or ongoing litigation, non-litigation or administrative litigation: None.

2. Major litigation with final and conclusive judgment or ongoing litigation, non- litigation or administrative litigation involving the Company's Directors, Supervisors, General Manager, de facto persons in charge, or shareholders with shareholdings of over 10% with significant influence on shareholders' equity or securities prices:

(1) In 2012, one of the Company's subsidiaries pre-paid its investments to UL Taiwan in the amount of NT$60 million. However, UL Taiwan failed to pass the financial review within the time limit of three months. Thus, the subsidiary cancelled the investment and withdrew its prepayment to UL Taiwan. The prosecutor believes that the event is a lending event or endorsement guarantees by nature but the Company did not disclose the event in its financial statements. Thus, the prosecutor indicted the Company's Chairman of the Board. The New Taipei District Court arrived at a verdict on August 29, 2018 (No. Chin-Chung- Su-Tzu-3). The summary of the verdict is that the court accepted the facts contained in the indictment and convicted the parties involved of financial statements fraud. The Chairman of the Company has appointed a lawyer to file an appeal in order to prove his innocence through the second and third instance, and the case is now heard by the superior court.

Currently, the Company's operations and financial position remain normal as usual. The litigation did not impose any influence on the Company's operations.

(2) One of the Company's subsidiaries, Chenergy, encountered an oil spill incident at the West Pier No. 7 of Taichung Port on October 24, 2013. Chenergy entered into a project contract with the contractor of the soil remediation project. The contract amount was NT$185 million. According to the terms of the contract, it was not effective until it is approved by the Board of Directors of Chenergy and a written notice was provided to the contractor. In December 2017, the contractor of the soil remediation project filed a lawsuit against Chenergy concerning the effectiveness of the above-mentioned contract. However, under the term of the contract, it is agreed that arbitration shall go first when disputes occur. Thus, in February 2018, Chenergy appealed to the court to suspend the proceedings and asked the contractor to submit the case for arbitration within a certain period of time. On October 11, 2018, the New Taipei District Court made a hearing subsequently transferred to the jurisdiction of the Taipei District Court for further trial.

The turnkey contractor failed to perform in accordance with the contract, so Chenergy sent a letter to the engineering contractor on June 12, 2019 to terminate the contract, and on August 23, 2019, Chenergy requested the engineering contractor for the return of $44,100 thousand (recorded as other receivables) paid for the project, which is currently under arbitration.

(XIII) Other major risks and countermeasures:

1. Information security risk assessment analysis and response measures:

The Company has internal information personnel and external professional consultants to provide information maintenance services and to assist in daily operations. The

Company holds weekly meetings with external consultants to review operation problems, improve operational processes, improve system control points, introduce systems, and provide education and training to strengthen the awareness of the Company's employees of information security risks, in order to prevent and immediately detect and block the spread. In terms of information security, the Company control passwords from application to use, access rights and external access points, and have established intrusion prevention systems, white lists, anti-spam systems, and endpoint anti-virus systems to gradually improve information security protection. In terms of data security, complete backup and differential backup are performed. The remote backup is also performed weekly to support the security of information and data.

The Company has not experienced any significant cyber attacks or security incidents in recent years or up to the date of publication of the annual report.

2. Risk assessment analysis of specific infectious pneumonia (COVID-19) impact and response measures:

The Company actively cooperates with the government's epidemic prevention policy and formulates preventive management measures. For the safety of our employees, we replaced the trips for business operations with video, telephone and email; at the same time, we provided 75% alcohol for our employees to disinfect daily and to measure and register their forehead temperatures daily. If high fever (forehead temperature above 37.5 degrees) is detected, employees are required to wear masks and take time off work to seek medical treatment. For third-party suppliers, in addition to measuring the temperature of personnel before entering the office, the contact information of visitors from the suppliers shall be recored to actively guard the health our employees.

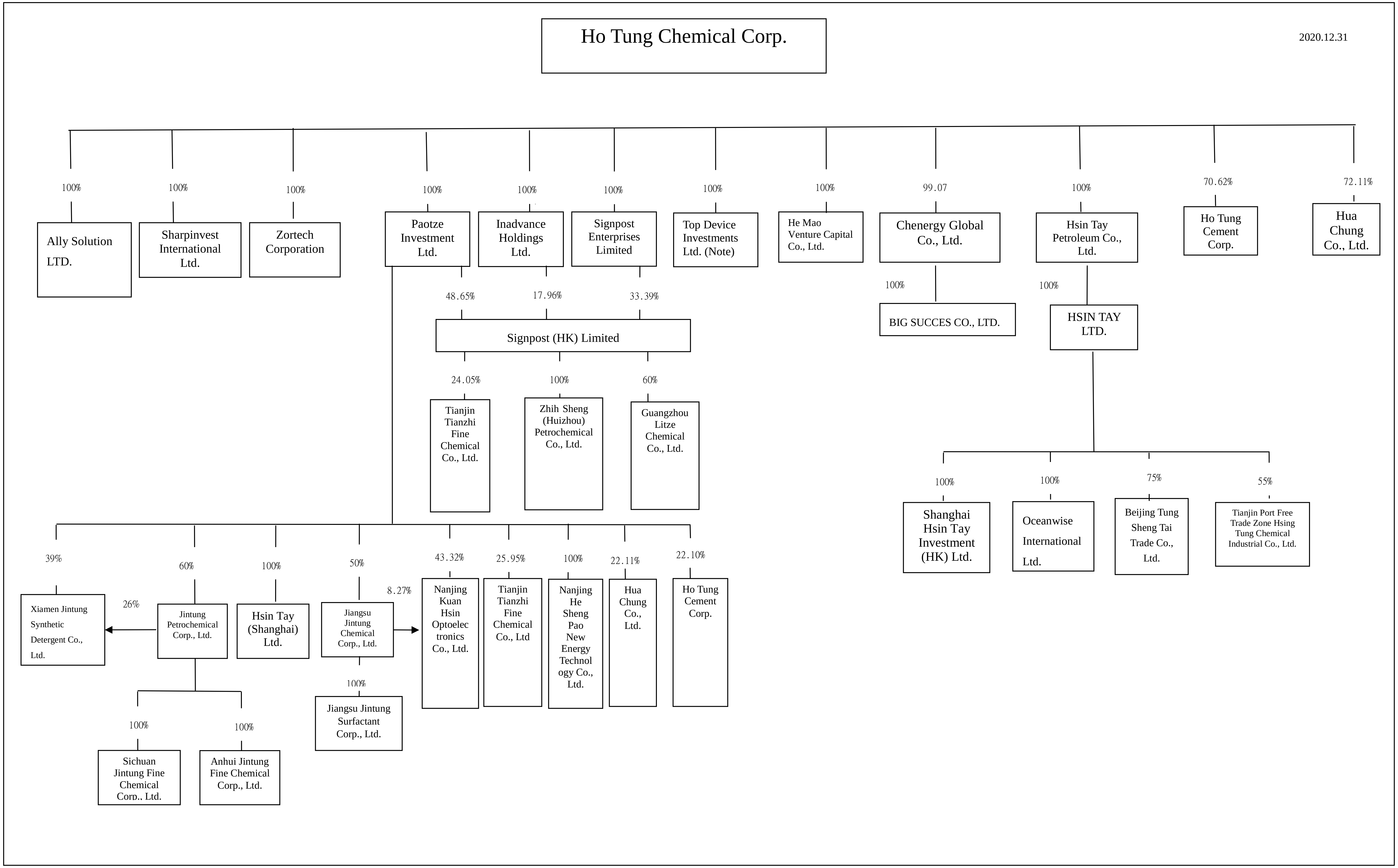
The Company has not experienced any significant operational impact due to the epidemic during the recent year and up to the date of publication of the annual report.

VII. Other Material Matters: None.

CHAPTER 8 SPECIAL DISCLOSURE

I. Summary of Affiliated Companies and Consolidated Business Report of Affiliated Companies

Organizational Chart of Affiliated Companies 100%



Note 1: The company has been annulled but approval document from the competent authority has not been received.

2. Basic Information about Affiliated Companies:

Unit: NT$ thousand

Name	Date of Incorporation	Address	Paid-up capital	Main Business or Products
Hua Chung Co., Ltd.	2002.02.21	9F., No. 6, Sec. 1, Zhongxing Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	20,000	Production, purchase and sales of cement raw materials
Ho Tung Cement Corp.	2011.04.07	No. 2, Gongdong 3rd Rd., Hemei Township, Changhua County 508, Taiwan (R.O.C.)	295,364	Production, purchase and sales of cement raw materials
He Mao Venture Capital Co., Ltd.	1998.02.16	8F., No. 6, Sec. 1, Zhongxing Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	70,000	Venture capital forinvestees
Chenergy Global Co., Ltd.	2004.02.03	8F.-5, No. 6, Sec. 1, Zhongxing Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	566,199	Leasing of storage tanks and oil products trading
Hsin Tay Petroleum Co., Ltd.	2011.09.09	8F., No. 6, Sec. 1, Zhongxing Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	1,937,055	Oil trading

Unit: US$ thousand

Name	Date of Incorporation	Address	Paid-up capital	Main Business or Products
SHARPINVEST INTERNATIONAL LTD.	2004.08.12	Vistra Corporate Services Centre , Wickhams Cay Π, Road Town , Tortoal , VG1110 , B.V.I	3,000	Chemical products trading
SIGNPOST ENTERPRISES LTD.	2003.05.08	Vistra Corporate Services Centre，Wickhams CayⅡ,Road Town,Tortola，VG1110,British Virgin Islands	14,674	Chemical products trading and investment
PAOTZE INVESTMENT LTD.	1992.08.18	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	20,000	Investment
ALLY SOLUTION LTD.	2014.12.23	Vistra Corporate Services Centre , Wickhams Cay Π, Road Town , Tortoal , VG1110 , B.V.I	26,907	Investment
INADVANCE HOLDINGS LTD.	2003.06.10	Vistra Corporate Services Centre , Wickhams Cay Π, Road Town , Tortoal , VG1110 , B.V.I	5,000	Investment
ZORTECH CORPORATION	1990.01.22	Vistra Corporate Services Centre , Wickhams Cay Π, Road Town , Tortoal , VG1110 , B.V.I	5,000	Investment
TOP DEVICE INVESTMENTS LTD.	2010.05.26	P.O.BOX 957,Offshore Incorporations Centre,Road Town,Tortola,British Virgin Islands	Note 1	Investment
HSIN TAY LTD.	1994.03.16	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	19,463	Oil trading

Name	Date of Incorporation	Address	Paid-up capital	Main Business or Products
Hsin Tay (Shanghai) Ltd. (Shanghai Hsin Tay)	2000.10.24	Room 6808, 6F., No. 396, Fute East 1st Road, Shanghai Free Trade Zone, Shanghai City, China	7,450	Chemical fuels trading
Shanghai Hsin Tay Investment (HK) LTD.	2010.11.25	2/F,Jonsim Place,No.228 Queen’s Road East,Wanchai,Hong Kong	Note 1	Investment
OCEANWISE INTERNATIONAL LTD.	2013.11.18	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	15,820	Investment
SIGNPOST (HK) LIMITED	2008.05.06	2/F,Jonsim Place,No.228 Queen’s Road East,Wanchai,Hong Kong	30,797	Sales of a variety of commodities
BIG SUCCESS CO., LTD.	2013.10.03	Le Sanalele Complex,Ground Floor,Vaea Street,Saleufi,PO Box 1868,Apia, Samoa	14,511	General investment

Note 1: The company has been annulled but approval document from the competent authority has not been received.

Unit: CNY thousand

Name	Date of Incorporation	Address	Paid-up capital	Main Business or Products
Guangzhou Litze Chemical Co., Ltd.	2003.08.28	No. 89, Huangge Avenue, Huangge Town, Nansha Dist., Guangzhou City, China	50,000	Production and sales of alkylbenzene sulfonic acid
Jintung Petrochemical Corp., Ltd.	1993.09.01	No. 201, Yaoxin Av., Nanjing Economic and Technological Development Zone, Nanjing City, Jiangsu Province	168,200	Production of linear alkylbenzene, sulfonic acid and by-products
Jiangsu Jintung Chemical Corp., Ltd.	2002.04.08	No. 18, Hengfa Rd., Nanjing Economic and Technological Development Zone, Nanjing City, Jiangsu Province	345,155	Production of linear alkylbenzene, sulfonic acid and by-products
Nanjing Kuan Hsin Optoelectronics Co., Ltd.	2006.02.16	No. 20, Hengfa Rd., Nanjing Economic and Technological Development Zone, Nanjing City, Jiangsu Province	104,531	Manufacture and sale of PMMA Light Guide Plate
Zhih Sheng (Huizhou) Petrochemical Co., Ltd.	2006.12.31	No. 1, Binhai 10th Rd., Shihua Av., Xiayong Town, Daya Bay Area, Huizhou City	94,853	Production of primary alcohol ethoxylate
Tianjin Tianzhi Fine Chemical Co., Ltd.	2002.10.30	No. 18, Cuiwei St., Hangu Modern Indsustrial Park, Tianjin Economic and Technological Development Zone, Tianjin City, China	192,300	Research, production and sales of surfactants and derivative products and provision of technological consulting
Nanjing He Sheng Pao New Energy Technology Co., Ltd.	2011.05.26	No. 18, Hengfa Rd., Nanjing Economic and Technological Development Zone, Nanjing City, Jiangsu Province	82,110	Development of new energy and surfactant
Sichuan Jintung Fine Chemical Corp., Ltd.	2005.04.30	Group 1, Zitong Village, Guanyin Town, Pengshan County, Sichuan Province	40,000	Manufacture and sale of Linear Alkylbenzene
Anhui Jintung Fine Chemical Corp., Ltd.	2009.10.28	No. 26, Zhongxiang Av., Cihu Economic Development Zone, Maanshan City, Anhui Province	60,000	Manufacture and sale of surfactant
Jiangsu Jintung Surfactant Corp., Ltd.	2011.03.29	No. 1, Puge Rd. Nanjing Chemical Industry Park, Nanjing City, Jiangsu Province	380,000	Manufacture and sale of surfactant
Xiamen Jintung Synthetic Detergent Co., Ltd.	1994.07.05	3rd and 4th F., No. 180, Changqing Rd., Siming Dist., Xiamen City	26,159	Production and sales of surfactants related products
Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	1998.09.18	Zhongran Mansion, Tianjin New Harbor 4th Rd., Tianjin City, China	40,000	Wholesale of petrochemical products, storage, charging, processing and sales of products in reservoir area
Beijing Tung Sheng Tai Trade Co., Ltd.	2012.03.16	Room 1205, Building 9, No. 88, Jianguo Rd., Chaoyang Dist., Beijing City, China	10,000	Chemical trading

3. Companies presumed to have a relationship of control and subordination: Not applicable

4. Directors, Supervisors and General Managers of Affiliated Companies:

Name	Title	Name or representative	Number of shares held	
			Number of shares	Shareholding percentage
Chenergy Global Co., Ltd.	Chairman of the Board	Ho Tung Chemical Corp. Representative:Kuo-jung Shih	56,093,674	99.07%
	Director	Ho Tung Chemical Corp. Representative:Jen-chih Huang	56,093,674	99.07%
	Director	Ho Tung Chemical Corp. Representative:Wei- yu Chen	56,093,674	99.07%
	Director	Ho Tung Chemical Corp. Representative:Han-ching Li	56,093,674	99.07%
	Director	Ho Tung Chemical Corp. Representative: Lun-chia Li	56,093,674	99.07%
	Supervisors	Yatung Investment Co., Ltd Representative:Yi-hsiung Chen	322,633	0.57%
	Supervisors	Yatung Investment Co., Ltd Representative: Tung-hsueh Yang	322,633	0.57%
Hua Chung Co., Ltd.	Chairman of the Board	Ho Tung Chemical Corp. Representative:Chih-liang Yang	1,442,233	72.11%
	Director	Ho Tung Chemical Corp. Representative: Shu-hui Li	1,442,233	72.11%
	Director	Ho Tung Chemical Corp. Representative:Po-ying Lin	1,442,233	72.11%
	Supervisors	Yatung Investment Co., Ltd	7,067	0.35%
Ho Tung Cement Corp.	Chairman of the Board	Ho Tung Chemical Corp. Representative: Chih-liang Yang	20,857,190	70.62%
	Director	Ho Tung Chemical Corp. Representative: Shu-hui Li	20,857,190	70.62%
	Director	Ho Tung Chemical Corp. Representative: Po-ying Lin	20,857,190	70.62%
	Supervisors	Yatung Investment Co., Ltd	445,094	1.51%
He Mao Venture Capital Co., Ltd.	Chairman of the Board	Ho Tung Chemical Corp. Representative:Yu- chieh Yang	7,000,000	100%
	Director	Ho Tung Chemical Corp. Representative:Wei- yu Chen	7,000,000	100%
	Director	Ho Tung Chemical Corp. Representative: Ren-bin Cheng	7,000,000	100%
	Supervisors	Ho Tung Chemical Corp. Representative:Yun-hsueh Chiang	7,000,000	100%
Hsin Tay Petroleum Co., Ltd.	Chairman of the Board	Ho Tung Chemical Corp. Representative:Yu- chieh Yang	193,705,500	100%
	Director	Ho Tung Chemical Corp. Representative:Wei- yu Chen	193,705,500	100%
	Director	Ho Tung Chemical Corp. Representative:Han-ching Li	193,705,500	100%
	Supervisors	Ho Tung Chemical Corp. Representative:Jen-chih Huang	193,705,500	100%
SHARPINVEST INTERNATIONAL LTD.	Director	Ho Tung Chemical Corp. Representative:Yu- chieh Yang	3,000,001	100%
INADVANCE HOLDINGS LTD.	Director	Ho Tung Chemical Corp. Representative:Yi-ju Chen	5,000,100	100%
ZORTECH CORPORATION	Director	Ho Tung Chemical Corp. Representative:Yu- chieh Yang	5,000,000	100%
ALLY SOLUTION LTD.	Director	Ho Tung Chemical Corp. Representative:Yu-chieh Yang	26,907,000	100%
TOP DEVICE INVESTMENTS LTD.	Director	Ho Tung Chemical Corp. Representative:Yu- chieh Yang	Note 1	100%
SIGNPOST ENTERPRISES LTD.	Chairman of the Board	Ho Tung Chemical Corp. Representative:Yu- chieh Yang	14,673,913	100%

Name	Title	Name or representative	Number of shares held	
			Number of shares	Shareholding percentage
	Director	Ho Tung Chemical Corp. Representative:Wei- yu Chen	14,673,913	100%
PAOTZE INVESTMENT LTD.	Chairman of the Board	Ho Tung Chemical Corp. Representative: Yi-ju Chen	20,000,000	100%
	Director	Ho Tung Chemical Corp. Representative:Wei-yu Chen	20,000,000	100%
	Director	Ho Tung Chemical Corp. Representative: Lun-chia Li	20,000,000	100%
	Director	Ho Tung Chemical Corp. Representative: Jen-chih Huang	20,000,000	100%
	Supervisor	Ho Tung Chemical Corp. Representative: Jen-pin Cheng	20,000,000	100%
	Supervisor	Ho Tung Chemical Corp. Representative: Chia-wen Liu	20,000,000	100%
BIG SUCCESS CO.,LTD	Director	Chenergy Global Co., Ltd. Representative: Yi-ju Chen	14,511,500	100%

Name	Title	Name or representative	Number of shares held	
			Contribution	Shareholding percentage
HSIN TAY LTD.	Chairman of the Board	Hsin Tay Petroleum Co., Ltd. Representative:Yu- chieh Yang	USD19,462,651	100%
	Director	Hsin Tay Petroleum Co., Ltd. Representative:Wei- yu Chen	USD19,462,651	100%
	Director	Hsin Tay Petroleum Co., Ltd. Representative: Li Li	USD19,462,651	100%
Hsin Tay (Shanghai) Ltd.	Chairman of the Board	PAOTZE INVESTMENT LTD. Representative: Yu- chieh Yang	USD7,450,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative: Wei- yu Chen	USD7,450,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative: Chung-shan Shih	USD7,450,000	100%
	Supervisor	PAOTZE INVESTMENT LTD. Representative: Pin-chia Huang	USD7,450,000	100%
Shanghai Hsin Tay investment (HK) LTD.	Director	Hsin Tay LTD. Representative:Yu- chieh Yang	USD1	100%
OCEANWISE INTERNATIONAL LTD.	Director	Hsin Tay LTD. Representative:Yu- chieh Yang	USD15,820,000	100%
	Director	Hsin Tay LTD. Representative: Ren-bin Cheng	USD15,820,000	100%
Beijing Tung Sheng Tai Trade Co., Ltd.	Director	Hsin Tay LTD. Representative:Yu- chieh Yang	RMB7,500,000	75%
	Director	Hsin Tay LTD. Representative: Ren-bin Cheng	RMB7,500,000	75%
	Director	Hsin Tay LTD. Representative:Hsien-cheng Chen	RMB7,500,000	75%
	Supervisor	Hsin Tay LTD. Representative:Chia-wen Liu	RMB7,500,000	75%
Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	Chairman of the Board	Hsin Tay LTD. Representative:Hsien-cheng Chen	RMB22,000,000	55%
	Director	Hsin Tay LTD. Representative:Yu- chieh Yang	RMB22,000,000	55%
	Director	Hsin Tay LTD. Representative: Ren-bin Cheng	RMB22,000,000	55%

Name	Title	Name or representative	Number of shares held	
			Number of shares / Contribution	Shareholding percentage
SIGNPOST (HK) LIMITED	Chairman of the Board	SIGNPOST ENTERPRISES LTD. Representative:Yu- chieh Yang	USD10,281,716	33.39%
	Director	INADVANCE HOLDINGS LTD. Representative:Wei- yu Chen	USD5,531,219	17.96%
	Director	PAOTZE INVESTMENT LTD. Representative:Chung-shan Shih	USD14,983,879	48.65%
Guangzhou Litze Chemical Co., Ltd	Director	SIGNPOST (HK) Limited Representative:Wei-yu Chen	RMB30,000,000	60%
	Director	SIGNPOST (HK) Limited Representative: Yi-ju Chen	RMB30,000,000	60%
	Director	SIGNPOST (HK) Limited Representative: Jen-chih Huang	RMB30,000,000	60%
	Director	SIGNPOST (HK) Limited Representative: Tsung-hsiao Lin	RMB30,000,000	60%
Zhih Sheng (Huizhou) Petrochemical Co., Ltd.	Chairman of the Board	SIGNPOST (HK) Limited Representative:Wei-yu Chen	RMB94,853,197	100%
	Director	SIGNPOST (HK) Limited Representative: Yi-ju Chen	RMB94,853,197	100%
	Director	SIGNPOST (HK) Limited Representative: Jen-Chih Huang	RMB94,853,197	100%
	Supervisor	SIGNPOST (HK) Limited Representative: Chia-wen Liu	RMB94,853,197	100%
Jintung Petrochemical Corp., Ltd	Director	PAOTZE INVESTMENT LTD. Representative:Yu- chieh Yang	RMB100,920,000	60%
	Director	PAOTZE INVESTMENT LTD. Representative:Wei- yu Chen	RMB100,920,000	60%
	Director	PAOTZE INVESTMENT LTD. Representative:Ming-chih Kuo	RMB100,920,000	60%
	Supervisor	PAOTZE INVESTMENT LTD. Representative:Ta-sheng Lin	RMB100,920,000	60%
Jiangsu Jintung Chemical Corp., Ltd.	Director	PAOTZE INVESTMENT LTD. Representative:Yi-ju Chen	RMB172,577,715	50%
	Director	PAOTZE INVESTMENT LTD. Representative:Wei- yu Chen	RMB172,577,715	50%
	Director	PAOTZE INVESTMENT LTD. Representative:Ming-chih Kuo	RMB172,577,715	50%
	Supervisor	PAOTZE INVESTMENT LTD. Representative: Chin-hua Lin	RMB172,577,715	50%
Nanjing Kuan Hsin Optoelectronics Co., Ltd.	Director	PAOTZE INVESTMENT LTD. Representative:Yu- chieh Yang	RMB53,456,628	51.59%
	Director	PAOTZE INVESTMENT LTD. Representative:Wei- yu Chen	RMB53,456,628	51.59%
	Supervisor	PAOTZE INVESTMENT LTD. Representative:Ta-sheng Lin	RMB53,456,628	51.59%

Name	Title	Name or representative	Number of shares held	
			Contribution	Shareholding percentage
Tianjin Tianzhi Fine Chemical Co., Ltd.	Vice Chairman	PAOTZE INVESTMENT LTD. Representative:Yu- chieh Yang	RMB49,900,000	25.95%
	Director	PAOTZE INVESTMENT LTD. Representative:Hsien-cheng Chen	RMB49,900,000	25.95%
	Director	PAOTZE INVESTMENT LTD. Representative: Ren-bin Cheng	RMB49,900,000	25.95%
	Supervisor	PAOTZE INVESTMENT LTD. Representative:Chia-wen Liu	RMB49,900,000	25.95%
	Director	SIGNPOST (HK) Limited Representative:Wei- yu Chen	RMB46,250,000	24.05%
	Director	SIGNPOST (HK) Limited Representative: Jen-chih Huang	RMB46,250,000	24.05%
Nanjing He Sheng Pao New Energy Technology Co., Ltd.	Director	PAOTZE INVESTMENT LTD. Representative:Chin-hua Lin	RMB82,109,760	100%
	Director	PAOTZE INVESTMENT LTD. Representative:Lun- chia Li	RMB82,109,760	100%
	Director	PAOTZE INVESTMENT LTD. Representative: Wen-ta Tsai	RMB82,109,760	100%
	Supervisor	PAOTZE INVESTMENT LTD. Representative: Wen-jie Liao	RMB82,109,760	100%
Sichuan Jintung Fine Chemical Corp., Ltd.	Director	PAOTZE INVESTMENT LTD. Representative:Yu- chieh Yang	RMB40,000,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative:Wei- yu Chen	RMB40,000,000	100%
	Supervisor	PAOTZE INVESTMENT LTD. Representative:Ta-sheng Lin	RMB40,000,000	100%
Anhui Jintung Fine Chemical Corp., Ltd.	Director	PAOTZE INVESTMENT LTD. Representative:Yu- chieh Yang	RMB60,000,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative:Wei- yu Chen	RMB60,000,000	100%
	Supervisor	PAOTZE INVESTMENT LTD. Representative:Ta-sheng Lin	RMB60,000,000	100%
Jiangsu Jintung Surfactant Corp., Ltd.	Director	PAOTZE INVESTMENT LTD. Representative:Yi-ju Chen	RMB380,000,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative:Wei-yu Chen	RMB380,000,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative:Ming-chih Kuo	RMB380,000,000	100%
	Supervisor	PAOTZE INVESTMENT LTD. Representative:Chin-hua Lin	RMB380,000,000	100%

Name	Title	Name or representative	Number of shares held	
			Contribution	Shareholding percentage
Xiamen Jintung Synthetic Detergent Co., Ltd.	Director	PAOTZE INVESTMENT LTD. Representative:Yu- chieh Yang	RMB17,002,008	65%
	Supervisor	PAOTZE INVESTMENT LTD. Representative:Ta-sheng Lin	RMB17,002,008	65%

5. Overview of Affiliated Companies' Operation:

Unit: NT$ thousand

Name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit (loss)	Profit (loss) (after tax)	Earnings per share (NT$) (after tax)
Chenergy Global Co., Ltd.	566,199	1,796,530	1,112,500	684,030	125,448	5,571	(162,859)	(4.28)
Hua Chung Co., Ltd.	20,000	58,168	3,745	54,423	0	(7,163)	(15,145)	(7.57)
He Mao Venture Capital Co., Ltd.	70,000	94,468	140	94,328	5	(881)	(322)	(0.046)
Hsin Tay Petroleum Co., Ltd.	1,937,055	1,051,589	18,932	1,032,657	-	(7,099)	(593,827)	(2.62)
Ho Tung Cement Co., Ltd.	295,364	936,546	528,680	407,866	868,575	58,091	39,120	1.32

Unit: US$ thousand

Name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit (loss)	Profit (loss) (after tax)	Earnings per share (NT$) (after tax)
SHARPINVEST INTERNATIONAL LTD.	3,000	633	2	631	20,805	(2,480)	(2,449)	(0.82)
SIGNPOST ENTERPRISES LTD.	14,674	13,148	32	13,116	-	(36)	288	0.02
SIGNPOST (HK) LTD.	30,797	40,454	1,172	39,282	-	(117)	968	0.03
PAOTZE INVESTMENT LTD.	20,000	233,127	7,152	225,975	-	(346)	35,811	1.79
ALLY SOLUTION LTD.	26,907	26,408	-	26,408	-	(2)	(2)	-
INADVANCE HOLDINGS LTD.	5,000	6,741	49	6,692	-	317	317	0.06
ZORTECH CORPORATION	5,000	1,922	10	1,922	-	(17)	273	0.05
TOP DEVICE INVESTMENTS LTD.	Note 1	-	-	-	-	-	-	-
HSIN TAY LTD.	19,463	38,065	1,961	36,104	3,921	(18,955)	(18,673)	(0.96)
Shanghai Hsin Tay investment (HK) LTD.	Note 1	-	-	-	-	-	-	-
OCEANWISE INTERNATIONAL LTD.	15,820	16,500	-	16,500	-	-	-	-
BIG SUCCESS CO., LTD.	14,511	15,125	-	15,125	-	(1)	(1)	-

Unit: CNY thousand

Name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit (loss)	Profit (loss) (after tax)	Earnings per share (NT$) (after tax)
Guangzhou Litze Chemical Co., Ltd	50,000	142,633	50,879	91,754	311,697	14,743	10,299	0.21
Jintung Petrochemical Corp., Ltd	168,200	1,008,119	104,713	903,406	940,090	109,436	153,836	0.91
Jiangsu Jintung Chemical Corp., Ltd.	345,155	902,663	109,235	793,428	995,838	127,343	246,432	0.71
Nanjing Kuan Hsin Optoelectronics Co., Ltd.	104,531	9,709	99,331	(89,622)	-	-	3,256	0.03
Zhih Sheng (Huizhou) Petrochemical Co., Ltd.	94,853	292,672	151,942	140,730	751,848	29,742	18,490	0.19
Tianjin Tianzhi Fine Chemical Co., Ltd.	192,300	432,102	185,714	246,388	506,512	17,446	(54,944)	(0.29)
Nanjing He Sheng Pao New Energy Technology Co., Ltd.	82,110	96,798	15,507	81,291	44	(183)	(182)	-
Sichuan Jintung Fine Chemical Corp., Ltd.	40,000	317,186	101,210	215,976	822,911	53,506	44,392	1.11
Anhui Jintung Fine Chemical Corp., Ltd.	60,000	323,108	164,036	159,072	547,611	40,575	31,822	0.53
Jiangsu Jintung Surfactant Corp., Ltd.	380,000	657,209	261,628	395,581	965,076	194,998	162,803	0.43
Xiamen Jintung Synthetic Detergent Co., Ltd.	26,159	60,248	2,581	57,667	63,679	1,212	1,690	0.06
Hsin Tay (Shanghai) Ltd.	51,385	236,856	71,069	165,787	511,300	25,114	40,014	0.78

Name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit (loss)	Profit (loss) (after tax)	Earnings per share (NT$) (after tax)
Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	40,000	36,745	334	36,411	59,582	1,112	1,215	0.03
Beijing Tung Sheng Tai Trade Co., Ltd.	10,000	8,711	12,526	(3,815)	-	(388)	2,760	0.28

Note 1: The company has been annulled but approval document from the competent authority has not been received.

6. Consolidated financial statements of affiliates: Please refer to Chapter 6 Financial Information

7. Affiliate Reports: None.

Ho Tung Chemical Corp.

Declaration of Consolidated Financial Statements of Affiliated Companies

For the year ended December 31, 2020 (from January 1, 2020 to December 31, 2020), pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the entities that are required to be included in the consolidated financial statements of affiliates, are the same as the entities required to be included in the consolidated financial statements under International Financial Reporting Standards 10. In addition, information required to be disclosed in the consolidated financial statements of affiliates is included in the aforementioned consolidated financial statements. Accordingly, it is not required to prepare a separate set of consolidated financial statements of affiliates.

Hereby declare by

Company Name: Ho Tung Chemical Corp.

Person in Charge: Yu-chieh Yang

March 25, 2021

II. Private Placement of Securities for the Most Recent Year and up to the date of Publication of the Annual Report: None.

III. Holding or Disposal of the Company's Stock by Subsidiaries for the Most Recent Year and up to the date of Publication of the Annual Report:

Holding or Disposal of the Company's Stock by Subsidiaries for the Most Recent Year and up to the date of Publication of the Annual Report

Unit: NT$ thousand/US$ thousand; Shares; %

Name of subsidiaries (Note 1)	Paid-up capital	Source of funding	Shareholding ratio of the Company	Date of acquisition or disposal	Shares and amount acquired (Note 2)	Shares and amount disposed (Note 2)	Gain (loss) from investment	Shareholdings and amount until the publication of the annual report (Note 3)	Condition of setting the pledges (Note 4)	Endorsement amount made for the subsidiary	Amount loaned to the subsidiary
Ho Tung Cement	295,364	Own funds	70.62%	-	-	-	-	3,518,286 shares $42,571	None	None	None
PAOTZE INVESTMENT LTD.	US 20,000	Own funds	100%	-	-	-	-	10,141,558 shares US 4,394	None	None	None

Note 1: Please list separately according to the category of the subsidiary.

Note 2: The amount herein refers to the amount actually received or disposed.

Note 3: Please list holdings and disposals separately.

Note 4: Describe the impact on the Company's financial performance and financial position.

IV. Other Necessary Supplements: None.

V. Events with Material Impact on Shareholders' Equity or on Prices of Securities as Specified in Subparagraph 2, Paragraph 2 of Article 36 of the Securities and Exchange Act in the Most Recent Year and up to the date of Publication of the Annual Report: None.