

**Oriental Union Chemical Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2021 and 2020 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders  
Oriental Union Chemical Corporation

### Introduction

We have reviewed the accompanying consolidated balance sheets of Oriental Union Chemical Corporation and its subsidiaries (collectively, the "Group") as of September 30, 2021 and 2020, and the consolidated statements of comprehensive income for the three-month and nine-month then ended, and the consolidated statements of changes in equity and cash flows for the nine-month then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission ("FSC") of the Republic of China ("ROC"). Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as stated in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2021 and 2020, combined total assets of these non-significant subsidiaries were NT\$1,904,131 thousand and NT\$3,919,060 thousand, respectively, representing 6% and 11%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$655,840 thousand and NT\$1,741,073 thousand, respectively, representing 4% and 8%, respectively, of the consolidated total liabilities; for the three-month and nine-month periods ended September 30, 2021 and 2020, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$(29,570) thousand, NT\$23,077 thousand, NT\$16,230 thousand, and NT\$(141,387) thousand, respectively, representing (40%), (45%), 1% and 15%, respectively, of the consolidated total comprehensive income (loss). In addition, as disclosed in Note 13 to the consolidated financial statements, as of September 30, 2021 and 2020, investments accounted for using the equity method were NT\$241,567 thousand and NT\$288,930 thousand, respectively; for the three-month and

nine-month periods ended September 30, 2021 and 2020, the amounts of the share of loss recognized from investments accounted for using the equity method were NT\$11,767 thousand, NT\$15,687 thousand, NT\$34,687 thousand, and NT\$67,438 thousand, respectively. These investment amounts were calculated and disclosed on basis of the associates financial statements which have not been reviewed for the same periods.

### **Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and the financial reports of investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true in all material respects, the consolidated financial position of the Group as of September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three-month and nine-month then ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC of the ROC.

The engagement partners on the reviews resulting in this independent auditors’ review report are Hsin-Wei Tai and Yu-Wei Fan.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 5, 2021

### Notice to Readers

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

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

# ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Notes 6 and 28)	\$ 2,190,695	6	\$ 2,734,878	8	\$ 3,873,677	11
Financial assets at fair value through profit or loss (Note 7)	49,293	-	59,488	-	45,758	-
Financial assets at amortized cost (Notes 9 and 28)	509,729	2	-	-	9,614	-
Notes receivable, net (Notes 10 and 28)	132,784	-	193,353	1	67,327	-
Trade receivables, net (Note 10)	1,047,867	3	860,472	2	804,644	2
Trade receivables from related parties (Notes 10 and 28)	179,988	1	161,172	-	106,037	-
Other receivables (Note 28)	555,049	2	550,216	2	551,834	2
Inventories (Note 11)	1,072,463	3	989,670	3	1,263,322	4
Prepayments for purchases (Note 28)	310,664	1	235,263	1	208,709	1
Other prepayments	84,347	-	124,739	-	146,294	-
Other current assets (Note 17)	163,395	-	377,030	1	1,202,055	3
Total current assets	6,296,274	18	6,286,281	18	8,279,271	23
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income (Notes 8 and 28)	5,785,533	17	5,623,314	17	5,761,330	16
Financial assets at amortized cost (Notes 9, 28 and 29)	64,055	-	74,204	-	64,247	-
Investments accounted for using the equity method (Note 13)	1,500,565	4	1,854,779	6	1,924,325	5
Property, plant and equipment (Note 14)	13,059,772	38	13,837,770	41	13,705,610	38
Construction in progress (Note 14)	1,376,131	4	734,464	2	763,051	2
Right-of-use assets (Note 15)	385,569	1	401,940	1	386,368	1
Investment properties (Note 16)	1,991,426	6	1,991,488	6	1,991,509	5
Intangible assets	31,379	-	31,431	-	21,771	-
Deferred tax assets	571,997	2	749,996	2	881,575	2
Other non-current assets (Note 17)	3,341,474	10	2,517,960	7	2,779,059	8
Total non-current assets	28,107,901	82	27,817,346	82	28,278,845	77
<b>TOTAL</b>	\$ 34,404,175	100	\$ 34,103,627	100	\$ 36,558,116	100
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 18 and 28)	\$ 5,480,312	16	\$ 6,885,222	20	\$ 7,829,518	22
Notes payable	-	-	98,209	1	96,144	-
Trade payables	1,334,599	4	1,100,550	3	1,114,824	3
Other payables (Note 19)	1,507,139	4	408,856	1	1,175,189	3
Other payables to related parties (Note 28)	61,371	-	55,860	-	93,672	-
Current tax liabilities	30,343	-	31,424	-	35,481	-
Lease liabilities (Note 15)	7,906	-	8,103	-	8,332	-
Other current liabilities (Note 20)	375,205	1	323,630	1	318,703	1
Total current liabilities	8,796,875	25	8,911,854	26	10,671,863	29
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 18 and 29)	8,579,522	25	9,249,176	27	9,264,573	26
Deferred tax liabilities	716,947	2	705,372	2	703,052	2
Lease liabilities (Note 15)	4,242	-	7,130	-	8,947	-
Deferred revenue	-	-	-	-	95,242	-
Net defined benefit liabilities	209,930	1	259,680	1	252,931	1
Guarantee deposits	35,641	-	34,518	-	26,255	-
Other non-current liabilities (Note 20)	46,283	-	24,091	-	20,304	-
Total non-current liabilities	9,592,565	28	10,279,967	30	10,371,304	29
Total liabilities	18,389,440	53	19,191,821	56	21,043,167	58
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)</b>						
Common stock	8,857,031	26	8,857,031	26	8,857,031	24
Capital surplus	958,005	3	956,286	3	829,348	2
Retained earnings						
Legal reserve	1,526,813	4	2,327,378	7	2,327,378	7
Special reserve	1,911,129	6	1,911,129	5	1,911,129	5
Unappropriated earnings (accumulated deficits)	835,495	2	(800,565)	(2)	(315,892)	(1)
Total retained earnings	4,273,437	12	3,437,942	10	3,922,615	11
Other equity						
Exchange differences on translating foreign operations	(567,888)	(2)	(472,288)	(1)	(595,818)	(2)
Unrealized loss on financial assets at fair value through other comprehensive income	(440,780)	(1)	(487,204)	(2)	(349,188)	(1)
Total other equity	(1,008,668)	(3)	(959,492)	(3)	(945,006)	(3)
Treasury stock	(185,272)	-	(187,798)	-	(187,798)	-
Total equity	16,014,735	47	14,911,806	44	15,514,949	42
<b>TOTAL</b>	\$ 34,404,175	100	\$ 34,103,627	100	\$ 36,558,116	100

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

(With Deloitte & Touche review report dated November 5, 2021)

## ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales revenue (Note 28)	\$ 6,975,351	100	\$ 4,205,197	99	\$ 20,822,453	100	\$ 13,407,482	100
Other operating revenue	<u>8,029</u>	-	<u>40,877</u>	1	<u>11,134</u>	-	<u>40,877</u>	-
Total operating revenue	<u>6,983,380</u>	100	<u>4,246,074</u>	100	<u>20,833,587</u>	100	<u>13,448,359</u>	100
OPERATING COST								
Cost of goods sold (Notes 11, 23 and 28)	6,324,118	91	4,070,984	96	18,771,064	90	12,816,690	95
Other operating cost	<u>-</u>	-	<u>(4,965)</u>	-	<u>-</u>	-	<u>-</u>	-
Total operating cost	<u>6,324,118</u>	91	<u>4,066,019</u>	96	<u>18,771,064</u>	90	<u>12,816,690</u>	95
GROSS PROFIT	<u>659,262</u>	9	<u>180,055</u>	4	<u>2,062,523</u>	10	<u>631,669</u>	5
OPERATING EXPENSES (Notes 23 and 28)								
Selling and marketing expenses	170,150	2	136,454	3	492,029	2	391,940	3
General and administrative expenses	62,093	1	62,021	1	198,882	1	205,375	1
Research and development expenses	48,494	1	37,516	1	143,586	1	113,832	1
Expected credit loss (Note 10)	<u>42</u>	-	<u>267</u>	-	<u>1,254</u>	-	<u>157</u>	-
Total operating expenses	<u>280,779</u>	4	<u>236,258</u>	5	<u>835,751</u>	4	<u>711,304</u>	5
PROFIT (LOSS) FROM OPERATIONS	<u>378,483</u>	5	<u>(56,203)</u>	(1)	<u>1,226,772</u>	6	<u>(79,635)</u>	-
NON-OPERATING INCOME AND EXPENSES								
Interest income	12,046	-	11,660	-	30,132	-	37,721	-
Rental income (Note 28)	9,886	-	9,888	-	29,663	-	29,681	-
Dividend income	70,710	1	49,990	1	71,542	-	49,990	1
Other income (Note 23)	13,814	-	(23,080)	-	591,156	3	32,772	-
Foreign currency exchange gain (Note 32)	3,455	-	4,937	-	4,454	-	2,979	-
(Loss) gain on financial assets at fair value through profit or loss	(3,075)	-	8,409	-	(948)	-	5,131	-
Interest expense (Notes 23 and 28)	(59,632)	(1)	(90,195)	(2)	(202,970)	(1)	(281,238)	(2)
Other expenses (Note 23)	(20,452)	-	(37,479)	(1)	(42,749)	-	(102,369)	(1)
Share of loss of associates accounted for using the equity method (Note 13)	<u>(112,948)</u>	(1)	<u>(105,992)</u>	(2)	<u>(324,808)</u>	(1)	<u>(423,331)</u>	(3)
Total non-operating income and expenses	<u>(86,196)</u>	(1)	<u>(171,862)</u>	(4)	<u>155,472</u>	1	<u>(648,664)</u>	(5)
PROFIT (LOSS) BEFORE INCOME TAX	292,287	4	(228,065)	(5)	1,382,244	7	(728,299)	(5)
INCOME TAX EXPENSE (Note 24)	<u>41,485</u>	-	<u>8,466</u>	-	<u>185,348</u>	1	<u>4,080</u>	-
NET PROFIT (LOSS) FOR THE PERIOD	<u>250,802</u>	4	<u>(236,531)</u>	(5)	<u>1,196,896</u>	6	<u>(732,379)</u>	(5)

(Continued)

# ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (140,442)	(2)	\$ (6,615)	-	\$ 46,424	-	\$ (156,532)	(1)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statement of foreign operations	(29,826)	(1)	153,357	3	(119,414)	(1)	(45,072)	(1)
Share of the other comprehensive loss of associates accounted for using the equity method	(6,213)	-	38,438	1	(25,222)	-	(13,078)	-
Other comprehensive (loss) income for the period, net of income tax	(176,481)	(3)	185,180	4	(98,212)	(1)	(214,682)	(2)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<u>\$ 74,321</u>	<u>1</u>	<u>\$ (51,351)</u>	<u>(1)</u>	<u>\$ 1,098,684</u>	<u>5</u>	<u>\$ (947,061)</u>	<u>(7)</u>
NET PROFIT (LOSS) ATTRIBUTED TO:								
Owners of the Corporation	\$ 229,130	3	\$ (170,238)	(4)	\$ 835,495	4	\$ (590,015)	(4)
Non-controlling interests	21,672	1	(66,293)	(1)	361,401	2	(142,364)	(1)
	<u>\$ 250,802</u>	<u>4</u>	<u>\$ (236,531)</u>	<u>(5)</u>	<u>\$ 1,196,896</u>	<u>6</u>	<u>\$ (732,379)</u>	<u>(5)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTED TO:								
Owners of the Corporation	\$ 64,854	1	\$ (48,615)	(1)	\$ 786,319	4	\$ (786,230)	(6)
Non-controlling interests	9,467	-	(2,736)	-	312,365	1	(160,831)	(1)
	<u>\$ 74,321</u>	<u>1</u>	<u>\$ (51,351)</u>	<u>(1)</u>	<u>\$ 1,098,684</u>	<u>5</u>	<u>\$ (947,061)</u>	<u>(7)</u>
EARNING (LOSS) PER SHARE (Note 25)								
Basic	<u>\$ 0.26</u>		<u>\$ (0.20)</u>		<u>\$ 0.96</u>		<u>\$ (0.68)</u>	
Diluted	<u>\$ 0.26</u>		<u>\$ (0.20)</u>		<u>\$ 0.95</u>		<u>\$ (0.68)</u>	

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

(With Deloitte & Touche review report dated November 5, 2021)

(Concluded)

**ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation							Other Equities			Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus			Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock		
		Paid-in Capital in Excess of Par Value	Treasury Stock	Other	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)					
BALANCE AT JANUARY 1, 2020	\$ 8,857,031	\$ 470,767	\$ 318,661	\$ 35,794	\$ 2,325,353	\$ 1,911,129	\$ 541,859	\$ (556,135)	\$ (192,656)	\$ (187,798)	\$ 3,199,590	\$ 16,723,595
Legal reserve	-	-	-	-	2,025	-	(2,025)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(265,711)	-	-	-	-	(265,711)
Net loss for the nine months ended September 30, 2020	-	-	-	-	-	-	(590,015)	-	-	-	(142,364)	(732,379)
Other comprehensive loss for the nine months ended September 30, 2020	-	-	-	-	-	-	-	(39,683)	(156,532)	-	(18,467)	(214,682)
Total comprehensive loss for the nine months ended September 30, 2020	-	-	-	-	-	-	(590,015)	(39,683)	(156,532)	-	(160,831)	(947,061)
Change in capital surplus from dividends distributed to subsidiary	-	-	4,126	-	-	-	-	-	-	-	-	4,126
BALANCE AT SEPTEMBER 30, 2020	<u>\$ 8,857,031</u>	<u>\$ 470,767</u>	<u>\$ 322,787</u>	<u>\$ 35,794</u>	<u>\$ 2,327,378</u>	<u>\$ 1,911,129</u>	<u>\$ (315,892)</u>	<u>\$ (595,818)</u>	<u>\$ (349,188)</u>	<u>\$ (187,798)</u>	<u>\$ 3,038,759</u>	<u>\$ 15,514,949</u>
BALANCE AT JANUARY 1, 2021	\$ 8,857,031	\$ 470,767	\$ 322,787	\$ 162,732	\$ 2,327,378	\$ 1,911,129	\$ (800,565)	\$ (472,288)	\$ (487,204)	\$ (187,798)	\$ 2,807,837	\$ 14,911,806
Legal reserve to offset the deficit	-	-	-	-	(800,565)	-	800,565	-	-	-	-	-
Net profit for the nine months ended September 30, 2021	-	-	-	-	-	-	835,495	-	-	-	361,401	1,196,896
Other comprehensive (loss) income for the nine months ended September 30, 2021	-	-	-	-	-	-	-	(95,600)	46,424	-	(49,036)	(98,212)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	-	835,495	(95,600)	46,424	-	312,365	1,098,684
Stocks of the parent company disposed of by the subsidiary and recognized as treasury shares transaction	-	-	1,719	-	-	-	-	-	-	2,526	-	4,245
BALANCE AT SEPTEMBER 30, 2021	<u>\$ 8,857,031</u>	<u>\$ 470,767</u>	<u>\$ 324,506</u>	<u>\$ 162,732</u>	<u>\$ 1,526,813</u>	<u>\$ 1,911,129</u>	<u>\$ 835,495</u>	<u>\$ (567,888)</u>	<u>\$ (440,780)</u>	<u>\$ (185,272)</u>	<u>\$ 3,120,202</u>	<u>\$ 16,014,735</u>

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

(With Deloitte & Touche review report dated November 5, 2021)

# ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (loss) before income tax	\$ 1,382,244	\$ (728,299)
Adjustments :		
Depreciation expenses	810,086	780,110
Amortization expenses	11,570	12,595
Expected credit loss	1,254	157
Loss (gain) on financial assets at fair value through profit or loss, net	948	(5,131)
Interest expense	202,970	281,238
Interest income	(30,132)	(37,721)
Dividend income	(71,542)	(49,990)
Share of loss of associates accounted for using the equity method	324,808	423,331
Loss on disposal of property, plant and equipment	7,178	5,979
(Reversal of write-downs) write-downs of inventories	(34,620)	60,561
Unrealized gain on foreign currency exchange	(64,888)	(20,058)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	9,247	103,709
Notes receivable	60,505	186,567
Trade receivables	(188,585)	(156,025)
Trade receivables from related parties	(18,816)	(11,615)
Other receivables	9,044	(199,074)
Inventories	(47,666)	(44,707)
Prepayments	(35,009)	32,847
Other current assets	213,635	170,405
Notes payable	(98,209)	96,144
Trade payables	234,049	(200,756)
Other payables	65,543	147,000
Other current liabilities	51,575	127,328
Net defined benefit liabilities	(49,750)	(10,834)
Deferred revenue	-	(6,299)
Other non-current liabilities	<u>22,192</u>	<u>20,304</u>
Cash generated from operations	2,767,631	977,766
Interest received	24,165	43,616
Interest paid	(199,907)	(246,902)
Income tax paid	<u>(1,082)</u>	<u>(21,445)</u>
Net cash generated from operating activities	<u>2,590,807</u>	<u>753,035</u>

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# ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (115,795)	\$ -
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	-	42,000
(Payments for) proceeds from disposal of financial assets at amortized cost	(504,834)	440,908
Payments for property, plant and equipment	(15,513)	(16,768)
Proceeds from disposal of property, plant and equipment	122	452
Payments for intangible assets	(6,103)	-
Decrease in other non-current assets	201,211	48,793
Increase in construction in progress	(786,745)	(342,286)
Other dividend received	<u>71,542</u>	<u>49,990</u>
Net cash (used in) generated from investing activities	<u>(1,156,115)</u>	<u>223,089</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(1,307,267)	(52,606)
Repayments of short-term bills payable	-	(200,000)
Proceeds from long-term borrowings	9,570,000	9,840,000
Repayments of long-term borrowings	(10,239,654)	(9,515,034)
Increase in guarantee deposits	1,123	2,837
Repayment of the principal portion of lease liabilities	(6,445)	(7,228)
Dividends paid to owners of the Corporation	-	(261,585)
Proceeds from reissuance of treasury shares	<u>4,245</u>	<u>-</u>
Net cash used in financing activities	<u>(1,977,998)</u>	<u>(193,616)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(877)</u>	<u>(7,385)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(544,183)</b>	<b>775,123</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u><b>2,734,878</b></u>	<u><b>3,098,554</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><b>\$ 2,190,695</b></u>	<u><b>\$ 3,873,677</b></u>

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

(With Deloitte & Touche review report dated November 5, 2021)

(Concluded)

# ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

Oriental Union Chemical Corporation (the “Corporation”) was incorporated in December 1975. It manufactures and markets ethylene glycols, ethylene oxide, gas oxygen, gas nitrogen, liquid nitrogen, liquid argon, monoethanolamine, ethylene carbonate, polyethylene glycol, polyoxyethylene lauryl ether and methoxy polyethylene glycols. Its stocks were listed on the Taiwan Stock Exchange (“TWSE”) on October 21, 1987.

The consolidated financial statements of the Corporation and its subsidiaries, collectively the “Group”, are presented in the Corporation’s functional currency, New Taiwan dollars.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on November 5, 2021.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following description, the significant accounting policies adopted for the consolidated financial statements are the same as those adopted for the consolidated financial statements for the year ended December 31, 2020.

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

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

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

c. Basis of consolidation

The basis for the consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2020.

Refer to Note 12, Table 6 and Table 7 for the detailed information of subsidiaries, including percentages of ownership and main businesses.

d. Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

e. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2020.

The Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 110	\$ 110	\$ 110
Checking accounts and demand deposits	1,807,685	1,632,260	2,685,889
Cash equivalents			
Time deposits with original maturities of less than 3 months	-	532,508	644,678
Repurchase agreements collateralized by bonds	<u>382,900</u>	<u>570,000</u>	<u>543,000</u>
	<u>\$ 2,190,695</u>	<u>\$ 2,734,878</u>	<u>\$ 3,873,677</u>

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets mandatorily classified as at FVTPL			
Domestic listed shares	\$ 49,293	\$ 56,421	\$ 35,139
Domestic mutual funds	<u>-</u>	<u>3,067</u>	<u>10,619</u>
	<u>\$ 49,293</u>	<u>\$ 59,488</u>	<u>\$ 45,758</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in Equity Instruments at FVTOCI

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ 1,538,038	\$ 1,481,023	\$ 1,416,788
Unlisted shares	<u>4,247,495</u>	<u>4,142,291</u>	<u>4,344,542</u>
	<u>\$ 5,785,533</u>	<u>\$ 5,623,314</u>	<u>\$ 5,761,330</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ <u>509,729</u>	\$ <u>-</u>	\$ <u>9,614</u>
<u>Non-current</u>			
Pledged certificates of deposits (b)	\$ <u>64,055</u>	\$ <u>74,204</u>	\$ <u>64,247</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were 2.21%-2.67% and 1.75%-2.70% per annum as of September 30, 2021 and September 30, 2020, respectively.
- b. The ranges of interest rates for the pledged certificates of deposits were 0.32%-0.76%, 0.01%-1.75% and 0.45%-1.4% per annum as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively. The Group assesses there has not been a significant expected credit losses and an increase in credit risk since the original recognize.
- c. Refer to Note 29 for information relating to financial assets at amortized cost as security.

## 10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Notes receivable</u>			
Notes receivable	\$ 133,195	\$ 193,700	\$ 67,679
Less: Allowance for impairment loss	<u>(411)</u>	<u>(347)</u>	<u>(352)</u>
	<u>\$ 132,784</u>	<u>\$ 193,353</u>	<u>\$ 67,327</u>
<u>Trade receivables</u>			
Trade receivables	\$ 1,233,672	\$ 1,026,271	\$ 914,822
Less: Allowance for impairment loss	<u>(5,817)</u>	<u>(4,627)</u>	<u>(4,141)</u>
	<u>\$ 1,227,855</u>	<u>\$ 1,021,644</u>	<u>\$ 910,681</u>

The Group applies for expected credit losses, which permits the use of lifetime expected loss provision for all notes receivable and trade receivables. The expected credit losses on notes receivable and trade receivables are estimated using a past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The following table details the loss allowance of notes receivable and trade receivables.

September 30, 2021

	<b>0 to 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>121 to 150 Days</b>	<b>Total</b>
Carrying amount	\$ 1,341,232	\$ 24,630	\$ 1,005	\$ -	\$ 1,366,867
Loss allowance (Lifetime ECLs)	<u>(411)</u>	<u>(4,812)</u>	<u>(1,005)</u>	<u>-</u>	<u>(6,228)</u>
Amortized cost	<u>\$ 1,340,821</u>	<u>\$ 19,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,360,639</u>

December 31, 2020

	<b>0 to 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>121 to 150 Days</b>	<b>Total</b>
Carrying amount	\$ 1,198,700	\$ 19,491	\$ 1,712	\$ 68	\$ 1,219,971
Loss allowance (Lifetime ECLs)	<u>(347)</u>	<u>(2,847)</u>	<u>(1,712)</u>	<u>(68)</u>	<u>(4,974)</u>
Amortized cost	<u>\$ 1,198,353</u>	<u>\$ 16,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,214,997</u>

September 30, 2020

	<b>0 to 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>121 to 150 Days</b>	<b>Total</b>
Carrying amount	\$ 963,926	\$ 17,791	\$ 784	\$ -	\$ 982,501
Loss allowance (Lifetime ECLs)	<u>(352)</u>	<u>(3,357)</u>	<u>(784)</u>	<u>-</u>	<u>(4,493)</u>
Amortized cost	<u>\$ 963,574</u>	<u>\$ 14,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 978,008</u>

The above aging schedule was based on the number of days past due from the invoice date.

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	<u>Nine Months Ended September 30</u>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 4,974	\$ 4,336
Net remeasurement of loss allowance	<u>1,254</u>	<u>157</u>
Balance at September 30	<u>\$ 6,228</u>	<u>\$ 4,493</u>

## 11. INVENTORIES

	September 30, 2021	December 31, 2020	September 30, 2020
Finished goods	\$ 760,468	\$ 636,674	\$ 801,182
Work in progress	16,425	12,013	18,442
Raw materials	<u>295,570</u>	<u>340,983</u>	<u>443,698</u>
	<u>\$ 1,072,463</u>	<u>\$ 989,670</u>	<u>\$ 1,263,322</u>

The costs of inventories recognized as cost of goods sold for the three months and nine months ended September 30, 2021 and 2020 were \$6,324,118 thousand, \$4,070,984 thousand, \$18,771,064 thousand and \$12,816,690 thousand, respectively. The costs of goods sold for the three months and nine months ended September 30, 2021 and 2020 included reversals of inventory write-downs of \$6,596 thousand, inventory write-downs of \$23,006 thousand, reversals of inventory write-downs of \$34,620 thousand and inventory write-downs of \$60,561 thousand, respectively. The reversals of previous write-downs resulted from increased selling prices in certain markets.

## 12. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2021	December 31, 2020	September 30, 2020	
The Corporation	Ton Fu Investment Corp. ("TFIC")	Investment	100.0	100.0	100.0	1)
	Pacific Petrochemical (Holding) Ltd. ("PPL")	Investment	100.0	100.0	100.0	-
	OUCC (Bermuda) Holding Ltd. ("OUCC (Bermuda)")	Investment	100.0	100.0	100.0	1)
OUCC (Bermuda)	Oriental Petrochemical (Yangzhou) Corporation ("OPYC")	Manufacturing and selling ethanolamine (EA) and alcohol ethoxylates (AEO)	-	-	100.0	1) and 3)
	Far Eastern Union Petrochemical (Yangzhou) Ltd. ("FUPY")	Manufacturing and selling chemical products (ethylene glycol, diethylene glycol, triethylene glycol and ethylene oxide) and other specific chemical products.	11.6	11.6	-	2) and 3)
PPL	FUPY	Manufacturing and selling chemical products (ethylene glycol, diethylene glycol, triethylene glycol and ethylene oxide) and other specific chemical products.	44.2	44.2	50.0	2) and 3)
	Tong Da Gas Industries (Yangzhou) Limited ("TDIY")	Manufacturing and selling gas oxygen, gas nitrogen, liquid oxygen, liquid nitrogen and liquid argon and the warehousing management of ethylene.	-	-	50.0	2) and 3)

Remarks:

- 1) Non-significant subsidiaries, of which financial statements have not been reviewed except for OUCC (Bermuda)'s in 2021.
- 2) Subsidiaries with material non-controlling interests.



- 3) Because of changes in the operating environment, the Group merged its 100%-owned OPYC, 50%-owned FUPY and 50%-owned TDIY into one company to obtain cost-saving benefits by reducing operational process redundancy from the perspectives of the environment, the energy, and the quality. After the merger, FUPY was surviving company, while OPYC and TDIY were dissolved companies. The date of the merger was on December 31, 2020. The aforementioned transaction was a reorganization under common control, so the components of Group's consolidated financial statements did not substantially changed. As the Group owned 55.8% equity of FUPY through OUCC (Bermuda) and PPL, the Group still had control over FUPY.

The financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of September 30, 2021 and 2020, combined total assets of these non-significant subsidiaries were \$1,904,131 thousand and \$3,919,060 thousand, respectively, representing 6% and 11%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were \$655,840 thousand and \$1,741,073 thousand, respectively, representing 4% and 8%, respectively, of the consolidated total liabilities; for the three months and nine months ended September 30, 2021 and 2020, the amounts of combined comprehensive income (loss) of these subsidiaries were \$(29,570) thousand, \$23,077 thousand, \$16,230 thousand, and \$(141,387) thousand, respectively, representing (40%), (45%), 1%, and 15%, respectively, of the consolidated total comprehensive income (loss).

- b. Subsidiaries excluded from the consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		September 30, 2021	December 31, 2020	September 30, 2020
FUPY	Yang Zhou, China	44.2%	44.2%	50%
TDIY	Yang Zhou, China	-	-	50%

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

#### Investments in Associates

	September 30, 2021	December 31, 2020	September 30, 2020
Material associates			
Oriental Petrochemical (Shanghai) Corporation ("OPSC")	\$ 1,258,998	\$ 1,574,342	\$ 1,635,395
Associates that are not individually material			
Hwa Xu Heat Supply Co. ("HXYZ")	<u>241,567</u>	<u>280,437</u>	<u>288,930</u>
	<u>\$ 1,500,565</u>	<u>\$ 1,854,779</u>	<u>\$ 1,924,325</u>

#### Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights		
			September 30, 2021	December 31, 2020	September 30, 2020
OPSC	Manufacture and sale of purified terephthalic acid	Shanghai, China	39%	39%	39%

Except for OPSC, the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were based on the associates' financial statements which have not been reviewed. As of September 30, 2021 and 2020, investments accounted for using the equity method were \$241,567 thousand and \$288,930 thousand, respectively; for the three months and nine months ended September 30, 2021 and 2020, the amounts of the share of loss recognized from investments accounted for using the equity method were \$11,767 thousand, \$15,687 thousand, \$34,687 thousand, and \$67,438 thousand, respectively. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of these investments in associates which have not been reviewed.

#### 14. PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

	September 30, 2021	December 31, 2020	September 30, 2020
Land	\$ 1,591,461	\$ 1,591,461	\$ 1,591,461
Land improvements	92,872	97,113	98,544
Buildings	1,090,064	1,147,076	1,140,072
Machinery and equipment	10,162,822	10,865,302	10,732,747
Other equipment	<u>122,553</u>	<u>136,818</u>	<u>142,786</u>
	13,059,772	13,837,770	13,705,610
Construction in progress and equipment to be inspected	<u>1,376,131</u>	<u>734,464</u>	<u>763,051</u>
	<u>\$ 14,435,903</u>	<u>\$ 14,572,234</u>	<u>\$ 14,468,661</u>

Except for depreciation recognized and an increase of construction in progress resulting from prepaid ethylene storage tanks and special chemical plant projects, the Group had no significant addition, disposal, and impairment of property, plant and equipment for the nine months ended September 30, 2021 and 2020.

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful lives as follows:

Land improvements	15-25 years
Buildings	7-60 years
Machinery and equipment	2-20 years
Other equipment	3-20 years

#### 15. LEASE ARRANGEMENTS

##### a. Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amounts</u>			
Land	\$ 374,303	\$ 387,520	\$ 369,891
Machinery and equipment	7,532	12,373	13,987
Transportation equipment	<u>3,734</u>	<u>2,047</u>	<u>2,490</u>
	<u>\$ 385,569</u>	<u>\$ 401,940</u>	<u>\$ 386,368</u>

	<b>For the Nine Months Ended September 30</b>			
	<b>2021</b>		<b>2020</b>	
Additions to right-of-use assets	<u>\$ 3,360</u>		<u>\$ 1,357</u>	
	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Depreciation charge for right-of-use assets				
Land	\$ 2,423	\$ 2,315	\$ 7,317	\$ 7,041
Machinery and equipment	1,614	1,614	4,842	4,842
Transportation equipment	<u>503</u>	<u>443</u>	<u>1,389</u>	<u>2,269</u>
	<u>\$ 4,540</u>	<u>\$ 4,372</u>	<u>\$ 13,548</u>	<u>\$ 14,152</u>

Except for depreciation recognized, the Group had no significant addition, disposal, and impairment of right-of-use assets for the nine months ended September 30, 2021 and 2020.

b. Lease liabilities

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
<u>Carrying amounts</u>			
Current	<u>\$ 7,906</u>	<u>\$ 8,103</u>	<u>\$ 8,332</u>
Non-current	<u>\$ 4,242</u>	<u>\$ 7,130</u>	<u>\$ 8,947</u>

All the ranges of discount rates for lease liabilities were 0.79%-1.17% per annum as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively.

c. Material lease-in activities and terms

Prepayments for leases include land use rights located in People's Republic of China; the Group has obtained the land use right certificates with lease terms of 45 to 50 years.

d. Other lease information

The Group leases certain assets which qualify as short-term or low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

The Group as lessor

Operating leases relate to leasing the investment properties owned by the Corporation with lease terms between 1 and 10 years. According to the agreement, the lease can be terminated by either party by giving 2 to 3 months formal notice in writing to the other party.

## 16. INVESTMENT PROPERTIES

Except for depreciation recognized, the Group had no significant addition, disposal, and impairment of investment properties for the nine months ended September 30, 2021 and 2020.

The investment properties of land improvements held by the Group which are depreciated over their estimated useful lives of 16 years using the straight-line method.

The fair values of investment properties were \$3,317,798 thousand and \$3,229,402 thousand as of December 31, 2020 and 2019, respectively. The fair values were arrived at on the basis of a valuation carried out by independent qualified professional valuer, Mr. Chia-ho Tsai from Debenham Tie Leung Real Estate Appraiser Office.

## 17. OTHER ASSETS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Other assets</u>			
Silver and catalysts	\$ 2,908,105	\$ 2,105,852	\$ 3,204,298
Materials	531,764	518,926	501,523
Input tax	14,759	218,821	210,624
Others	<u>50,241</u>	<u>51,391</u>	<u>64,669</u>
	<u>\$ 3,504,869</u>	<u>\$ 2,894,990</u>	<u>\$ 3,981,114</u>
Current	\$ 163,395	\$ 377,030	\$ 1,202,055
Non-current	<u>3,341,474</u>	<u>2,517,960</u>	<u>2,779,059</u>
	<u>\$ 3,504,869</u>	<u>\$ 2,894,990</u>	<u>\$ 3,981,114</u>

Other assets include silver and catalysts used in the production, parts and components for the maintenance of equipment and input tax.

## 18. BORROWINGS

### a. Short-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 3,504,952	\$ 4,659,164	\$ 5,351,137
Loans from related parties (Note 28)	<u>1,975,360</u>	<u>2,226,058</u>	<u>2,478,381</u>
	<u>\$ 5,480,312</u>	<u>\$ 6,885,222</u>	<u>\$ 7,829,518</u>
Interest rate	0.88%-3.65%	1.06%-3.92%	3.10%-3.92%

b. Long-term borrowings

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
<u>Secured borrowings (Note 29)</u>			
Long-term commercial paper payables	\$ 129,926	\$ -	\$ 129,942
<u>Unsecured borrowings</u>			
Bank loans	6,050,000	7,360,000	8,250,000
Long-term commercial paper payables	<u>2,399,596</u>	<u>1,889,176</u>	<u>884,631</u>
	<u>8,449,596</u>	<u>9,249,176</u>	<u>9,134,631</u>
Long-term borrowing	<u>\$ 8,579,522</u>	<u>\$ 9,249,176</u>	<u>\$ 9,264,573</u>
Interest rate	0.22%-0.94%	0.35%-1.10%	0.34%-1.10%
Maturity date	March 2023	December 2022	September 2022

**19. OTHER PAYABLES**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Payables for silver and catalysts	\$ 1,030,500	\$ -	\$ 658,628
Payables for purchase of equipment	101,346	97,051	52,228
Payables for salaries	51,575	41,299	37,124
Freight payables	47,844	45,558	44,187
Interest payables	45,762	42,699	59,506
Payables for employees' compensation and remuneration of directors	31,594	2,013	2,013
Payables for taxes	24,913	6,797	25,581
Payables for export sales expenses	21,088	10,297	10,698
Payables for royalties	11,246	19,221	11,503
Payables for pipeline's rental	5,916	9,878	-
Payables for dividends	4,991	3,424	3,424
Payables for annual leave	4,000	4,000	18,612
Others	<u>126,364</u>	<u>126,619</u>	<u>251,685</u>
	<u>\$ 1,507,139</u>	<u>\$ 408,856</u>	<u>\$ 1,175,189</u>

## 20. OTHER LIABILITIES

	September 30, 2021	December 31, 2020	September 30, 2020
Contract liabilities	\$ 353,479	\$ 306,493	\$ 301,560
Provisions for repairs and maintenance	46,283	24,091	20,304
Others	<u>21,726</u>	<u>17,137</u>	<u>17,143</u>
	<u>\$ 421,488</u>	<u>\$ 347,721</u>	<u>\$ 339,007</u>
Current	\$ 375,205	\$ 323,630	\$ 318,703
Non-current	<u>46,283</u>	<u>24,091</u>	<u>20,304</u>
	<u>\$ 421,488</u>	<u>\$ 347,721</u>	<u>\$ 339,007</u>

Contract liabilities were receipts in advance.

## 21. RETIREMENT BENEFIT PLANS

Post-employee benefits in respect of the Corporation's defined benefit retirement plans were calculated by using the actuarially determined pension cost discount rates as of December 31, 2020 and 2019. The amounts were \$2,264 thousand, \$2,779 thousand, \$6,964 thousand and \$8,440 thousand for the three months and nine months ended September 30, 2021 and 2020, respectively.

## 22. EQUITY

### a. Common stock

	September 30, 2021	December 31, 2020	September 30, 2020
Number of stocks authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Stocks authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of stocks issued and fully paid (in thousands)	<u>885,703</u>	<u>885,703</u>	<u>885,703</u>
Stocks issued	<u>\$ 8,857,031</u>	<u>\$ 8,857,031</u>	<u>\$ 8,857,031</u>

A total of 10,000 thousand stocks of the Corporation's stock were authorized to be reserved for the issuance of employee stock options.

b. Capital surplus

	September 30, 2021	December 31, 2020	September 30, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to capital stock (Note)			
Issuance of common stock	\$ 470,767	\$ 470,767	\$ 470,767
Changes in percentage of ownership interests in subsidiaries	16,367	16,367	-
Treasury stock transactions	324,506	322,787	322,787
Only be used to offset a deficit			
Dividends unclaimed by stockholders	35,794	35,794	35,794
Changes in capital surplus from investments in associates accounted for using the equity method	<u>110,571</u>	<u>110,571</u>	<u>-</u>
	<u>\$ 958,005</u>	<u>\$ 956,286</u>	<u>\$ 829,348</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital stock (limited to a certain percentage of the Corporation's capital surplus and once a year).

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the Corporation's Articles of Incorporation ("Articles"), apart from paying all its income taxes in the case where there are profits at the end of the year, the Corporation shall make up for accumulated deficits in past years. Where there is still balance, 10% of the unappropriated earnings from the yearly net income coupled with other items that recognized in retained earning directly thereof shall be set aside by the Corporation as legal reserve. Subject to certain business conditions under which the Corporation may retain a portion, and distribute to the shareholders the remainder after deducting special reserve as required by law together with undistributed profits from previous years in proportion to the number of the shares held by each shareholders as shareholders' dividend. When there is a share capital increase, the distributed dividends of the year for the new shares shall be dealt with according to the resolution of the stockholders' meeting. For the policies on the distribution of employees' compensation and remuneration of directors before and after amendment, refer to Note 23 (d) "Employee benefits expense".

In accordance with the Articles, the dividend distribution takes into consideration the characteristics of industry that the Group operates in and the forthcoming capital requirement and tax policy that is influenced by the Group's products or services, and it should be settled for the purpose of maintaining stable dividends. For the purposes of improving the financial structure effectively, coping with reinvestment, expanding capacity or other significant capital expenditures in which capital is required, when distributing stockholders' dividend, the dividend payout ratio each fiscal year shall be no less than 50% of the final surplus which is the sum of after-tax profit of the fiscal year to offset previous loss, if any, and to appropriate legal reserve and special reserve as required by law; the amount of cash dividends shall not be less than 10% of the total dividends and bonuses to be distributed to stockholders in the fiscal year.

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

Items referred to under Rule No. 1010012865, Rule No. 1090150022 and Rule No. 1030006415 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”, shall be appropriated to or reversed from a special reserve by the Corporation. Any appropriated special reserve may be reversed to the extent that the net debit balance reverses, and thereafter it is distributed.

The deficit compensation for 2020 was approved in the stockholders’ meetings on July 15, 2021. After total accumulated deficit of \$800,565 thousand was offset with the legal reserve, the accumulated deficit amounted to \$0 thousand and the legal reserve amounted to \$1,526,813 thousand.

The appropriation of earnings for 2019 was approved in the stockholder’s meetings on June 16, 2020. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 2,025	
Cash dividends	265,711	\$ 0.30

d. Special reserves

On the first-time adoption of IFRSs, the Corporation appropriated to special reserve, the amounts that were the same as the unrealized revaluation increment, the fair value of investment properties at the date of transition as the deemed cost and the cumulative translation differences transferred to retained earnings, which were \$985,545 thousand, \$787,176 thousand and \$138,408 thousand, respectively.

e. Treasury stock

The Corporation’s stocks held by its subsidiaries at the end of the reporting periods were as follows:

<b>Name of Subsidiary</b>	<b>Number of Stocks Held (In Thousands of Stocks)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>September 30, 2021</u>			
TFIC	13,569	<u>\$ 185,272</u>	<u>\$ 305,971</u>
<u>December 31, 2020</u>			
TFIC	13,754	<u>\$ 187,798</u>	<u>\$ 279,197</u>
<u>September 30, 2020</u>			
TFIC	13,754	<u>\$ 187,798</u>	<u>\$ 222,120</u>

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury stocks nor exercise stockholders’ rights on these stocks, such as rights to dividends and to vote. The subsidiaries holding treasury stock, however, retain stockholders’ rights, except the rights to participate in any stock issuance for cash and to vote.



## 23. NET PROFIT (LOSS)

### a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Settlement of insurance claims (Note)	\$ 9,938	\$ 1,201	\$ 578,247	\$ 6,237
Government grants	518	5,887	1,665	16,286
Others	<u>3,358</u>	<u>(30,168)</u>	<u>11,244</u>	<u>10,249</u>
	<u>\$ 13,814</u>	<u>\$ (23,080)</u>	<u>\$ 591,156</u>	<u>\$ 32,772</u>

Note: It's primarily the insurance compensation on the damage of silver and catalysts for the nine months ended September 30, 2021.

### b. Interest expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest on bank loans	\$ 39,969	\$ 67,858	\$ 141,355	\$ 224,713
Interest on loans from related parties (Note 28)	19,292	22,282	60,204	56,334
Interest on lease liabilities	35	51	108	171
Other interest expense	<u>336</u>	<u>4</u>	<u>1,303</u>	<u>20</u>
	<u>\$ 59,632</u>	<u>\$ 90,195</u>	<u>\$ 202,970</u>	<u>\$ 281,238</u>

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Capitalized interest	\$ 1,543	\$ 285	\$ 3,408	\$ 559
Capitalization rate	0.22%-1.01%	0.34%-1.10%	0.22%-1.10%	0.34%-1.17%

c. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Property, plant and equipment	\$ 265,375	\$ 255,938	\$ 796,476	\$ 765,896
Right-of-use assets	4,540	4,372	13,548	14,152
Intangible assets and other assets	3,323	4,252	11,570	12,595
Investment properties	<u>21</u>	<u>21</u>	<u>62</u>	<u>62</u>
	<u>\$ 273,259</u>	<u>\$ 264,583</u>	<u>\$ 821,656</u>	<u>\$ 792,705</u>
An analysis of depreciation by function				
Operating costs	\$ 248,324	\$ 244,372	\$ 748,615	\$ 731,857
Operating expenses	21,591	15,938	61,409	48,191
Non-operating expenses and losses	<u>21</u>	<u>21</u>	<u>62</u>	<u>62</u>
	<u>\$ 269,936</u>	<u>\$ 260,331</u>	<u>\$ 810,086</u>	<u>\$ 780,110</u>
An analysis of amortization by function				
Operating costs	\$ 2,360	\$ 3,325	\$ 8,673	\$ 10,089
Operating expenses	<u>963</u>	<u>927</u>	<u>2,897</u>	<u>2,506</u>
	<u>\$ 3,323</u>	<u>\$ 4,252</u>	<u>\$ 11,570</u>	<u>\$ 12,595</u>

d. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Salary expense	\$ 140,756	\$ 112,230	\$ 429,272	\$ 367,990
Insurance expense	13,201	12,625	40,617	37,004
Post-employment benefits				
Defined contribution plans	7,371	2,544	21,430	9,722
Defined benefit plans (Note 21)	2,264	2,779	6,964	8,440
Other employee benefits	<u>20,907</u>	<u>19,079</u>	<u>69,988</u>	<u>63,208</u>
Total employee benefits expense	<u>\$ 184,499</u>	<u>\$ 149,257</u>	<u>\$ 568,271</u>	<u>\$ 486,364</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 103,089	\$ 85,701	\$ 309,843	\$ 286,782
Operating expenses	<u>81,410</u>	<u>63,556</u>	<u>258,428</u>	<u>199,582</u>
	<u>\$ 184,499</u>	<u>\$ 149,257</u>	<u>\$ 568,271</u>	<u>\$ 486,364</u>

In compliance with the Articles, the Corporation accrued employees' compensation and remuneration of directors at the rates from 1% to 2% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. However, if the Corporation has accumulated any deficit, the profit should be set aside for offsetting the losses. The accrued employees' compensation and remuneration of directors were \$7,507 thousand and \$29,581 thousand for the three months and nine months ended September 30, 2021. The Group did not accrue employees' compensation and remuneration of directors because of net loss before tax for the three months and nine months ended September 30, 2020.

There was no difference between the actual amount of the accrued employees' compensation and remuneration of directors in 2020 and 2019 and the amount recognized in the consolidated financial statements in 2020 and 2019.

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors is available on the Market Observation Post System website of the TWSE.

## 24. INCOME TAXES

- a. Major components of income tax expense (benefit) recognized in profit or loss were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Current tax				
In respect of the current periods	\$ -	\$ 2,197	\$ -	\$ 21,708
Deferred tax				
In respect of the current periods	<u>41,485</u>	<u>6,269</u>	<u>185,348</u>	<u>(17,628)</u>
Income tax expense recognized in profit or loss	<u>\$ 41,485</u>	<u>\$ 8,466</u>	<u>\$ 185,348</u>	<u>\$ 4,080</u>

- b. Income tax assessments

The Corporation's tax returns through 2019 have been assessed by the tax authorities.

The tax returns of TFIC through 2019 have been assessed by the tax authorities.

## 25. EARNINGS (LOSS) PER SHARE

The net profit (loss) and weighted average number of common stock outstanding in the computation of earnings (loss) per share were as follows:

### Net Profit (Loss) for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Net profit (loss) used in the computation of basic earnings (loss) per share	<u>\$ 229,130</u>	<u>\$ (170,238)</u>	<u>\$ 835,495</u>	<u>\$ (590,015)</u>

Weighted average number of common stock outstanding (in thousand stocks):

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Weighted average number of common stock	885,703	885,703	885,703	885,703
Less: Reclassification of the Corporation's stocks held by subsidiaries	<u>(13,753)</u>	<u>(13,754)</u>	<u>(13,753)</u>	<u>(13,754)</u>
Weighted average number of common stock used in the computation of basic earnings (loss) per share	871,950	871,949	871,950	871,949
Effect of potentially dilutive ordinary shares:				
Employees' compensation or bonuses issued to employees	<u>875</u>	<u>-</u>	<u>875</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>872,825</u>	<u>871,949</u>	<u>872,825</u>	<u>871,949</u>

If the Corporation offered to settle compensation or bonuses paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stockholders through the optimization of the debt and equity balance. The capital structure of the Group consists of bank loans and equity of the Group.

Financial management department of the Group reviews the capital structure on a monthly basis. As part of this review, the financial management department considers whether there were exceptions between the current ratio, the debt ratio and the target ratio set by the financial management department.

## 27. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of non-financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or the fair values cannot be reliably measured.

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

#### 1) Fair value hierarchy

September 30, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Domestic listed shares	\$ 49,293	\$ -	\$ -	\$ 49,293
Domestic mutual funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 49,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,293</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 1,538,038	\$ -	\$ -	\$ 1,538,038
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>4,247,495</u>	<u>4,247,495</u>
	<u>\$ 1,538,038</u>	<u>\$ -</u>	<u>\$ 4,247,495</u>	<u>\$ 5,785,533</u>

December 31, 2020

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Domestic listed shares	\$ 56,421	\$ -	\$ -	\$ 56,421
Domestic mutual funds	<u>3,067</u>	<u>-</u>	<u>-</u>	<u>3,067</u>
	<u>\$ 59,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,488</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 1,481,023	\$ -	\$ -	\$ 1,481,023
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>4,142,291</u>	<u>4,142,291</u>
	<u>\$ 1,481,023</u>	<u>\$ -</u>	<u>\$ 4,142,291</u>	<u>\$ 5,623,314</u>

September 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 35,139	\$ -	\$ -	\$ 35,139
Domestic mutual funds	<u>10,619</u>	<u>-</u>	<u>-</u>	<u>10,619</u>
	<u>\$ 45,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,758</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 1,416,788	\$ -	\$ -	\$ 1,416,788
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>4,344,542</u>	<u>4,344,542</u>
	<u>\$ 1,416,788</u>	<u>\$ -</u>	<u>\$ 4,344,542</u>	<u>\$ 5,761,330</u>

For the nine months ended September 30, 2021 and 2020, there were no transfers between Levels 1 and 2.

2) Valuation techniques and assumptions applied for the purpose of measuring fair value

- a) The fair value of financial instruments traded in active markets is based on quoted market prices (including beneficiary certificates that went public).
- b) Valuation techniques and inputs applied for Level 3 fair value measurement: The significant and unobservable input parameter for unlisted investments use market-based approach mainly relates to liquidity discount rate. Market-based approach adopts the equity basis multiplier (P/B) of comparable listed companies, the fair price of the Company's stock is calculated after considering the liquidity discount parameter. For the nine months ended September 30, 2021 and 2020, there were no material changes on fair value of related investments.

c. Categories of financial instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Fair value through profit or loss			
Mandatorily classified as at FVTPL	\$ 49,293	\$ 59,488	\$ 45,758
Financial assets at amortized cost (Note 1)	4,680,167	4,574,295	5,477,380
Financial assets at FVTOCI			
Equity instruments	5,785,533	5,623,314	5,761,330
<u>Financial liabilities</u>			
Amortized cost (Note 2)	16,998,584	17,832,391	19,600,175

Note 1 The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, and debt investments.

Note 2 The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, notes payable, trade payables, other payables and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, trade receivables, trade payables and borrowings. The Group's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group through internal risk evaluation. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. To protect against reductions foreign assets in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group managed the risk by balancing positions of assets and liabilities denominated in foreign currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group was mainly exposed to the USD, JPY, EUR and RMB.

The following details the effects of a 5% increase in NTD (the functional currency) against the relevant foreign currencies. For a 5% strengthening of NTD against the relevant currency, the net profit (loss) would increase by \$18,277 thousand and decrease by \$24,291 thousand for the nine months ended September 30, 2021 and 2020, respectively. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rate is 5%.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, ensuring the most cost-effective hedging strategies are applied.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
Financial assets	\$ 956,684	\$ 1,176,712	\$ 1,261,539
Financial liabilities	12,072,461	13,850,455	14,411,797
Cash flow interest rate risk			
Financial assets	1,672,112	1,555,624	2,637,985
Financial liabilities	2,000,000	2,300,000	2,700,000

### Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates at the end of the reporting period. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's net profit (loss) for the nine months ended September 30, 2021 and 2020 would decrease/increase by \$1,230 thousand and increase/decrease by \$233 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its cash flow by variable-rate bank loans.

#### c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and beneficiary certificates of open-end funds.

### Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit (loss) for the nine months ended September 30, 2021 and 2020 would have increased/decreased by \$2,465 thousand and decreased/increased by \$2,288 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income (loss) for the nine months ended September 30, 2021 and 2020 would have increased/decreased by \$76,902 thousand and \$70,839 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

#### 2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated good. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the credit organization.

Trade receivables consisted of a large number of unrelated customers. Ongoing credit evaluation is performed on the financial condition of trade receivables.



Credit risk represents the potential impact to financial asset that the Group might encounter if counterparties or third parties breach the contracts. The Group evaluated credit risk exposure for contracts with positive carrying value. The Group evaluated the credit risk exposure as immaterial because all counterparties are reputable financial institutions and companies with credit ratings.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group had available unutilized bank loan facilities set out in (b) below.

#### a) Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

##### September 30, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
Non-interest bearing liabilities	\$ -	\$ 1,334,599	\$ -	\$ -	\$ -
Lease liabilities	718	1,280	5,995	4,089	220
Variable interest rate liabilities	-	-	-	2,024,334	-
Fixed interest rate liabilities	<u>1,571,150</u>	<u>1,802,050</u>	<u>2,158,150</u>	<u>6,585,044</u>	<u>-</u>
	<u>\$ 1,571,868</u>	<u>\$ 3,137,929</u>	<u>\$ 2,164,145</u>	<u>\$ 8,613,467</u>	<u>\$ 220</u>

##### December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
Non-interest bearing liabilities	\$ -	\$ 1,198,759	\$ -	\$ -
Lease liabilities	903	1,394	5,929	7,172
Variable interest rate liabilities	-	-	-	2,335,551
Fixed interest rate liabilities	<u>2,114,019</u>	<u>1,017,937</u>	<u>3,842,471</u>	<u>6,956,332</u>
	<u>\$ 2,114,922</u>	<u>\$ 2,218,090</u>	<u>\$ 3,848,400</u>	<u>\$ 9,299,055</u>

September 30, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
Non-interest bearing liabilities	\$ -	\$ 1,210,968	\$ -	\$ -
Lease liabilities	697	1,394	6,386	9,012
Variable interest rate liabilities	2,005	4,010	18,379	2,715,166
Fixed interest rate liabilities	<u>1,854,504</u>	<u>3,595,943</u>	<u>2,463,604</u>	<u>6,565,000</u>
	<u>\$ 1,857,206</u>	<u>\$ 4,812,315</u>	<u>\$ 2,488,369</u>	<u>\$ 9,289,178</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Unsecured bank borrowing limit			
Amount used	\$ 16,306,000	\$ 15,453,000	\$ 16,582,000
Amount unused	<u>17,244,000</u>	<u>16,646,000</u>	<u>16,030,000</u>
	<u>\$ 33,550,000</u>	<u>\$ 32,099,000</u>	<u>\$ 32,612,000</u>
Secured bank borrowing limit			
Amount used	\$ 130,000	\$ -	\$ 130,000
Amount unused	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 130,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>

## 28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. The prices and payment terms of these transactions were similar to those for third parties. Details of transactions between the Group and other related parties are disclosed below.

<u>Related Party Name</u>	<u>Related Party Category</u>
Far Eastern New Century Corp.	Investors with significant influence over the Group
Hwa Xu Heat Supply Co. (HXYZ)	Associates
Oriental Petrochemical (Shanghai) Corp. (OPSC)	Associates
Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC)	Others
Asia Cement Corp.	Others
Hubei Yadong Cement Co., Ltd.	Others
Everest Textile Co., Ltd.	Others
Far Eastern Polytex (Vietnam) Ltd.	Others

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Fu-Ming Transport Corp.	Others
Fu-Da Transport Corp.	Others
PET Far Eastern (Holding) Ltd. (PETH)	Others
Far Eastern International Bank (FEIB)	Others
Far Eastern Industries (Shanghai) Ltd.	Others
Far Eastern Industries (Yangzhou) Ltd.	Others
Shanghai Yuanhua Logistics (Yangzhou) Corp.	Others
Shanghai Yuanzi Information Technology Ltd.	Others
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Others
Oriental Green Materials Ltd.	Others
Ya Tung Ready Mixed Concrete Co., Ltd.	Others
Oriental Industries (Suzhou) Ltd.	Others

(Concluded)

a. Sale of goods

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2021	2020	2021	2020
Investors with significant influence over the Group	\$ 355,004	\$ 249,235	\$ 1,236,976	\$ 693,820
Others	<u>56,056</u>	<u>8,403</u>	<u>217,370</u>	<u>92,926</u>
	<u>\$ 411,060</u>	<u>\$ 257,638</u>	<u>\$ 1,454,346</u>	<u>\$ 786,746</u>

b. Purchase of goods

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2021	2020	2021	2020
Others	\$ <u>-</u>	\$ <u>64</u>	\$ <u>120</u>	\$ <u>222</u>

c. Operating expenses

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2021	2020	2021	2020
Associates	\$ <u>2,153</u>	\$ <u>2,128</u>	\$ <u>6,507</u>	\$ <u>6,396</u>
Others				
Fu-Ming Transport Corp.	45,114	38,346	134,034	117,734
Others	<u>8,755</u>	<u>10,178</u>	<u>30,471</u>	<u>40,917</u>
	<u>53,869</u>	<u>48,524</u>	<u>164,505</u>	<u>158,651</u>
	<u>\$ 56,022</u>	<u>\$ 50,652</u>	<u>\$ 171,012</u>	<u>\$ 165,047</u>

d. Interest expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Others				
Far Eastern Industries (Shanghai) Ltd.	\$ 9,692	\$ 12,243	\$ 35,006	\$ 29,576
Others	<u>9,600</u>	<u>10,039</u>	<u>25,198</u>	<u>26,758</u>
	<u>\$ 19,292</u>	<u>\$ 22,282</u>	<u>\$ 60,204</u>	<u>\$ 56,334</u>

e. Rental income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Others				
Fu-Da Transport Corp.	<u>\$ 2,423</u>	<u>\$ 2,423</u>	<u>\$ 7,270</u>	<u>\$ 7,270</u>

f. Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Others			
FEIB	<u>\$ 110,236</u>	<u>\$ 427,373</u>	<u>\$ 243,543</u>

g. Receivables from related parties

	September 30, 2021	December 31, 2020	September 30, 2020
Investors with significant influence over the Group			
Far Eastern New Century Corp.	\$ 125,016	\$ 86,553	\$ 100,327
Others	<u>54,972</u>	<u>123,898</u>	<u>5,710</u>
	<u>\$ 179,988</u>	<u>\$ 210,451</u>	<u>\$ 106,037</u>

The outstanding trade receivables from related parties are unsecured. For the nine months ended September 30, 2021 and 2020, no impairment loss was recognized for trade receivables from related parties.

h. Prepayments

	September 30, 2021	December 31, 2020	September 30, 2020
Associates			
HXYZ	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,726</u>
Current	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,726</u>

Prepayments are payments in advance for heating steam supply.

i. Other receivables

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Associates			
HXYZ	\$ 490,352	\$ 498,409	\$ 477,519
Others	<u>4,179</u>	<u>5,144</u>	<u>-</u>
	<u>\$ 494,531</u>	<u>\$ 503,553</u>	<u>\$ 477,519</u>

The Group provided secured short-term loans to HXYZ amounted to \$490,352 thousand. Refer to Table 1 for detailed information.

j. Financial assets at amortized cost

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Others			
FEIB	<u>\$ 397,719</u>	<u>\$ 63,917</u>	<u>\$ 63,780</u>
Current	\$ 333,664	\$ -	\$ -
Non-current	<u>64,055</u>	<u>63,917</u>	<u>63,780</u>
	<u>\$ 397,719</u>	<u>\$ 63,917</u>	<u>\$ 63,780</u>

k. Acquisition of financial assets

For the nine months ended September 30, 2021

	<b>Line Item</b>	<b>Number of Shares</b>	<b>Underlying Assets</b>	<b>Purchase Price</b>
Others			<u>Shares</u>	
Everest Textile Co., Ltd.	Financial assets at FVTOCI - non-current	11,579,542	Everest Textile Co., Ltd.	<u>\$ 115,795</u>

For the nine months ended September 30, 2020: None.

l. Loans from related parties (accounted for as short-term borrowings)

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Others			
Far Eastern Industries (Shanghai) Ltd.	\$ 1,073,565	\$ 1,309,446	\$ 1,281,921
Far Eastern Industries (Yangzhou) Ltd.	515,311	523,778	512,769
Others	<u>386,484</u>	<u>392,834</u>	<u>683,691</u>
	<u>\$ 1,975,360</u>	<u>\$ 2,226,058</u>	<u>\$ 2,478,381</u>

The Group obtained loans at rates comparable to market interest rates for the loans from related parties.

m. Other payables

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Others	\$ 35,787	\$ 36,403	\$ 78,043
Associates	<u>25,584</u>	<u>19,457</u>	<u>15,629</u>
	<u>\$ 61,371</u>	<u>\$ 55,860</u>	<u>\$ 93,672</u>

n. Compensation of key management personnel

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 8,246	\$ 8,074	\$ 26,802	\$ 25,842
Post-employment benefits	<u>108</u>	<u>108</u>	<u>324</u>	<u>324</u>
	<u>\$ 8,354</u>	<u>\$ 8,182</u>	<u>\$ 27,126</u>	<u>\$ 26,166</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

## 29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged by bank, as guarantees for Suppliers and Customers:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Pledged deposits (financial assets at amortized cost - non-current)	<u>\$ 64,055</u>	<u>\$ 74,204</u>	<u>\$ 64,247</u>

As of September 30, 2021, the Corporation pledged 28,599 thousand stocks of the subsidiary TFIC as security.

## 30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

- a. As of September 30, 2021, unused letters of credit for purchases of raw materials amounted to \$1,560,055 thousand, purchase guarantees from banking institution and sales performance bond amounted to \$381,471 thousand, and refundable deposit with the Harbor Bureau amounted to \$208,242 thousand, respectively.
- b. Endorsements/guarantees provided to subsidiaries and associates

The Corporation

TFIC	<u>\$ 1,450,000</u>
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- c. The Corporation has a long-term ethylene purchase agreement with Chinese Petroleum Corporation, Taiwan under which the Corporation is committed to purchase ethylene until December 31, 2021. The purchase price under the agreement is in U.S. dollars.
- d. The Corporation has a three-year agreement beginning from 2004, to sell ethylene glycols to major customers, namely, Far Eastern New Century Corporation, Tainan Spinning Co., Ltd., and Shinkong Synthetic Fibers Corporation. The agreement is automatically renewed for successive periods of three years unless otherwise terminated by either party with prior notice. The determined price under the agreement is in U.S. dollars.
- e. In 2021, the Corporation signed a two-year ethylene carbonate designated production/sales agreement with Chi Mei Corporation (“CMC”). Also, the Corporation agreed to purchase from CMC any qualified ethylene glycol by-products which are produced during the manufacturing process. And the purchase price is determined by agreed upon bases. Both sides agreed that the Corporation could sell part of the output to a specific-purpose market.

### 31. OTHER ITEMS

The Group has been impacted by the COVID-19 pandemic and fluctuations of international crude oil price since 2020. With the epidemic slowing and policy loosening, the Group’s operation has gradually returned to normal. As of the reporting date, the Group considered there is no doubt on the Group’s ability to continue as a going concern, on the fund risk, and on the risk of impairment loss of assets at present.

### 32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies in the group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

September 30, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,614	27.85 (USD:NTD)	\$ 212,050
USD	179	6.49 (USD:RMB)	4,985
JPY	4,098	0.25 (JPY:NTD)	<u>1,020</u>
			<u>\$ 218,055</u>
Non-monetary items			
Investments accounted for using the equity method			
RMB	349,435	4.29 (RMB:NTD)	<u>\$ 1,500,565</u>

(Continued)

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 12,412	6.49 (USD:RMB)	\$ 345,674
USD	8,501	27.85 (USD:NTD)	236,753
RMB	18	4.29 (RMB:NTD)	77
JPY	4,123	0.25 (JPY:NTD)	1,027
EUR	2	7.53 (EUR:RMB)	<u>65</u>
			<u>\$ 583,596</u>
			(Concluded)

December 31, 2020

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,920	6.52 (USD:RMB)	\$ 54,682
USD	4,957	28.48 (USD:NTD)	<u>141,175</u>
			<u>\$ 195,857</u>
Non-monetary items			
Investments accounted for using the equity method			
RMB	424,938	4.36 (RMB:NTD)	<u>\$ 1,854,779</u>
<u>Financial liabilities</u>			
Monetary items			
USD	29,324	6.52 (USD:RMB)	\$ 835,148
USD	2,736	28.48 (USD:NTD)	77,921
RMB	8,560	4.36 (RMB:NTD)	<u>37,363</u>
			<u>\$ 950,432</u>



September 30, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,500	29.1 (USD:NTD)	\$ 130,950
USD	2,673	6.81 (USD:RMB)	77,784
JPY	1,175	0.28 (JPY:NTD)	<u>324</u>
			<u>\$ 209,058</u>
Non-monetary items			
Investments accounted for using the equity method			
RMB	450,338	4.27 (RMB:NTD)	<u>\$ 1,924,325</u>
<u>Financial liabilities</u>			
Monetary items			
USD	16,218	6.81 (USD:RMB)	\$ 471,944
USD	7,661	29.1 (USD:NTD)	<u>222,935</u>
			<u>\$ 694,879</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

<b>For the Three Months Ended September 30</b>				
<b>2021</b>			<b>2020</b>	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ 3,227	1 (NTD:NTD)	\$ (3,007)
RMB	4.31 (RMB:NTD)	<u>228</u>	4.26 (RMB:NTD)	<u>7,944</u>
		<u>\$ 3,455</u>		<u>\$ 4,937</u>
<b>For the Nine Months Ended September 30</b>				
<b>2021</b>			<b>2020</b>	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ (4,548)	1 (NTD:NTD)	\$ (2,272)
RMB	4.34 (RMB:NTD)	<u>9,002</u>	4.26 (RMB:NTD)	<u>5,251</u>
		<u>\$ 4,454</u>		<u>\$ 2,979</u>

### 33. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions:
- 1) Financing provided to others. (Table 1)
  - 2) Endorsements/guarantees provided. (Table 2)
  - 3) Marketable securities held. (Table 3)
  - 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
  - 9) Trading in derivative instruments. (None)
  - 10) Intercompany relationships and significant intercompany transactions. (None)
- b. Information on investees. (Table 6)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (None)
- d. Information of major stockholders: List all stockholders with ownership of 5% or greater showing the name of the stockholders, the number of shares owned, and percentage of ownership of each stockholders. (Table 8)

### 34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Ethylene glycols business
- Special chemicals business
- Gas business
- Investment and others

#### a. Segment revenues and results

The following was an analysis of the Group's revenue and results by reportable segments.

	Segment Revenues		Segment Profit (Loss)	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Ethylene glycols business	\$ 14,284,481	\$ 9,897,757	\$ 190,028	\$ (676,882)
Special chemicals business	5,320,929	2,893,190	561,500	90,290
Gas business	1,217,043	1,293,945	486,578	315,851
Investment and others	11,134	40,877	(11,415)	15,615
Other eliminations and adjustments	-	(677,410)	81	175,491
Total operating segments	\$ 20,833,587	\$ 13,448,359	1,226,772	(79,635)
Non-operating income and expense			155,472	(648,664)
Profit (loss) before income tax			\$ 1,382,244	\$ (728,299)

Segment profit represents the profit earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

#### b. Segment total assets

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Segment assets</u>			
Ethylene glycols business	\$ 13,246,836	\$ 15,342,805	\$ 16,574,570
Special chemicals business	3,997,807	3,200,090	4,509,073
Gas business	2,301,784	2,497,981	2,337,113
Investment and others	26,227,206	24,919,531	24,854,730
Other eliminations and adjustments	(11,369,458)	(11,856,780)	(11,717,370)
Total segment assets	\$ 34,404,175	\$ 34,103,627	\$ 36,558,116

**ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES**

**FINANCINGS PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021  
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Amount Limits (Note)	Note
													Item	Value			
1	FUPY	HXYZ	Other receivables - related parties loans	Yes	\$ 490,352	\$ 490,352	\$ 490,352	1.3%	Necessary for short-term financing	\$ -	Operating capital	\$ -	Promissory notes	\$ -	40% of net worth of FUPY \$2,823,712	40% of net worth of FUPY \$2,823,712	

Note: Based on reviewed financial statements.

## ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021  
(In Thousands of New Taiwan Dollars)

No.	Endorser/ Guarantor	Endorsee/Guaranteed		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note)											
0	The Corporation	TFIC	2	50% of net worth of the Corporation \$6,447,267	\$ 1,450,000	\$ 1,450,000	\$ 647,000	\$ -	11.25	100% of net worth of the Corporation \$12,894,533	Y	N	N	

Note: The relationships between the endorser/guarantor and the endorsee/guaranteed are listed below:

- Represents the entity whose voting shares are exceed fifty percent (50%) owned directly or indirectly by the Corporation.

## ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
 SEPTEMBER 30, 2021  
 (In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2021				Note
				Number of Stocks/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	Far Eastern Department Stores Ltd.	Same chairman	Financial assets at FVTOCI - non-current	14,378,228	\$ 320,635	1	\$ 320,635	Note 1
	Far Eastern New Century Corp.	Same chairman	Same as above	6,888,446	205,620	-	205,620	Note 1
	Asia Cement Corp.	Same chairman	Same as above	8,486,315	386,976	-	386,976	Note 1
	Everest Textile Co., Ltd.	The chairman of Everest Textile Co., Ltd. is a director of the Corporation	Same as above	16,040,145	162,005	2	162,005	Note 1
	Oriental Petrochemical (Taiwan) Co., Ltd.	The Corporation is one of its director	Same as above	309,334,376	2,548,915	14	2,548,915	Note 2
	Grand Cathay Venture Capital Co., Ltd.	-	Same as above	26,666,667	306,133	17	306,133	Note 2
	Eminent Venture Capital Corp.	-	Same as above	2,700,000	23,652	10	23,652	Note 2
	Eminent II Venture Capital Corp.	-	Same as above	3,600,000	32,976	6	32,976	Note 2
	Tai An Technologies Corp.	-	Same as above	499,998	6,855	5	6,855	Note 2
	TFIC	China Steel Corp.	-	Financial assets at FVTPL - current	150,000	5,445	-	5,445
Ta Chen Stainless Pipe Co., Ltd.		-	Same as above	75,000	3,439	-	3,439	Note 1
Tsrc Corp.		-	Same as above	100,000	3,145	-	3,145	Note 1
Evergreen Marine Corp. (Taiwan) Ltd.		-	Same as above	80,000	10,080	-	10,080	Note 1
Sincere Navigation Corp.		-	Same as above	150,000	5,977	-	5,977	Note 1
China Airlines Ltd.		-	Same as above	200,000	3,440	-	3,440	Note 1
Eva Airways Corp.		-	Same as above	150,000	2,835	-	2,835	Note 1
Taishin Financial Holding Co., Ltd.		-	Same as above	313,627	5,677	-	5,677	Note 1
Shin Zu Shing Co., LTD.		-	Same as above	40,000	4,140	-	4,140	Note 1
Arcadyan Technology Corp.		-	Same as above	55,000	5,115	-	5,115	Note 1
The Corporation		Treasury stock	Financial assets at FVTOCI - non-current	13,568,554	185,272	2	305,971	Note 1
Far Eastern International Commercial Bank ("FEIC")		The chairman of the Corporation is FEIC's director	Same as above	30,195,438	315,542	1	315,542	Note 1
Everest Textile Co., Ltd.		The chairman of Everest Textile Co., Ltd. is the Corporation's parent corporation's director	Same as above	14,580,194	147,260	2	147,260	Note 1
Yue Ding Enterprise Corp.		Related party in substance	Same as above	5,702,095	87,698	5	87,698	Note 2
Ding Shen Investment Co., Ltd.		Related party in substance	Same as above	40,328,640	427,484	18	427,484	Note 2
Oriental Petrochemical (Taiwan) Co., Ltd.	The Corporation is one of its director	Same as above	98,759,902	813,782	4	813,782	Note 2	

Note 1: The market value was calculated at closing price on September 30, 2021.

Note 2: The net asset value was calculated based on the latest assessments.

**ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Corporation	Far Eastern New Century Corp.	Same chairman	Sale	\$(1,236,976)	(6)	Same as those to unrelated parties	-	-	\$ 125,016	9	-
FUPY	Far Eastern Industries (Shanghai) Ltd.	Others	Sale	(173,241)	(1)	Same as those to unrelated parties	-	-	46,573	3	-

**ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**SEPTEMBER 30, 2021**

**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Corporation	Far Eastern New Century Corp.	Same chairman	Trade receivables \$ 125,016	15.59	\$ -	-	\$ 123,907	\$ -



## ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021  
 (In Thousands of New Taiwan Dollars or Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2021	December 31, 2020	Stocks	%	Carrying Amount			
The Corporation	PPL	British Virgin Islands	Investment	US\$ 192,972	US\$ 192,972	148,356	100	\$ 4,841,248	\$ 58,937	\$ 58,937	Note
	TFIC	Taipei City, ROC	Enterprise and financial institution investments	\$ 1,110,000	\$ 1,110,000	153,511,190	100	1,246,483	2,673	2,673	
	OUCG (Bermuda)	British Bermuda Islands	Investment	US\$ 90,000	US\$ 90,000	103,580	100	867,939	95,105	95,105	

Note: The ending balance includes 28,599,328 stocks pledged to financial institutions.

## ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION OF INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2021	Accumulated Repatriation of Investment Income as of September 30, 2021	Note
					Outflow	Inflow							
OPSC	Manufacture and sale of purified terephthalic acid.	US\$ 241,310	Indirect	US\$ 92,886	US\$ -	US\$ -	US\$ 92,886	RMB (173,049)	39	\$ (290,121) (Note 2)	\$ 1,258,998	\$ -	
FUPY	Manufacturing and selling chemical products (ethylene glycol, diethylene glycol, triethylene glycol and ethylene oxide) and other specific chemical products.	US\$ 297,500	Indirect	US\$ 179,500	US\$ -	US\$ -	US\$ 179,500	RMB 188,485	56	456,249 (Note 2)	3,939,079	-	Note 4
HXYZ	The production and sales of hot water (non-potable water) and steam; the erection and maintenance of heat-supply pipelines; the consultancy service in heat-supply technologies.	RMB 160,000	Indirect	-	-	-	-	RMB (16,024)	28	(34,687) (Note 3)	241,567	-	

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
US\$272,386	US\$281,636	(Note 1)

Note 1: The Corporation obtained certificate No. 11020408220 from Industrial Development Bureau, Ministry of Economic Affairs according to the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China", the accumulation of fund is not limited.

Note 2: Based on reviewed financial statements.

Note 3: Based on non-reviewed financial statements.

Note 4: Significant non-controlling interests.

**ORIENTAL UNION CHEMICAL CORPORATION****INFORMATION OF MAJOR STOCKHOLDERS  
SEPTEMBER 30, 2021**

Name of Major Stockholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Far Eastern New Century Corp.	81,217,005	9.16
Yuan Ding Investment Co., Ltd.	70,817,684	7.99
Asia Cement Corp.	63,766,522	7.19
Yuan Tong Investment Co., Ltd.	49,705,396	5.61

Note: The table discloses stockholding information of stockholders whose stockholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter. The stocks reported in the financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.