



Stock Code: 1309

Taita Chemical Company, Ltd.

2021 Annual Report

Company Website: <https://www.ttc.com.tw>

Annual Report Query Website: <https://mops.twse.com.tw>

Date of Publication: March 31, 2022

I. Spokesperson and Acting Spokesperson

Spokesperson

Name: Yen, Tai-Ming

Title: Executive Deputy General Manager

Telephone Number: (02)8751-6888 ext. 3278

Private Line: (02)2650-3278

E-mail Address: tmyenly@usig.com

Acting Spokesperson

Name: Lin, Chin-Tsai

Title: Executive Deputy General Manager

Telephone Number: (02)8751-6888 ext. 3797

Private Line: (02)2798-3797

E-mail Address: tonylin@usig.com

II. Address and Telephone Number of Head Office, Branch Offices and Plants

Name	Address	Telephone Number
Head Office	12F, No. 37, Jihu Road, Taipei City, Taiwan	(02)8751-6888
Southern Taiwan Office	No. 3, Jianji Road, Cianjhen Dist., Kaohsiung City, Taiwan	(07)821-2128
Cianjhen Plant	No. 3, Jianji Road, Cianjhen Dist., Kaohsiung City, Taiwan	(07)821-9521
Linyuan Plant	No. 5, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City, Taiwan	(07)641-3201
Kaohsiung Branch Office	No. 5, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City, Taiwan	(07)641-3201
Toufen Plant	No. 571, Minzu Road, Toufen Township, Miaoli County, Taiwan	(037)627-700

III. Stock Transfer Agent

Name: Taita Chemical Company, Ltd., Stock Affairs Department

Address: 6F, No. 17, Lane 120, Section 1, Neihu Road, Neihu District, Taipei City

Joint Stock Affairs Website: <https://www.usig.com/USIGStockHome.aspx>

Telephone Number: (02)2650-3773

IV. CPAs Auditing the Financial Statements in the Most Recent Fiscal Year

Name: CPA Hsiu-Chun Huang and CPA Cheng-Chun Chiu

Accounting Firm: Deloitte Taiwan

Address: 20F, No. 100, Songren Road, Xinyi District, Taipei City, Taiwan

Website: <https://www2.deloitte.com/tw>

Telephone Number: (02)2725-9988

V. Overseas Securities Trading Venue and Method of Overseas Securities Information Query: None

VI. Company Website: <https://www.ttc.com.tw>



Taita Chemical Company, Ltd.

Table of Contents

	Pages
Chapter 1. Letter to Shareholders	1
Chapter 2. Company Profile	
I. Date of Incorporation.....	4
II. Company Overview.....	4
Chapter 3. Corporate Governance Report	
I. Corporate Governance Report.....	9
II. Information Regarding Directors, Supervisors, President, Vice Presidents, Senior Managers and Heads of Departments and Branches	12
III. Remuneration of Directors, Supervisors, President, and Vice Presidents.....	22
IV. Implementation of Corporate Governance.....	33
V. Information Regarding CPA Fees	130
VI. Information Regarding Replacement of CPAs	131
VII. The Company's Directors, General Manager, Managerial Officer in Charge of Finance or Accounting Who Has Served in a CPA's Accounting Firm or Its Affiliated Companies in the Most Recent Fiscal Year Shall Disclose Their Names, Positions and the Period of Employment in CPA's Accounting Firm or Its Affiliated Companies.....	132
VIII. The Status of Any Transfer of Equity Interests And/or Pledge of or Change in Equity Interests by A Director, Supervisor, Managerial Officer, or Shareholder With A Stake of More Than 10 Percent During The Most Recent Fiscal Year or During The Current Fiscal Year up to the Date of Publication of the Annual Report.....	132
IX. Relationship Information, if among the Company's Top 10 Shareholders any one is a Related Party, Spouse or a Relative within the Second Degree of Kinship	136
X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the CompanyTotal Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its	

Directors and Supervisors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company	138
--	-----

Chapter 4. Funding Status

I. Capital and Shares	139
II. Issuance of Corporate Bonds.....	148
III. Issuance of Preferred Stocks	148
IV. Overseas Depository Receipts.....	148
V. Employee Stock Options and New Restricted Employee Shares.....	148
VI. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies	148
VII. Implementation of Capital Utilization Plan.....	148

Chapter 5. Operations Overview

I. Business Activities.....	149
II. Market, Production and Sales Overview	158
III. Information on Employees.....	172
IV. Information Regarding Environmental Protection Expenditure	173
V. Labor Relations	183
VI. Information and Communication Security Management	193
VII. Important Contracts	197

Chapter 6 Financial Overview

I. Condensed Balance Sheet, Statement of Comprehensive Income, as well as Name and Audit Opinions of CPAs for the Most Recent Five Years	201
II. Financial Analysis of the Most Recent Five Fiscal Years	207
III. Supervisors' or Audit Committee's Review Report for the Most Recent Financial Statements.....	211
IV. Most Recent Financial Reports	213
V. Parent Company Only Financial Statements Audited and Attested by CPAs for the Most Recent Year	213
VI. If The Company or its Affiliates Have Experienced Financial Difficulties in The Most Recent Fiscal Year or During The Current Fiscal Year up to The Date of Publication of The Annual Report, The Annual Report Shall Explain How Said Difficulties Will Affect TheCompany's Financial Situation.....	213



Chapter 7. Review and Analysis of Financial Position and Financial Performance, and Risks

I. Financial Position	214
II. Financial Performance.....	215
III. Cash Flows	216
IV. Impact of Major Capital Expenditures on Financial Operations in the Most Recent Year.....	217
V. Reinvestment Policy For The Most Recent Fiscal Year, The Main Reasons for The Profits/Losses Generated Thereby, the Plan for Improving Re-Investment Profitability, And Investment Plans for The Coming Year	217
VI. Risk Analysis and Assessment.....	218
VII. Other Important Matters	231

Chapter 8 Special Notes

I. Information Regarding Affiliated Companies	232
II. Private Placement During The Most Recent and Current Fiscal Years up to The Date of Publication of This Annual Report	241
III. Holding or Disposal of Shares in The Company by Subsidiaries During The Most Recent and Current Fiscal Years up to The Date of Publication of This Annual Report	241
IV. Other Matters.....	241
V. Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During The Most Recent and Current Fiscal Years up to The Date of Publication of This Annual Report.....	241



Chapter 1. Letter to Shareholders

Dear Shareholders:

For the fiscal year 2021, the Company registered a profit before income tax of 2,470 million NT dollars (NT dollars hereinafter), and a net profit of \$1,850 million, with an earnings per share of \$4.89. Below is the 2021 business report and the 2022 business plan:

I. 2021 Business Results:

(I) Results of Business Plan Implementation

The Company has recorded a net operating revenue of \$20,771 million in 2021, which is \$5,273 million higher than 2020 and a 135% budget achievement rate. The consolidated operating profit is \$2,247 million, which is \$174 million less than 2020, and a budget achievement rate of 180%.

1. Production and Sales of Petrochemical Products:

Consolidated revenues for ABS/PS are \$20,235 million, achieving 137% of budget. The production and sales of Linyuan and Qianzhen plants are 280,000 tons and 274,000 tons respectively, and the budget achievement rates of production and sales are 101% and 99% respectively; The EPS production and sales volume of Zhongshan Plant in mainland China is 158,000 tons and 157,000 tons respectively, reaching 87% of the budget; The total operating profit of petrochemical products is NT\$2.214 billion.

2. Production and Sales of Glasswool and Cubic Printing Products:

Total production and sale of glasswool is 8,700 tons. Glasswool and rockwool combined generated a total revenue of \$495 million, an 105% budget achievement rate, and a net profit of \$43 million for the fiscal year. In terms of cubic printing products, total production and sale volume amounts to 50 thousand JIG, with an 68% budget achievement rate. \$41 million is recorded for total operating revenues and \$10 million for operating loss.

Total non-operating incomes amount to \$160 million, including other incomes accounted for using the equity method, rental, valuation gains from financial assets, interest income, foreign exchange losses, and other net gains or losses.

(II) Research and Development:

1. The wooden floor glass wool sound insulation system has passed the test: buckle type marble Δ LW =20dB and buckle type wood floor Δ LW =22dB.
2. ABS VOC improvement, effectively reducing residual monomer
3. Continuously developed the antistatic EPS and used compound antistatic formula to improve the antistatic value.
4. Development of eco-friendly low VOC EPS for auto materials and furniture fillings.

II. 2022 Business Plan

(I) Operational Objectives and Production & Sales Strategies

Looking forward to 2022, the Company expects sales volume of petrochemical products to achieve 4449 thousand tons, or a 3% growth compared to the prior year. Glasswool sales is expected to achieve 13.2 thousand tons. Key operational objectives this year include:

The annual work focus, in the face of the possible impact of epidemic situation, inflation and geo-risks, still needs to be continuously and prudently dealt with; In addition to the implementation of all-production and all-sales, the annual work focuses on continuously optimizing the customer mix and product mix, in which ABS aims to increase the proportion of direct customers, GPS to increase the proportion of injection-level sales, and EPS to achieve all-production and all-sales and continuously increase the proportion of general-level. At the same time, the Company will continue to control the inventory of raw materials and finished products, so as to avoid the fluctuation of market conditions and affect the operational performance. In addition, from the perspective of technology/process/market/application/product/investment, the Company will continue to evaluate the planned capacity bottleneck removal, process efficiency improvement, new product application development, etc. through the brainstorming proposals of various segments, so as to make the operation by going up one step on the premise of full production and full sales.

(II) Research and Development

1. Development of heat-resistant grade ABS (acrylonitrile-butadiene-styrene polymer).



2. Add extrusion dehydrator to improve productivity and cake VOC removal efficiency.
3. Improvement of butadiene emulsion polymerization - reactor agitating vane
4. EPS efficiency improvement.

By enhancing the performance of each product line, the Company expects to achieve its annual operating objectives to reward our shareholders' support.

I would like to wish good health and all the best for all of our shareholders.

Wu, Yi-Gui, Chairman

Wu, Pei-Chi General Manager

Chapter 2. Company Profile

I. Date of Incorporation

April 6, 1960

II. Company Overview

The Company was founded in April 1960 with the plant in Qianzhen District, Kaohsiung. The registered capital was NT\$2.6 million, and it was the first of its kind in Taiwan to manufacture formaldehyde materials.

In September 1961, the Company raised its capital by \$6 million through cash injection.

In December 1964, the US company Mobil invested in the company and introduced new production technologies and management practices.

In March 1967, the Company installed the first polystyrene and phenol formaldehyde resins production equipment in Taiwan. The Company raised its capital to \$18 million.

In September 1968, the Company raised its capital to \$27 million.

In April 1969, the Company raised its capital to \$50 million.

In May 1970, the Company raised its capital to \$56 million.

In May 1971, the Company raised its capital to \$61 million.

In November 1972, the Company raised its capital to \$65 million.

In May 1973, the Company raised the capital to \$87 million.

In June 1974, the Company raised the capital to \$107.01 million.

In October 1975, the Company raised its capital to \$120,921,300.

In September 1977, Mobil Corporation exited its investment in the Company owing to a policy change and transferred its shares to Heng-Yu Co., Ltd., a Hong Kong based company. The Company's capital was raised to \$133,013,430.

In August 1978, the Company raised its capital to \$152,300,370.



In August 1979, the Company built an acrylonitrile-butadiene-styrene (ABS) plant in Linyuan Industrial Park, Kaohsiung. The government approved the joint venture between Panama Gulf Oil Company and the Company. The Company raised its capital to \$395.45 million.

In August, 1980, the Company invested in Taiwan Styrene Monomer Corporation and raised its capital to \$466,631,000.

In November 1981, the Company raised the capital to \$606,620,300.

In May 1982, Panama Gulf Oil Company transferred the shares it owned in the Company to the Panama Company Asia Private Investment Company (name changed to Panamanian Company Aodashih Investment Company in March 1985) owing to corporate policy change.

In December 1983, the Company ceased its production of formaldehyde and phenol formaldehyde glue. A new plant was constructed to produce and develop T-Fine foodware product line.

In 1984, the Company added the second ABS production line; the installation was completed in April 1985.

In September 1984, the Company raised its capital to \$679,414,740.

In November 1985, the Company ceased production of phenolic molding compounds.

On June 27, 1986, the Company's stock was listed on the Taiwan Stock Exchange.

In November 1986, the Australian Company BTR Nylex Limited acquired 51% of the Company's shares and transferred all the shares it owned in the Company to its subsidiary, BTRN Asia, in December of the same year.

In August 1987, the Company raised its capital to \$781,326,950.

In 1988, the Company began selling its shares in Taiwan Styrene Monomer Corporation.

In September 1988, the Company raised its capital to \$937,592,340.

In September 1989, the Company raised its capital to \$1,593,906,970.

In September 1990, the Company raised its capital to \$1,753,297,660.

In September 1991, the Company raised its capital to \$1,928,627,420.

In March 1992, the Company completed the trial run of the glasswool production line and began operations.

In November 1993, the Company purchased 28.6% of shares in Hsihu Styrene Company held by Tai Mei.

On December 13, 1996, the Company sold the shares it owned in Hsihu Styrene Co., Ltd. and Hsihu Chemicals Co., Ltd.

In March 1997, BTRN Asia transferred 51% of TTC shares to the Bermuda Company, Belgravia One Limited, an overseas holding company with joint investment from USI Corporation and UPC Technology Corporation.

In April 1997, the Company established Taita (BVI) Holding Co.

In September 1998, the Company raised its capital to \$2,025,058,790 through its earnings.

In February and December 1998, Taita (BVI) Holding Co. raised its capital by US\$450,000 and US\$19.5 million respectively.

In 1999, the Company raised its capital by \$202,505,870 through earnings capitalization and \$250,000,000 through cash injection. The paid-in capital reached \$2,477,564,660.

In March 1999, the Company established Taita Chemicals (Zhongshan) Co., Ltd.

In 2000, the Company raised its capital by \$148,653,880 through earnings capitalization, with the total paid-in capital reaching \$2,626,218,540.

In May 2000, the Company completed the first EPS production line at its Zhongshan plant in China, and the second was put into production in October.

In May 2001, Qianzhen plant completed the trial run for the new 100-thousand-annual-capacity GPS/IPS NOVA production process, which was subsequently put into production.

In November 2003, the Company established Taita Chemicals (Tianjin) Co., Ltd.

In October 2004, the Company completed the third EPS production line at its



Zhongshan plant in China and increased the production capacity to 150,000 tons.

In 2005, the Company increase its capital by \$78,786,550 from earnings and capital reserve, with its paid-in capital reaching \$2,705,005,090.

In 2005, Taita Chemicals (Tianjin) Co., Ltd. raised its capital by US\$4 million.

In September 2005, the Company completed the construction of the EPS plant in Tianjin, China. A production trial run was also completed in October of the same year. The production capacity is 100,000 tons.

In February 2006, Taita (BVI) Holding Co. Ltd. raised its capital by US\$3.738 million.

In January 2007, Taita (BVI) Holding Co. Ltd. raised its capital by US\$10 million.

In November 2007, both Taita Chemicals (Zhongshan) Co., Ltd. and Taita Chemicals (Tianjin) Co., Ltd. raised the capital by US\$8 million. Taita Chemicals (Zhongshan) Co., Ltd. capitalized its earnings by US\$3.25 million.

In February 2008, Taita (BVI) Holding Co. Ltd. raised its capital by US\$28 million.

In June 2008, both Taita Chemicals (Zhongshan) Co., Ltd. and Taita Chemicals (Tianjin) Co., Ltd. raised their capital by US\$12 million and US\$6 million respectively.

In the third quarter of 2008, the Company completed the debottlenecking project at its plants at Qianzhen, and Zhongshan in Mainland China, thus increasing the production capacity to 66,000 tons and 180,000 tons, respectively.

In 2008, the Company completed earnings capitalization for \$81,150,150, with the paid-in capital reaching \$2,786,155,240.

In 2011, the Company completed earnings capitalization for \$334,338,620, with its paid-in capital reaching \$3,120,493,860.

In 2012, the Company completed earnings capitalization for \$156,024,690, with its paid-in capital reaching \$3,276,518,550.

In May 2012, Taita Chemicals (Tianjin) Co., Ltd. completed earnings capitalization for US\$1.35 million.

In July 2012, Taita Chemicals (Zhongshan) Co., Ltd. raised its capital by US\$15 million.

In 2012, the Company completed the EPS debottlenecking project at the Tianjin plant in China and increased its production capacity to 134,000 tons.

In the first quarter of 2014, the Company completed the EPS debottlenecking project at the Linyuan Plant and increased its production capacity to 100,000 tons.

In 2018, the Company completed earnings capitalization of \$65,530,370, with paid-in capital reaching \$3,342,048,920.

In 2019, the Company completed earnings capitalization of \$10,261,460, with paid-in capital reaching \$3,442,300,380.

In 2020, the Company completed earnings capitalization for \$344,231,030, with its paid-in capital reaching \$3,786,541,410.

In February 2020, Taita (BVI) Holding Co. Ltd. raised its capital by US\$28 million.

In 2021, Zhangzhou Taita Chemical Co., Ltd. was established



Chapter 3. Corporate Governance Report

I. Organization

(I) Organizational Structure: Organizational Chart as of March 15, 2022

(II) Department Functions

Departments	Functions
General Manager	Overall management of the Company
Audit Division	<ol style="list-style-type: none"> 1. Taking charge of internal audits and work flows improvement 2. Evaluating the soundness and reasonableness of the Company's internal control systems, as well as the effectiveness of their implementations in all departments and divisions
Secretariat of the Board	<ol style="list-style-type: none"> 1. Planing and managing matters related to Board of Directors' meetings. 2. Handling matters related to Shareholders' meetings such as convening Shareholders' meetings, dealing with various announcements and reporting associated with Shareholders' meetings, preparing agenda handbooks and keeping information regarding shareholders present at Shareholders' meetings in accordance with the law. 3. Assisting in the promotion and compliance of regulatory affairs.
Corporate Governance	<ol style="list-style-type: none"> 1. Taking charge of all matters related to the Board meetings and shareholders' meetings in accordance with the law. 2. Taking charge of producing minutes for the Board meetings and shareholders' meetings. 3. Assisting directors taking office and facilitating continuous education and training. 4. Providing information required for the directors to conduct business. 5. Assisting directors in legal compliance. 6. Other matters stipulated in the Articles of Incorporation or the contract.
Mainland China General Manager's Office	In charge of all matters related to the manufacturing, R&D, storage, quality assurance, shipping coordination, maintenance of facility and equipment, occupational safety and environmental protection at the Zhongshan and Tianjin plants in Guangdong China.
ABS/PS Operations	<ol style="list-style-type: none"> 1. Manage matters related to the sale of ABS/PS 2. Manage operational matters related to domestic sale and export of ABS/PS. 3. Manage administrative affairs of the business unit.

Departments	Functions
ABS/PS Manufacturing	Linyuan Plant (ABS)/Qianzhen Plant (PS): Manufacturing, research and development, storage, quality control, shipping coordination, and maintenance of facilities and equipment, and occupational safety and environmental protection.
GW/Cubic Business Division	<ol style="list-style-type: none"> 1. Managing overall manufacturing, R&D, and sales of glasswool/cubic printing products 2. Managing overall sales of glasswool/cubic printing products 3. Managing overall production of glasswool/cubic printing products
Personnel Division	Taking charge of all personnel affairs of the Company.
Research and Development Division	Taking charge of the research and development of ABS/PS products.
Information Systems Division	Planing, building, developing, and managing various information systems and facilities
Procurement and Logistics Division	<ol style="list-style-type: none"> 1. Planning, reviewing and executing major procurement capital expenditures such as bulk raw materials, machinery and equipment. 2. Planning, supervising, and managing import/export, transportation, warehousing and customs-related affairs.
Facilities Preventive Maintenance and Environmental Risk Management	<ol style="list-style-type: none"> 1. Assisting the Group in establishing preventive maintenance systems at all plants. 2. Improving and enhancing existing equipment. 3. Managing and preventing facility malfunction 4. Routine/non-routine audit, advisory and training. 5. Planning and management of environment risk and technical supervision. 6. Planning and promoting compliance with laws related to energy conservation and carbon reduction; establishing related systems and framework for its compliance
Accounting Division	<ol style="list-style-type: none"> 1. Preparing financial statements and budgets, performing financial analysis to support senior management decisionmaking and formulation of strategies. 2. Establishing, evaluating and implementing accounting systems. 3. Tax planning and filing of tax returns. 4. Managing periodic disclosure and reporting of financial positions
Office of Chief Engineer	<ol style="list-style-type: none"> 1. Assisting, participating or taking charge of the construction of new plants 2. Assisting, participating or taking charge of the improvement of equipment in operation or partial processes 3. Integrating engineering personnel and system specifications.



Departments	Functions
Finance Division	<ol style="list-style-type: none"> 1. Fund dispatch and foreign exchange management. 2. Financing planning and financial investment. 3. Product insurance and claims settlement. 4. Customer credit granting and risk control. 5. Shareholders' affairs and compliance with laws and regulations. 6. Financial project planning and execution.
Human Resources Division	<ol style="list-style-type: none"> 1. Planning human resources strategies and policies. 2. Planning training and organizational development strategies. 3. Planning and administering compensation and benefits. 4. Providing employee services and general administration 5. Assisting offshore offices in organizational planning, personnel dispatch and training.
Legal Division	<ol style="list-style-type: none"> 1. Review of contracts and legal documents. 2. Handling of legal disputes. 3. Research on legal issues of special projects. 4. General legal advice. 5. Other matters related to legal affairs.
New Product Business	<ol style="list-style-type: none"> 1. Assisting in the formulation of marketing strategies for new businesses; establishing appropriate operating models. 2. Developing new products or acquiring new customers to increase revenue. 3. Integrating company resources and generating synergy to ensure the successful development of new businesses.
Planning Division	<ol style="list-style-type: none"> 1. Proposing a product tree as a future development plan according to the market and technology advantages and disadvantages of existing products and future investment products. 2. Overall economic tracking and analysis. 3. Conducting investigation and analysis of upstream industries and potential competitors. 4. Project coordination and follow-up
Office of Chief Technology Officer	Integrating product R&D and innovation of related enterprises of the Group.

II. Information Regarding Directors, Supervisors, President, Vice Presidents, Senior Managers, Heads of Departments and Branches

(I) Members of the Board of Directors

1. Information regarding members of the Board of Directors

March 29, 2022

Title (Note 1)	Nationality Place of Registration	Name	Gender Age	Date of election (appointment)	Term	Date First Elected (Note 2)	when Elected Shares held		Current Number of Shares Held		Shares Held by Spouse and Minor Children		Shares Held in the Name of Other Persons		Major Work Experience and Academic Qualifications (Note 3)	Titles held in the Company and other companies.	Managerial Officers, Directors or Supervisors Who Are Spouses or Relatives within Second- Degree Kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shares holding %	Number of Shares	Shares holding %			Title	Name	the Issuer	
Chairman and Chief Executive Officer	Taiwan (R.O.C.)	Union Polymer Int'l Investment Corp.	—	July 26, 2021	3 years	2003.6.3	126,634,858	36.79%	139,298,343	36.79%	—	—	0	0%	Chairman, USI	Note 6	None			Note 5
	Taiwan (R.O.C.)	Representative: Wu, Yi-Gui	Male 71-75 years			1997.3.1	—	—	0	0%	—	—	0	0%						
Director and President	Taiwan (R.O.C.)	Union Polymer Int'l Investment Corp.	—	July 26, 2021	3 years	2003.6.3	139,298,343	36.79%	139,298,343	36.79%	—	—	0	0%	Note 7	Note 8	None			
	Taiwan (R.O.C.)	Representative: Wu, Pei- Chi	Male 56-60years			2018.6.22	—	—	0	0%	0	0%	0	0%						
Director	Taiwan (R.O.C.)	USI Corporation	—	July 26, 2021	3 years	July 26, 2021	1,209,113	0.35%	1,338,240	0.35%	—	—	0	0%	Note 9	Director of USI Education Foundation	None			
	Taiwan (R.O.C.)	Representative: Ma, I- Kung	Female 71-75 years			2015.6.9	—	—	0	0%	—	—	0	0%						
Director	Taiwan (R.O.C.)	USI Corporation	—	July 26, 2021	3 years	July 26, 2021	1,338,240	0.35%	1,338,240	0.35%	—	—	0	0%	Master of Business Administration, University of Chicago (U.S.A.)	None	None			
	Taiwan (R.O.C.)	Representative: Ying, Bao- Luo	Male 71-75years			November 1, 2008	27,785	0.01%	30,563	0.01%	0	0%	0	0%						
Director	Taiwan (R.O.C.)	Taiwan Union International Investment Corporation	—	July 26, 2021	3 years	2018.6.22	15,166,663	4.41%	8,433,329	2.23%	—	—	0	0%	Department of Chemical Engineering, Chung Yuan Christian University; United Nylon Co., Ltd.; China Phosphate Co., Ltd.; and TSRC Corporation	Note 10	None			
	Taiwan (R.O.C.)	Representative: Ko, I-Shao	Male 71-75years			January 1, 2003	—	—	0	0%	0	0%	0	0%						

Title (Note 1)	Nationality Place of Registration	Name	Gender Age	Date of election (appointment)	Term	Date First Elected (Note 2)	when Elected Shares held		Current Number of Shares Held		Shares Held by Spouse and Minor Children		Shares Held in the Name of Other Persons		Major Work Experience and Academic Qualifications (Note 3)	Titles held in the Company and other companies.	Managerial Officers, Directors or Supervisors Who Are Spouses or Relatives within Second- Degree Kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shares holding %	Number of Shares	Shares holding %			Title	Name	the Issuer	
Independent Director	Taiwan (R.O.C.)	Tien-Wen Chen	Male 61-65years	July 26, 2021	3 years	2015.6.9	0	0%	0	0%	0	0%	0	0%	Note 11	Note 12	None			
Independent Director	Taiwan (R.O.C.)	Wei, Yung-Tu	Male 76-80years	July 26, 2021	3 years	July 26, 2021	0	0%	0	0%	0	0%	0	0%	Master of Enterprise from George University, President of Deloitte & Touche, and Chairman of United Way of Taiwan °	Note 13	None			
Independent Director	Taiwan (R.O.C.)	Kuo-Hsiang, Li	Male 61-65years	July 26, 2021	3 years	July 26, 2021	0	0%	0	0%	0	0%	0	0%	Note 14	Note 15	None			
Independent Director	Taiwan (R.O.C.)	Juan, Chi-Yin	Male 61-65years	July 21, 2021	3 years	2017.6.16	0	0%	0	0%	—	—	0	0%	Note 16	Note 17	None			

Note1: In the case of institutional shareholders, their names and representatives should be stated (for representatives, the names of institutional shareholders they represent should be indicated respectively) and filled in Table 1.

Note 2: Please list the actual age, and it can be expressed by interval, such as 41-50 years old or 51-60 years old.

Note3: Any disruption of duty as a director or supervisor after the date he/she is elected shall be included in a separate note.

Note4: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the seats for independent directors, or more than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers).

The Company appoints the same person to serve as the Chairman and CEO of the Company due to overall business operations. We rely on the Chairman's insight for business operations to manage business decisions and improve operational efficiency. More than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers. The Company also appoints Deloitte & Touche Taiwan to perform audits and established the Audit Committee, Remuneration Committee, Corporate Social Responsibility Committee, and Corporate Governance Team to strengthen corporate governance and continues to implement rigorous internal control mechanisms to reduce operational risks.

Note 6: Chairman: USI, CGPC, APC, TTC, Acme Electronics Corporation, Union Polymer, USI Optronics Corporation, Swanson Plastic Corporation, Swanson Technologies Corporation, Chong Loong Trading, USI Investment, CGPC Polymer Corporation, APC Investment, TUVV, USI Management Consulting, TUVV, Acme (Cayman), USI Educational Foundation, Fujian Gulei Petrochemical Company.

Director: Taiwan VCM Corporation, USI (Hong Kong), Swanlake, USI International Corporation, Acme Components (Malaysia) Sdn. Bhd., Forever Young Co., Ltd., Curtana Co., Ltd., Swanson Plastics (Singapore) Pte. Ltd., Swanson Plastics (Malaysia) Sdn. Bhd., Swanson International, Swanson Plastics (India) Private Limited, Swanson

Plastics (Kunshan) Co., Ltd., Golden Amber Enterprises, Acme Electronics (BVI) Corporation, Acme Electronics (Kunshan) Co., Ltd., Acme Electronics (Guangzhou) Co., Ltd., Forum Pacific Trading Ltd., Taita (BVI) Holding Co., APC (BVI) Holding Co. Ltd., CGPC (BVI) Holding Co., Ltd., CGPC America Corporation, A.S. Holdings (UK) Limited, ASK-Swanson (Kunshan) Co., Ltd., Acme Ferrite Products Sdn. Bhd., Swanson Plastics (Tianjin) Co., Ltd., Cypress Epoch Limited, Ever Conquest Global Limited, Ever Victory Global Limited, Dynamic Ever Investments Limited, USIG (Shanghai) Co., Ltd., PT. Swanson Plastics Indonesia, USIGE, USI(zhangzhou), Yu-Tao Investment, Da-Sheng Venture Capital, Da-Sheng One Yi VC, CTCI Group

President: Union Polymer, USI Management Consulting, Dynamic Ever Investments, Ever Victory Global

Chief Executive Officer: USI, APC, CGPC, TTC, Acme Electronics Corporation and USI Optronics Corporation

Executive Director: Chinese National Federation of Industries

Note 7: General Manager of Thermoset Materials Division in Asia Pacific, and Director of Basic Plastic Sales in Greater China, Dow Chemical; Sales Engineer, Taiwan Branch, ESSO

Note 8: TTC (Zhongshan), TTC (Tianjin), USI Trading (Shanghai) Co., Ltd.

Dynamic Ever Investments Ltd., Ever Victory Global Limited, Ever Conquest Global Limited, Taita (BVI) Holding Co., Ltd., APC (BVI) Holding Co., Ltd., USI International Corporation, Cypress Epoch, APC, CGTD, APC Investment, Chong Loong Trading, Swanson Plastic Corporation, Swanson Technologies Corporation, INOMA Corporation, USI Educational Foundation, TUVV, TUVV, Formosa (Shanghai)

Supervisor: USI Optronics Corporation

General Manager: TTC, Asia Polymer Corporation, and USI Trading (Shanghai) Co., Ltd.

Note 9: Master of City and Regional Planning, Rutgers, the State University of New Jersey (U.S.A.); member of the Third and Fourth Session of the Control Yuan, Taiwan (R.O.C.); member of the Council of Cultural Affairs, Executive Yuan, Taiwan (R.O.C.); member of the Environmental Impact Assessment Committee under the Environmental Protection Administration, Taiwan (R.O.C.); and Distinguished Professor, Department of Landscape Architecture, Chung Hua University

Note 10: Zhenjiang Union Chemical Industry Co., Ltd., Zhongshan Unicizers Industrial Co., Ltd., Zhuhai Unicizers Industrial Co., Ltd., Taizhou Union Chemical Industry Co., Ltd., Taizhou Union Logistics Co., Ltd., Taizhou Union Plastics Industry Co., Ltd., Taiwan Union International Investment, Jiangsu Union Logistics Co. Ltd., Guangdong Union Logistics Co., Ltd., Panjin Union Chemical Industrial Co., Ltd., Panjin Union Logistics Co., Ltd., Panjin Union Materials Industry Co., Ltd., Nanchong Unicizers Industrial Co., Ltd., Sichuan Logistics Co., Ltd., Wei-Chen Investment

Executive Director: Zhenjiang Lianju

Director: APC, CGTD, UPC Group, Lien-Cheng VC, Lien-Hwa United LPG, UPC CHEMICALS (MALAYSIA) SDN.BHD, UPCM TRADING (THAILAND) COMPANY LIMITED, UPCM TRADING (VIETNAM) COMPANY LIMITED, APC (BVI) Holding Co., Ltd., Taita (BVI) Holding Co., Ltd.

President: UPC Group, Zhenjiang Union Chemical Industry Co., Ltd., Zhongshan Unicizers Industrial Co., Ltd., Zhuhai Unicizers Industrial Co., Ltd., Zhongshan Union Trading Co., Ltd., Taizhou Union Chemical Industry Co., Ltd., Taizhou Union Logistics Co., Ltd., Taizhou Union Plastics Industry Co., Ltd., Jiangsu Union Logistics Co. Ltd., Guangdong Union Logistics Co., Ltd., Panjin Union Chemical Industrial Co., Ltd., Panjin Union Logistics Co., Ltd., Panjin Union Materials Industry Co., Ltd., Nanchong Unicizers Industrial Co., Ltd. and Sichuan Logistics Co., Ltd.

Note 11: Master of Business Administration, University of Southern California (U.S.A.); Sales Manager, JP Morgan Chase Bank (U.S.A.); Vice President and Taiwan representative, Merrill Lynch (U.S.A.); founder and Chairman, affiliated companies (Capital Investment Management Corporation, Capital Investment Trust Corporation and Capital Futures Corporation) of the Capital Group (Taiwan); and Director, Cathay Financial Holding Co. Ltd.

Note 12: Chairman: Chia Shih Construction Co., Ltd

Independent Director: Taiwan Secom Co., Ltd., Yeong Guan Holdings Co., Limited

Consultant: Chinese National Association of Industry and Commerce, Taiwan

Note 13: Chairman: YCSY Co., Ltd.

Directors: Vanguard International Semiconductor Corporation, MiTAC Holdings Corporation, IRON FORCE INDUSTRIAL CO., LTD.

Independent Directors: Cathay Financial Holdings, Cathay United Bank, Cathay General Securities, Cathay Securities Corporation and Far Eastern Department Stores Ltd.

Note 14: Master of Business Administration from the University of Chicago, Bachelor of Electrical Engineering from National Taiwan University, Chairman of the 2nd Taipei Cosmetics Industry Association, Chairman of YPO of Taipei Young Presidents Association, Chairman of the 11th and 12th Taiwan Cosmetics Industry Association, 6th Supervisor, 7th/8th Director and 9th/10th Supervisor of the Chinese National Federation of Industries.

Note 15: Chairman: Taiwan Province Shiseido, FLELIS INTERNATIONAL INC., and Huazizhuangye.

Supervisor: Chinese National Federation of Industries

Note 16: JD, Rutgers University Law School, Tsar & Tsai Law Firm, Baker McKenzie, VP, Chief Legal Officer, and senior advisor at MiTac International Corp.

Note 17: President of the Taiwan Technology Industry Legal Officers Association; Associate Professor, Soochow University



2. Major shareholders of institutional shareholders

Current year as of March 29th, 2022

Name of Institutional Shareholders (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)	Percentage of Shares Held
Union Polymer International Investment Corporation	USI Corporation	100.00%
USI Corporation	USI Corporation	100.00%
Taiwan Union International Investment Corporation	UPC Technology Corporation	100.00%

Note 1: If the director or supervisor is a legal person, the name of the institutional shareholder shall be disclosed.

Note 2: Fill in the names of the major shareholders of these institutional shareholders (include top 10 major shareholders by shareholding percentage) and their shareholding percentages. If the major shareholder is an institution, the information shall be furnished in Table 2 below.

Note 3: Where an institutional shareholder is not organized as a company, the shareholder name and shareholding ratio required above shall be the name of the funder or donor and the funding or donation ratio.

3. Major Shareholders for Institutional Shareholders

Current year as of March 29th, 2022

Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)	Percentage of Shares Held
USI Corporation	Shing Lee Enterprise (Hong Kong) Limited	14.62%
	Wholegainer Company Limited' investment account is under custody of Fubon Securities Co., Ltd.	9.25%
	Asia Polymer Corporation	8.53%
	Fubon Life Insurance Co., Ltd.	4.00%
	Yueh Hsing Hua Investment Co., Ltd.	1.73%
	Lin-Shu, Shan-Shan	1.67%
	Tai-Hsing Investment Co.	1.50%
	Yu, Wen-Hsuan	1.41%
	Yu, Wen-Tsung	1.41%
	Yu, Wen-Yu	1.41%
UPC Technology Corporation	Lien Hwa Industrial Holdings Corp.	31.46%
	Synnex Technology International Corporation	5.11%
	Yi Yuan Investment Co., Ltd.	1.59%
	Liberty Stationery Corporation	1.53%
	Mei An Investment Co., Ltd.	1.35%
	Tsu Feng Investment Co., Ltd.	1.29%
	MiTac International Corp.	1.20%
	Pornchai Engineering & Trading Company Limited	1.11%
	Tung Ta Investment Co., Ltd.	1.07%
	Yi Feng Investment Co., Ltd.	0.97%

Note 1: If the major shareholder in Table 1 above is a legal person, the name of the legal person shall be provided.

Note 2: Fill in the names of the major shareholders of these institutional shareholders (include top 10 major shareholders by shareholding percentage) and their shareholding percentages.

Note 3: Where an institutional shareholder is not organized as a company, the shareholder name and shareholding ratio required above shall be the name of the funder or donor and the funding or donation ratio.

4. Information regarding members of the Board of Directors

(1) Information disclosure of professional qualifications of directors and supervisors and independence of independent directors:

Name	Professional Qualifications and Experiences	Status of Independence	Number of companies in which the Directors also serves concurrently as an Independent Director
Wu, Yi-Gui	<p>(1) At present, he is the chairman and CEO of USI and a number of affiliated enterprises, and has the working experience in the professional field of company operation management and directly supervising the financial supervisor and accounting supervisor.</p> <p>(2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p>	N/A	N/A
Ma, I-Kung	<p>(1) Previously a member of the Board of Supervisors and currently a director of the Education Foundation, with expertise in corporate governance and corporate sustainability.</p> <p>(2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p>		
Wu, Pei-Chi	<p>(1) At present, he is the general manager of our company and Asia Polymer (stock) Corporation, and has the working experience of in the professional field of company operation management.</p> <p>(2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p>		
Ying, Bao-Luo	<p>(1) He has served as the general manager of the company, and other foreign companies and has the working experiences in international business management.</p> <p>(2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p>		



Ko, I-Shao	<p>(1) At present, he is the general manager of UPC Technology (Stock) Co., Ltd., and has professional experiences in the Chemical field</p> <p>(2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p>		
Tien-Wen Chen	<p>(1) He once served as the chairman of the affiliated enterprise of affiliated companies, and now he is the chairman of Chia Shih Construction Co., Ltd., and has the working experience in the professional field of company operation management.</p> <p>(2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p>	During the two years before the election and during the term of office, there was no circumstance mentioned in Paragraph 1 of Article 3 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to Be Observed.	2
Wei, Yung-Tu	<p>(1) He once served as the president of Deloitte & Touche, and had acquired CPA and experience of professional financial and accounting field.</p> <p>(2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p>		3 (Note)
Li, Kuo-Hsiang	<p>(1) He is the chairman of Shiseido Company of Taiwan Province, and has the working experience in the professional field of company operation management.</p> <p>(2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p>		0

Juan, Chi-Yin	<p>(1) At present, he is an associate professor in the Institute of Science and Technology Law of Soochow University. He once served as deputy general manager, chief legal officer and senior consultant of Mitac International Corporation, and has experience in legal affairs.</p> <p>(2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p>		0
---------------	--	--	---

Note: Wei, Yong-Du, an independent director, is also an independent director of four other public companies, three of which are Cathay Financial Holdings and its 100%-owned Cathay United Bank and Cathay Securities Corporation. According to Article 4 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to Be Observed, if the public company concurrently holds all the shares of a financial holding company, and if it holds more than one position, the number of concurrent positions will be counted as the number of concurrent positions. Therefore, the rule that the number of concurrent positions should not exceed three is not violated when calculated according to this regulation.

(2) Diversity and Independence of the Board of Directors

(2.1) Diversity of the Board of Directors:

According to Article 20 of the Company's Corporate Governance Best Practice Principles, diversity shall be considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To fulfill the goals of corporate governance, the Board of Directors shall possess the following competencies:

- I. Business judgment
- II. Accounting and financial analysis
- III. Business management
- IV. Crisis management
- V. Knowledge of the industry.
- VI. International market perspective.
- VII. Leadership.
- VIII. Decision-making

In addition to the eight competencies listed above, the Company added legal and environmental capabilities to the list in light of growing global attention on



corporate governance issues and environmental protection, as well as the pressing need for diversified professional skillsets in the Board. At present, existing members of the Board of Directors possess the knowledge, skills, and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, laws and environmental protection.

The current director was elected on July 26, 2021. Among the two new directors, Wei, Yong-Du is an independent director with an MBA degree from George University in the United States. He once served as the president of Deloitte & Touche, with accounting professional qualification or relevant financial management expertise; Kuo-Hsiang, Li, an independent director, holds an MBA degree from the University of Chicago, USA, is currently the chairman of Taiwan Shiseido Co., Ltd., and has the ability of operation and management, international market and leadership decision-making. Both new directors are helpful to improve the quality of the board of directors' review proposals and achieve the goal of implementing the policy of diversity of directors.

The Company plans to add a new director with legal expertise to further its board diversity goal. Preferrably the role will be filled by an individual with an attorney's license who specializes in technology laws and practices to strengthen the protection of the Company's patent rights. The Company also plans to add another director who specializes in risk management to increase the Company's sustainability. The goal of board diversification is to include directors with legal, risk management, or other specialties in the board, to further enhance the functional effectiveness of the Board.

(2.2) Independence of the Board of Directors :

The term of office of independent directors of the Company is 6 years for Chen, Tian-Wen, 4 years for Yuan, Chi-Yin, less than 1 year for Wei, Yong-Du and Li, Kuo-Hsiang, and all independent directors have no more than 3 consecutive terms. The directors are all nationals, and the composition structure accounts for 44% of the four independent directors respectively; 2 directors with employee status 22%. The current board members include one female member, accounting for 11% of the board members. The age distribution range of directors includes 1 director aged 51-60, 3 directors aged 61-70 and 5 directors aged 71-80. Not a spouse or relative of second degree or closer to any other directors.

(II) President, Vice Presidents, Senior Managers, Heads of Departments and Branches

March 29, 2022 Unit: Shares

Title (Note 1)	Nationality	Name	Gender	Date of Election	Shares held		Shares held by Spouse & Minor Shareholding		Shares Held in the Name of Other Persons		Major Work Experience and Academic Qualifications (Note 2)	Concurrent positions in other companies	Concurrent positions in other companies	Managerial Officers who are Spouses or Within Second Degrees of Kinship			Remarks (Note 3)
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio				Title	Name	Relationship	
Chief Executive Officer	Taiwan (R.O.C.)	Wu, Yi-Gui	Male	2009.9.1	0	0.00%	—	—	0	0.00%	Chairman, USI	Note 4		None	None	None	
General Manager	Taiwan (R.O.C.)	Wu, Pei-Chi	Male	2017.12.22	0	0.00%	0	0.00%	0	0.00%	Note 5	Note 6		None	None	None	
Executive Vice President	Taiwan (R.O.C.)	Yen, Tai-Ming	Male	2015.7.6	0	0.00%	0	0.00%	0	0.00%	EMBA, National Sun Yat-sen University (Taiwan)	Director and President: TTC (Zhongshan) Taita Chemical (Tianjin) Co., Ltd.		None	None	None	
Corporate Governance Officer	Taiwan (R.O.C.)	Chen, Yung-Chih	Male	2019.5.9	0	0.00%	0	0.00%	0	0.00%	Dr.iur, University of Munich, Germany Experience (Note 7)	(Note 8)		None	None	None	
Supervisor of Accounting Department	Taiwan (R.O.C.)	Lin, Chin-Tsai	Male	2001.4.17	0	0.00%	0	0.00%	0	0.00%	Department of Statistics, National Cheng Kung University	Accounting manager Taiwan VCM Corporation		None	None	None	
Supervisor of Finance Department	Taiwan (R.O.C.)	Chuang, Kai-Hui	Female	2015.4.24	0	0.00%	0	0.00%	0	0.00%	Master of Finance, University of Houston (U.S.A.)	None		None	None	None	

Note 1: Information regarding General Manager, Deputy General Manager, senior managers, managerial officers of departments and branches shall be included, whereas information regarding positions equivalent to General Manager, Deputy General Manager or senior managers shall be disclosed regardless of job title.

Note 2: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

Note 3: when the general manager or person holding the equivalent post (top manager) and the chairman of the board are the same person, spouse or relative of first degree, the reasons, rationality, necessity and

corresponding measures (such as increasing the number of independent directors, and the way that more than half of the directors are not employees or managers) shall be disclosed. The Company appoints the same person to serve as the Chairman and CEO of the Company due to overall business operations. We rely on the Chairman's insight for business operations to manage business decisions and improve operational efficiency. More than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers. The Company also appoints Deloitte & Touche Taiwan to perform audits and established the Audit Committee, Remuneration Committee, Corporate Social Responsibility Committee, and Corporate Governance Team to strengthen corporate governance and continues to implement rigorous internal control mechanisms to reduce operational risks.

Note 4: Chairman: USI, CGPC, APC, TTC, Acme Electronics Corporation, Union Polymer, USI Optronics Corporation, Swanson Plastic Corporation, Swanson Technologies Corporation, Chong Loong Trading, USI Investment, CGPC Polymer Corporation, APC Investment, TUVU, USI Management Consulting, TUVU, Acme (Cayman), USI Educational Foundation, and Fujian Gulei Petrochemical.

Director: Taiwan VCM Corporation, INOMA Corporation, USI (Hong Kong), Swanlake, USI International Corporation, Acme Components (Malaysia) Sdn. Bhd., Forever Young Co., Ltd., Curtana Co., Ltd., Swanson Plastics (Singapore) Pte. Ltd., Swanson Plastics (Malaysia) Sdn. Bhd., Swanson International, Swanson Plastics (India) Private Limited, Swanson Plastics (Kunshan) Co., Ltd., Golden Amber Enterprises, Acme Electronics (BVI) Corporation, Acme Electronics (Kunshan) Co., Ltd., Acme Electronics (Guangzhou) Co., Ltd., Forum Pacific Trading Ltd., Taita (BVI) Holding Co., APC (BVI) Holding Co. Ltd., CGPC (BVI) Holding Co., Ltd., CGPC America Corporation, A.S. Holdings (UK) Limited, ASK-Swanson (Kunshan) Co., Ltd., Acme Ferrite Products Sdn. Bhd., Swanson Plastics (Tianjin) Co., Ltd., Cypress Epoch Limited, Ever Conquest Global Limited, Ever Victory Global Limited, Dynamic Ever Investments Limited, USIG (Shanghai) Co., Ltd., PT. Swanson Plastics Indonesia, Emerald Investment Corporation, KHL Venture Capital Co., Ltd., KHL IB Venture Capital Co., Ltd. and CTCI Group

President: Union Polymer, USI Management Consulting, Dynamic Ever Investments, Ever Victory Global

Chief Executive Officer: USI, APC, CGPC, Acme Electronics Corporation and USI Optronics Corporation

Executive Director: Chinese National Federation of Industries

Note 5: General Manager of Thermoset Materials Division in Asia Pacific, and Director of Basic Plastic Sales in Greater China, Dow Chemical; Sales Engineer, Taiwan Branch, ESSO

Note 6: TTC (Zhongshan), TTC (Tianjin), USI Trading (Shanghai) Co., Ltd.

Dynamic Ever Investments Ltd., Ever Victory Global Limited, Ever Conquest Global Limited, Taita (BVI) Holding Co., Ltd., APC (BVI) Holding Co., Ltd., USI International Corporation, Cypress Epoch, APC, CGTD, APC Investment, Chong Loong Trading, Swanson Plastic Corporation, Swanson Technologies Corporation, INOMA Corporation, USI Educational Foundation, TUVU, TUVU, Formosa (Shanghai)

Supervisor: USI Optronics Corporation

General Manager: Asia Polymer Corporation, and USI Trading (Shanghai) Co., Ltd.

Note 7: Director, Legal Department, Lite-On Technology Corporation; Attorney, Winkler Partners; Independent Director, Chipsip Technology Co., Ltd.; Arbitrator, Chinese Arbitration Association, Taipei

Note 8: Independent Director: Man Zai Industrial Co., Ltd.

Independent Director: CGPC (Zhongshan) and RD&D Cold Logistics Co., Ltd.

Supervisor: CGPC (Zhongshan), Formosa (Shanghai), USI Investment, APC Investment, Chong Loong Trading, Swanson Plastic Corporation, TUVU, TUVU, INOMA Corporation, Union Polymer International Investment, Cerebra Technologies, FiduciaEdge Technology

Corporate governance officer: USI, APC, CGPC, Acme Electronics Corporation

(III) Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the seats for independent directors, or more than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers).

The Company appoints the same person to serve as the Chairman and CEO of the Company due to overall business operations. We rely on the Chairman's insight for business operations to manage business decisions and improve operational efficiency.

More than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers. The Company also appoints Deloitte & Touche Taiwan to perform audits and established the Audit Committee, Remuneration Committee, Corporate Social Responsibility Committee, and Corporate Governance Team to strengthen corporate governance and continues to implement rigorous internal control mechanisms to reduce operational risks.

III. Remuneration of Directors, Supervisors, President, and Vice Presidents

If any of the following applies to a Company, the name of the Director or Supervisor involved and the remuneration paid to him/her shall be disclosed. For the remaining Directors or Supervisors, the Company may opt to either disclose information in aggregate remuneration with their names indicated in each numerical range or disclose their names and method of remuneration individually (If the latter is chosen, please fill their positions, names and remuneration amounts individually. The Company shall not need to fill the table for ranges of remuneration):

1. Where it was a loss after tax in the parent company only or individual financial statements in the last three years, the name and remuneration of individual "Directors and Supervisors" shall be disclosed; provided that it is net income after tax in the parent company only or individual financial statements in the most recent

year, and the said net income is sufficient to make up for the accumulated losses.

2. A Company with Directors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual Directors. A Company with Supervisors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual Supervisors.
3. A Company with an average ratio of shares pledged by Directors or Supervisors that exceeds 50 percent in any three (3) months during the most recent fiscal year shall disclose the remuneration paid to each individual Director or Supervisor who owns a ratio of shares pledged that exceeds 50 percent for each of these three months.
4. If the total amount of remuneration received by all the directors and supervisors of a company from all the companies listed in its financial statements exceeds two (2) percent of its net income after taxes, and the amount of remuneration received by any individual director or supervisor exceeds NT\$15 million, the company shall disclose the amount of remuneration paid to individual directors or supervisors. (Description: The remuneration of Directors and Supervisors is calculated based on "Remuneration of Directors" plus "Remuneration of Supervisors" as in the Appendix excluding any remuneration received as concurrent employees.)
5. Any result of evaluation made on corporate governance in the most recent year is in the last level, or any trading method changes, any trading or marketing stops, or any evaluation is rejected by the Corporate Governance Evaluation Committee in the most recent year as of the publication date of this Annual Report as a listed company.
6. The average annual salary of a full-time employee of a listed company who does not hold a managerial position in the most recent year has not reached NT\$500,000.

If the circumstance in sub-item "(I)" or in sub-item "(V)" of the preceding item applies to a company listed on the TWSE or the TPEX, it shall disclose the individual remuneration paid to each of its top five management personnel (e.g., General Manager, Deputy General Managers, Chief Executive Officer, or Chief Financial Officer).

- Please describe the independent directors' remuneration policies, systems, standards and structure, and the relationship between the remuneration and the responsibilities, risks, and time spent:
Independent Directors are remunerated according to the remuneration policies and guidelines and the Articles of Incorporation. The level of remuneration is dependent upon the degree of participation and contribution of the independent directors, with reference to the industry median. It shall be distributed after submitted to and approved by the Remuneration Committee and adopted by the Board of Directors. Independent Directors do not receive other compensation except for the fixed remuneration.
- In addition to the information disclosed in the table above, remuneration paid to any director who has provided his/her services (such as consulting services in a non-employee capacity) to all the companies listed in the company's financial statements in the most recent fiscal year: None.
- General re-election of shareholders was held on July 26, 2021, independent director Ma, Yi-Gong was re-elected as director, Wei, Yong-Tuk and Li, Kwok-Cheung were newly elected independent directors, while Liu, Han-Tai and Liu, Zhen-Tu's were term expired.

Range of remuneration

Range of Remuneration Paid to the Directors of the Company	Names of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All the Companies Included in the Financial Statements (Note 9) H	The Company (Note 8)	The parent company and reinvestment businesses (Note 9) I
Under \$1,000,000	Wu, Yi-Gui / Wu, Pei-Chi / Liu, Han-Tai Liu, Zhen-Tu / Ko, I-Shao / Wei, Yung-Tu / Li, Kuo-Hsiang	Wu, Yi-Gui / Wu, Pei-Chi / Liu, Han-Tai Liu, Zhen-Tu / Ko, I-Shao / Wei, Yung-Tu / Li, Kuo-Hsiang	Liu, Han-Tai / Liu, Chen-Tu Ko, I-Shao / Wei, Yung-Tu / Li, Kuo-Hsiang	Liu, Zhen-Tu / Ko, I-Shao Wei, Yung-Tu / Wei / Li, Kuo-Hsiang
\$1,000,000 (inclusive) to \$2,000,000 (exclusive)	Chen, Tien-Wen / Ma, Yi-Kung / Juan, Chi-Yin / Ying, Bao-Luo	Chen, Tien-Wen / Ma, Yi-Kung / Juan, Chi-Yin / Ying, Bao-Luo	Chen, Tien-Wen / Ma, Yi-Kung / Juan, Chi-Yin / Ying, Bao-Luo	Chen, Tien-Wen / Ma, Yi-Kung / Juan, Chi-Yin / Ying, Bao-Luo
\$2,000,000 (inclusive) to \$3,500,000	-	-	-	-
\$3,500,000 (inclusive) to \$5,000,000	-	-	-	-
\$5,000,000 (inclusive) to \$10,000,000	-	-	Wu, Yi-Gui / Wu, Pei-Chi	Liu, Han-Tai / Wu, Pei-Chi
\$10,000,000 (inclusive) to \$15,000,000	-	-	-	-
\$15,000,000 (inclusive) to \$30,000,000	-	-	-	Wu, Yi-Gui
NT\$30,000,000 (inclusive) to	-	-	-	-
NT\$50,000,000 (inclusive) to	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	\$6,556 thousand	\$6,556 thousand	\$19,494 thousand	\$49,534 thousand

Note 1: The names of Directors shall be listed separately (for institutional shareholders, their names and the names of their representatives shall be listed separately) and the amount of remuneration paid to them shall be disclosed collectively. This table and table (3-1), or tables (3-2-1) and (3-2-2) below shall be filled out if a Director concurrently serves as the

General Manager or Deputy General Manager.

Note 2: Remuneration received by Directors in the most recent year (including salaries, job-related allowances, severance, bonuses, and rewards).

Note 3: The amount of compensation approved by the Board of Directors and distributed to the Directors in the most recent fiscal year.

Note 4: Business expenses paid to the directors in the most recent fiscal year (including services and goods provided such as transportation, special allowances, various allowances and accommodation). If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note.

Note 5: Salary, job-related allowances, severance pay, various bonuses, incentives, transportation allowances, special allowance, various allowances, accommodation allowance and vehicle received by Directors who concurrently serve as employees (including General Manager, Deputy General Manager, other managerial officers, and employees) in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. Furthermore, any compensation recognized in the IFRS 2 section of "Share-Based Payment," including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration. The Company provided a company car to the General Manager. The cost of the vehicle was NT\$2,013,000, the book value at the end of 2021 was \$470 thousand, the driver's salary was \$596 thousand, and fuel expenses were \$144 thousand.

Note 6: For Directors concurrently serving as employees (including the General Manager, Deputy General Manager, other managerial officers and employees) who receive employee rewards (including shares and cash), the amount of employee rewards that have been approved by the Board of Directors and are distributed to them in the most recent fiscal year shall be disclosed. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.

Note 7: Total remuneration in various items paid out to the Company's Directors by all companies (including this Company) listed in the consolidated statement shall be disclosed.

Note 8: The name of each director should be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the director by the company.

Note 9: The total amount of all the remuneration paid to each general manager and deputy general manager of the company by all the companies (including the company) listed in its consolidated financial statements should be disclosed. The name of each general manager and deputy general manager should be disclosed in the range of remuneration corresponding to the total amount mentioned in the preceding sentence.

Note 10: Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company-only or individual financial statements in the most recent fiscal year.

Note 11: a. This field should clearly indicate the amount of remuneration received by the Company's general manager or vice general manager from a reinvestment business other than a subsidiary or the parent company (if not, please fill in "none").

b.If a Director of the Company receives remuneration from reinvestment businesses other than subsidiaries or the parent company, the amount of remuneration received by the director from reinvestment businesses other than subsidiaries or the parent company shall be combined into Column I of the table for ranges of remuneration, and this column shall be renamed as "Parent Company and All Reinvestment Businesses".

c.The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by the directors, serving as a director, supervisor or manager of a reinvestment business or parent company of the Company other than subsidiaries.

* The content of compensation disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

Note 12: General re-election of shareholders was held on July 26, 2021, independent director Ma, Yi-Gong was re-elected as director, Wei, Yong-Tuk and Li, Kwok-Cheung were newly

elected independent directors, while Liu, Han-Tai and Liu, Zhen-Tu's were term expired.

2. Not applicable for the Company has an Audit Committee, which replaces the functions of supervisors.

3. Remuneration Paid to General Manager and Deputy General Manager

Unit: NT\$ thousand

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonus and Special Allowance (C) (Note 3)		Employee Rewards (D) (Note 4)				Sum of A, B, C and D in proportion to Earnings After Tax (%) (Note 8)		Remuneration received from non-subsidary reinvestment businesses or from the parent company (Note 9)
		The Company	All the Companies Included in the Consolidated Financial Statements (Note 5)	The Company	All the Companies Included in the Consolidated Financial Statements (Note 5)	The Company	All the Companies Included in the Consolidated Financial Statements (Note 5)	The Company		All the Companies Included in the Consolidated Financial Statements (Note 5)		The Company	All the Companies Included in the Consolidated Financial Statements	
								Cash Amount	Share Value	Cash Amount	Share Value			
Chief Executive Officer	Wu, Yi-Gui	8,345	8,345	216	216	10,272	10,272	181	0	181	0	19,014 1.03%	19,014 1.03%	22,493
General Manager	Wu, Pei-Chi													
Vice President	Yen, Tai-Ming													

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

Range of remuneration

Range of remuneration paid to the General Manager and Deputy General Managers of the Company	Names of General Manager or Deputy General Manager	
	The Company (Note 6)	The parent company and reinvestment businesses (Note 7) E
Under \$1,000,000	-	-
\$1,000,000 (inclusive) to \$2,000,000 (exclusive)	-	-
\$2,000,000 (inclusive) to \$3,500,000 (exclusive)	-	-
\$3,500,000 (inclusive) to \$5,000,000 (exclusive)	-	-
\$5,000,000 (inclusive) to \$10,000,000 (exclusive)	Wu, Yi-Gui /Wu, Pei-Chi/ Yen, Tai-Ming	Wu, Pei-Chi/ Yen, Tai-Ming
\$10,000,000 (inclusive) to \$15,000,000 (exclusive)	-	-
\$15,000,000 (inclusive) to \$30,000,000 (exclusive)	-	Wu, Yi-Gui
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000	-	-
Total	\$19,014 thousand	\$41,507 thousand

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

Note 2: Fill in the salary, job-related allowances and severance pay received by the General Manager and Deputy General Manager in the most recent fiscal year.

Note 3: Fill the amount of various bonuses, incentives, transportation allowances, special allowance, various allowances, accommodation, and vehicle received by the General Manager and Deputy General Managers in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. Furthermore, any compensation recognized in the IFRS 2 section of "Share-Based Payment," including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration. A company car is provided to the General Manager and housing facility is provided to the Deputy General Manager. The housing rent for 2021 totaling at \$546 thousand has been included in the salary, bonus, and special allowance in the table above. The cost of the business vehicle was \$2,013 thousand and the book value as of the end of 2021 was \$470 thousand. The salary of the driver was \$596 thousand and the fuel expenses amounted to \$445 thousand.

Note 4: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the General Manager and Deputy General Manager in the most recent fiscal year. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3. Net profit refers to the after-tax net income for the most recent fiscal year; for those that have already adopted the IFRS principles, net profit refers to the after-tax net income in individual or Consolidated Financial reports for the most recent fiscal year.

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

Note 6: The name of each General Manager and Deputy General Manager should be disclosed in the range of remuneration corresponding to the amount paid to the General Manager and Deputy General Manager by the Company.

Note 7: The total amount of all the remuneration paid to each general manager and deputy general manager of the company by all the companies (including the company) listed in its consolidated financial statements should be disclosed. The name of each general manager and deputy general manager should be disclosed in the range of remuneration corresponding to the total amount mentioned in the preceding sentence.

Note 8: Net profit refers to the after-tax net income for the most recent fiscal year; for those that have already adopted the IFRS principles, net profit refers to the after-tax net income in individual or Consolidated Financial reports for the most recent fiscal year.

Note 9: This field should clearly indicate the amount of remuneration received by the Company's general manager or vice general manager from a reinvestment business other than a subsidiary or the parent company (if not, please fill in "none").

b. If the General Manager or Deputy General Managers of the Company receive remuneration from reinvestment businesses other than subsidiaries or the parent company, the remuneration received by the General Manager or Deputy General Managers of the Company from reinvestment businesses other than subsidiaries or the parent company shall be included in Column E in the Range of Remuneration Table, and the column shall be renamed "Parent Company and All Reinvestment Businesses."

c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by the General Managers and Deputy General Managers serving as a director, supervisor or manager of a reinvestment business or parent company of the Company other than subsidiaries.

* The content of compensation disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.



4. Remuneration paid to the five officers with the highest remuneration (disclosure of the names and remuneration method of individual officers):

5. Name of managerial officers who distribute employee bonuses and the situation of distribution

Unit: NT\$ thousand

	Title (Note 1)	Name (Note 1)	Share Value	Cash Amount	Total	Total remuneration in proportion to Earnings After Tax (%)
Managers	Chief Executive Officer	Wu, Yi-Gui	0	181	181	0.01%
	General Manager	Wu, Pei-Chi				
	Vice President	Yen, Tai-Ming				
	Corporate Governance Officer	Chen, Yung-Chih				
	Supervisor of Accounting Department	Lin, Chin-Tsai				
	Supervisor of Finance Department	Chuang, Kai-Hui				

Note 1: Names and positions should be listed individually, and the amount of profit distributed should be disclosed collectively.

Note 2: Refers to compensations paid to the Managers (including stock and cash) approved by the Board of Directors in the most recent year; If such compensations cannot be estimated, an estimation for this year shall be calculated in proportion of the compensations paid last year. Net profit refers to the after-tax net income for the most recent fiscal year; for those that have already adopted the IFRS principles, net profit refers to the after-tax net income in individual or Consolidated Financial reports for the most recent fiscal year.

Note 3: The scope of application for the term "managerial officer" shall follow the official document with reference number 0920001301 dated March 27th, 2003. Its scope of application shall be as follows:

- (1) General Manager and its equivalent
- (2) Deputy General Manager and its equivalent
- (3) Senior Manager and its equivalent
- (4) Supervisor of Finance Department
- (5) Supervisor of Accounting Department
- (6) Other Personnel Authorized to Manage the Company's Affairs and Sign for Approval

Note 4: Directors, General Manager, and Deputy General Manager who receive employee compensation (including shares and cash) shall be listed not only in Table 1-2, but also in this table.

(II) Analysis and comparison of percentages of remuneration paid to the Company's Directors, Supervisors, General Manager, and Deputy General Managers by the company and all the companies listed in its consolidated financial statements in the most recent two fiscal years to the net income after taxes recorded in its parent company-only or individual financial statements, and explanation on the remuneration policies, standards and packages, procedures for determining remuneration and their correlations with its business performance and future risk exposure.

1. Analysis of total remunerations of directors, general managers and deputy general managers in proportion to earnings after tax:

Type \ Year	2021		2020	
	The Company	All the Companies Included in the Consolidated Financial Statements	The Company	All the Companies Included in the Consolidated Financial Statements
Director	0.13%	0.13%	0.05%	0.05%
Independent Directors	0.23%	0.23%	0.22%	0.22%
Directors (Including Those Who Concurrently Serve as Employees and Receive Employees' Compensation)	0.83%	0.83%	0.70%	0.70%
Independent Directors (Including Those Who Concurrently Serve as Employees and Receive Employees' Compensation)	0.23%	0.23%	0.22%	0.22%
Chief Executive Officer, General Manager and Deputy General Manager	1.03%	1.03%	0.90%	0.90%

2. Remuneration Policies, Standards and Packages, Procedures for Determining Remuneration and Correlation of Remuneration with Business Performance and Future Risks:



(1) Directors' remuneration shall be determined in accordance with Article 20 of the Articles of Incorporation of the Company "The value of their involvement in and contribution to the Company's operations, irrespective of whether the Company's business is profit or loss, with reference to the industry standards in the ROC"; According to Article 25 of the Articles of Incorporation of the Company, the remuneration shall not exceed 1% of the profit for the year. The above remuneration was agreed with reference to the operating performance of the Company and the results of the directors' performance evaluation. In addition, transportation allowance will be provided according to the resolution of the shareholders' meeting, but no transportation allowance will be paid to managers who are also directors of the Company. Evaluation of performance for the individual board members includes alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.

- The remuneration of the Manager shall be determined in accordance with the relevant personnel requirements of the Company and with regard to the operation performance. Operating performance includes financial (operating revenue, operating profit and net profit before tax), customer, product, talent, safety and project aspects.
- The Company's remuneration packages are, as stipulated in the "Charter of Remuneration Committee", substantial incentives including cash remuneration, share options, stock bonus, retirement benefits, or severance pay. The scope is consistent with the remuneration to directors and managerial officers stated in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

(2) Procedure for determining remuneration

The Company carries out regular evaluations on the remuneration to directors and managerial officers with reference to the results of the evaluations conducted in accordance with the "Regulations Governing the Self-Evaluation or Peer Evaluation of the Board of Directors" and "Regulations Governing the Performance Management."

The relevant performance assessments and remuneration reasonableness of directors and managerial officers are evaluated and reviewed by the

Remuneration Committee and the Board of Directors on an annual basis. The Company reviews at all times the remuneration system and distributes reasonable remunerations with reference to performance achievement rate, contribution to the Company, the Company's overall operating performance, future risks and development trend of the industry, the Company's actual operating situation at that moment, and the relating laws and regulations.

- (3) The Remuneration Committee references the Company's overall business performance, outlook of the industry, business risks, and development trends and evaluates the performance targets of the Company's Directors, Supervisors and managerial officers to establish the content and amount of their remuneration individually. The Committee forms recommendations and submits them to the Board of Directors for adoption. The remuneration system is reviewed from time to time according to the actual operating performance and applicable laws and regulations. There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of this Corporation.

IV Implementation of Corporate Governance

(I) Operation of Board of Directors

In 2021, six meetings were held by the board of directors. The attendance of each member is listed blow:

Title	Name	1st meeting on March 5, 2021	2nd meeting April 16, 2021	3rd meeting May 5, 2021	4th meeting July 9, 2021	5th meeting August 4, 2021	6th meeting November 3, 2021	Number of Attendance in Person B	Number of Attendance by Proxy	Rate of Attendance in Person (%) [B/A] (Note 2)	Remarks
Chairman	Wu, Yi-Gui (representative of Union Polymer International Investment Corporation)	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Director	Ma, I-Kung (representative of USI Corporation)	—	—	—	—	◎	◎	2	0	100	New, should attend. 2 times
Director and General Manager	Wu, Pei-Chih (representative of Union Polymer International Investment Corporation)	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Director	Yin, Bao-Luo (representative of USI)	—	—	—	—	◎	◎	2	0	100	New, should attend. 2 times
Director	Ko, I-Shao (representative of Taiwan Union International Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	Reelected

Title	Name	1st meeting on March 5, 2021	2nd meeting April 16, 2021	3rd meeting May 5, 2021	4th meeting July 9, 2021	5th meeting August 4, 2021	6th meeting November 3, 2021	Number of Attendance in Person B	Number of Attendance by Proxy	Rate of Attendance in Person (%) [B/A] (Note 2)	Remarks
Independent Directors	Chen, Tien-Wen	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Independent Directors	Wei, Yung-Tu	—	—	—	—	◎	◎	2	0	100	Newly appointed, should attend twice
Independent Directors	Li, Kuo-Hsiang	—	—	—	—	◎	◎	2	0	100	Newly appointed, should attend twice
Independent Directors	Juan, Chi-Yin	◎	◎	☆	◎	◎	◎	5	1	83.33	Reelected
Director	Ying, Bao-Luo (representative of Union Polymer International Investment Corporation)	◎	◎	◎	◎	—	—	4	0	100	Take office, shall attend four times
Director	Liu, Han-Tai (representative of Union Polymer International Investment Corporation)	◎	◎	◎	◎	—	—	4	0	100	Take office, shall attend four times

Title	Name	1st meeting on March 5, 2021	2nd meeting April 16, 2021	3rd meeting May 5, 2021	4th meeting July 9, 2021	5th meeting August 4, 2021	6th meeting November 3, 2021	Number of Attendance in Person B	Number of Attendance by Proxy	Rate of Attendance in Person (%) [B/A] (Note 2)	Remarks
Director	Liu, Zhen-Tu (representative of Union Polymer International Investment Corporation)	◎	◎	◎	◎	—	—	4	0	100	Take office, shall attend four times
Independent Directors	Ma, I-Kung	◎	◎	◎	◎	—	—	4	0	100	Take office, shall attend four times

Note 1: For legal person directors and supervisors, the name of the institutional shareholders and their representatives shall be disclosed. For legal person directors and supervisors, the name of the institutional shareholders and their representatives shall be disclosed.

Note 2: (1) Where directors or supervisors resign before the end of the year, the "remark" column shall be annotated with the date of resignation. Actual presence (attendance) rate (%) shall be calculated using the number of Directors' Meetings convened and actual presence (attendance) during the term of service.

(2) Where Directors and Supervisors were re-elected before the end of the year, both the incoming and outgoing Directors and Supervisors shall be listed accordingly. The "remark" column shall be annotated to indicate whether the Director or Supervisor was outgoing, incoming, or re-elected as well as the date of re-election. The Director's rate of attendance in person (%) shall be calculated based on the number of Board of Directors' Meetings held and the attendance in person during his/her term of office.

Note 3: Attendance in person:◎; Attendance by proxy:☆.

Note 4: Shareholders reelected directors on July 26, 2021 (including 4 independent directors)

Other matters to be noted:

I.If any of the following applies to the operations of the Board of Directors, the date and session of the Board of Directors' Meeting, as well as the resolutions, opinions of independent directors and the company's actions in response to the opinions of independent directors should be stated:

(I) Items listed in Article 14-3 of the Securities and Exchange Act:

Board of Directors Session Date	Resolution and Subsequent Actions	Items specified in Article 14-3 of the Securities and Exchange Act	Objections or reservations expressed by Independent Directors
2021 1 st March 5, 2021	1. Approved the remuneration distribution to directors and employees for 2020.	Yes	None
	2. Approved capital increase by retained earnings.	Yes	None
	3. Approved to release the newly elected directors from non-competition restrictions	Yes	None
	4. Approved the appointment of CPAs for 2021.	Yes	None
	Opinions of independent directors: None		
	The Company's actions in response to the opinions of independent directors: None		
2021 3 st May 5, 2021	Approved the amendment to the internal control system	Yes	None
	Opinions of independent directors: None		
	The Company's actions in response to the opinions of independent directors: None		
	The results of resolution: All the directors present voted in favor of the resolution without any dissenting opinion.		
2021 5 st August 4, 2021	1. Ratified the endorsements/guarantees made for TAITA (BVI) Holding Co., Ltd.	Yes	None
	2. Approved the issuance of new shares.	Yes	None
	Opinions of independent directors: None		
	The Company's actions in response to the opinions of independent directors: None		
2021 6 st November 3, 2021	1. Ratified the endorsement / guarantee made for subsidiaries Company Taita Chemical (Zhongshan) Co., Ltd.	Yes	None
	2. Approved the remuneration of CPAs for year 2021	Yes	None
	Opinions of independent directors: None		



	The Company's actions in response to the opinions of independent directors: None
	The results of resolution: All the directors present voted in favor of the resolution without any dissenting opinion.

(2) Other than the matters mentioned above, other resolutions with objections or reservations from the Independent Directors and are documented or stated: None

2. In regards to the recusal of independent directors from voting due to conflict of interests, the name of the independent directors, the proposal, reasons for recusal due to conflict of interests and voting outcomes should be stated:

Names of Director	Resolutions	Reason for Recusal	Voting results	Remarks
Wu, Yi-Gui Ma, I-Kung Wu, Pei-Chi Liu, Han-Tai	Donations to the USI Education Foundation.	They recused themselves due to conflict of interest as they serve as Directors of the foundation.	They did not participate in voting.	2021 1 st
Chen, Tien-Wen Wei, Yung-Tu Juan, Chi-Yin	Three independent directors, Tien-Wen Chen, Chi-Yin Juan and Yung-Tu, Wei were appointed as members of the Remuneration Committee of the Company.	And it involves Directors' self-interest.	They did not participate in voting.	2021 5 st

3. The company listed on TWSE shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the evaluation of the Board of Directors.

Evaluation of the performance for the Board of Directors:

Evaluation cycle (Note 1)	Period of Evaluation (Note 2)	Scope (Note 3)	Method (Note 4)	Evaluation Contents (Note 5)
Once a year	January 1, 2021 to December 31, 2021	Board of Directors Performance evaluation	Board of Directors of Board of Directors	I. Performance evaluation of the Board of Directors 1. Participation in Company operations 2. Improvement of the quality of the Board of Directors' decision making 3. Composition and structure of the Board of Directors 4. Election and continuous education of the Directors 5. Internal control
		Performance Evaluation of Individual Board Members	Board of Directors of Board Members	II. Board Member Self-evaluation 1. Grasp of the objectives of the Company and its mission 2. Understanding of the director's roles and responsibilities 3. Participation in Company operations 4. Management and communication of the internal relations 5. Expertise and continuing education of the directors 6. Internal control
		Performance evaluation of	Self-evaluation of the	III. Audit Committee Performance Evaluation 1. Participation in Company



		functional committees	members of functional committees	operations 2. Understanding of the duties of the Audit Committee 3. Improvement of the quality of the Audit Committee' decision making 4. Composition of the Audit Committee and selection of committee members 5. Internal control.
				IV. Remuneration Committee Performance Evaluation 1. Participation in Company operations 2. Understanding of the Remuneration Committee's roles and responsibilities 3. Improvement of the quality of the Remuneration Committee' decision making 4. Composition of the Remuneration Committee and selection of committee members

※In 2021, the results of the annual performance evaluation of the Board and functional committees were presented to the first Board of Directors (March 9, 2022) in 2022 and disclosed on the Company's website after the meeting.

Note 1: Fill out the frequency of the evaluation of the Board of Directors, e.g. once a year.

Note 2: Fill out the period for the evaluation of the Board of Directors, such as the period for the evaluation of the performance of the Board of Directors is from January 1, 2021 to December 31, 2021.

Note 3: The scope of evaluation covers the evaluation of the performance of the Board of Directors, individual members, and functional committees.

Note 4: Methods of evaluations include the self-evaluation of the board, self-evaluation by individual board members, peer review, and evaluation by appointed external professional institutions, experts, or other appropriate methods.

Note 5: The contents of the evaluation shall include at least the following items:

- (1). Performance Evaluation of the Board of Directors: The evaluation shall include at least the "participation in the operations of the Company", "improvement of the quality of the Board of Directors' decision making", "composition and structure of the Board of Directors", "election and continuing education of the Directors", "and "internal control".
- (2). Performance evaluation of individual Directors: The evaluation shall include at least the "familiarity with the goals and missions of the Company", "knowledge of the duties of Directors", "degree of participation in the Company's operations", "management of internal relations and communication", "professional and continuous education of Directors", and "internal control".
- (3). Performance evaluation of functional committees: It shall include the degree of participation in the Company's operations, the understanding of the functional committee's responsibilities, the quality of decision-making of the functional committee, the composition and selection of members of the functional committee, and internal control.

4. The targets for strengthening the functions of the Board of Directors in the current year and recent years (such as the establishment of the Audit Committee and enhancement of information transparency) and the assessment of implementation.

- (1). The operations of the Board of Directors of the Company are carried out in accordance with the provisions of the laws and regulations, the Articles of Incorporation, and the resolutions of the shareholders' meetings. All Directors, in addition to the professional knowledge and skills necessary to perform their duties, should strive for the best shareholder interests on the basis of loyalty and integrity.
- (2). The Company monitors closely changes of applicable laws and regulations, reviews its "Rules of Procedure for Board of Directors' Meetings," "Rules Governing the Scope of Powers of Independent Directors","Audit Committee Charter," and "Remuneration Committee Charter" in due course, to ensure that internal policies and procedures accommodate changes in laws and regulations, and are implemented accordingly with full transparency of information.
- (3). The Board appointed a Corporate Governance Officer on May 9, 2019 to ensure the implementation of corporate governance best practices, to safeguard the interests of shareholders, and to strengthen the functions of the Board.
- (4). The Company has established functional committees such as the Remuneration Committee and the Audit Committee in 2011 and 2015. The Company continues to monitor and enhance their effectiveness.



- (5). Information concerning the Company's compliance with related regulations and major resolutions of the Board of Directors are disclosed at the Company's website and the Market Observation Post System (MOPS) to enhance information transparency of the Company's operations to the shareholders.
- (6). The Company organizes training sessions for Directors of 6 hours and provides assistance for Directors to attend external corporate governance courses. The directors' training status in 2021 is presented below:

Title	Name	Date of Training	Organizer	Course Title	Number of Hours
Chairman	Wu, Yi-Gui	September 1, 2021	Securities and Futures Institute, R.O.C.	Security value in the post-EPIDEMIC era and sino-US trade war	3
		October 7, 2021	Securities and Futures Institute, R.O.C.	Case study of insider trading	3
Director	Ma, I-Kung	September 1, 2021	Securities and Futures Institute, R.O.C.	Security value in the post-EPIDEMIC era and sino-US trade war	3
		October 7, 2021	Securities and Futures Institute, R.O.C.	Case study of insider trading	3
Director and President	Wu, Pei-Chi	September 1, 2021	Securities and Futures Institute, R.O.C.	Security value in the post-EPIDEMIC era and sino-US trade war	3
		October 7, 2021	Securities and Futures Institute, R.O.C.	Case study of insider trading	3
Director	Ying, Bao-Luo	September 1, 2021	Securities and Futures Institute, R.O.C.	Security value in the post-EPIDEMIC era and sino-US trade war	3
		October 7, 2021	Securities and Futures Institute, R.O.C.	Case study of insider trading	3
Director	Ko, I-Shao	September 1, 2021	Financial Regulatory Commission of Taiwan (R.O.C.)	The 13th Taipei Corporate Governance Forum	6
Independent Director	Chen, Tien-Wen	September 1, 2021	Securities and Futures Institute, R.O.C.	Security value in the post-EPIDEMIC era and sino-US trade war	3
		October 7, 2021	Securities and Futures Institute, R.O.C.	Case study of insider trading	3

Title	Name	Date of Training	Organizer	Course Title	Number of Hours
Independent Director	Wei, Yung-Tu	February 25, 2021	Taiwan Corporate Governance Association	International century-old enterprise strategy turning to century-old enterprise learning sustainable evergreen	1
		April 28, 2021	Taiwan Corporate Governance Association	From the perspective of foreign shareholders and voting behavior, how do issuing companies really implement ESG	1
		June 24, 2021	Taiwan Financial Research Institute	Corporate Governance Seminar - Finance Technology Series (Issue 6)	3
		July 29, 2021	Securities and Futures Institute, R.O.C.	The management practice of the Board of Directors	3
		September 1, 2021	Financial Regulatory Commission of Taiwan (R.O.C.)	The 13th Taipei Corporate Governance Forum	3
		September 8, 2021	Taiwan Financial Research Institute	Corporate Governance Lecture - Enterprise Digital Transformation	3
		November 5, 2021	Securities and Futures Institute, R.O.C.	Global Risk Perception - Opportunities and Challenges in the Next Decade	3
		November 10, 2021	Taiwan Financial Research Institute	Issue 125 of Corporate Governance Lecture	3
		November 17, 2021	Securities and Futures Institute, R.O.C.	Discussion on employee and director compensation issues - starting from the amendment of Article 14 of the Securities and Exchange Law	3
		December 10, 2021	Taiwan Corporate Governance Association	How do companies break out differentiation strategies under the ESG trend	3



Title	Name	Date of Training	Organizer	Course Title	Number of Hours
Independent Director	Li, Kuo-Hsiang	September 1, 2021	Securities and Futures Institute, R.O.C.	Security value in the post-EPIDEMIC era and sino-US trade war	3
		October 7, 2021	Securities and Futures Institute, R.O.C.	Case study of insider trading	3
Independent Director	Juan, Chi-Yin	September 1, 2021	Securities and Futures Institute, R.O.C.	Security value in the post-EPIDEMIC era and sino-US trade war	3
		October 7, 2021	Securities and Futures Institute, R.O.C.	Case study of insider trading	3
Corporate Governance Officer	Chen, Yung-Chih	September 1, 2021	Securities and Futures Institute, R.O.C.	Security value in the post-EPIDEMIC era and sino-US trade war	3
		September 1, 2021	Financial Regulatory Commission of Taiwan (R.O.C.)	The 13th Taipei Corporate Governance Forum	6
		October 7, 2021	Securities and Futures Institute, R.O.C.	Case study of insider trading	3
		October 27, 2021	Securities and Futures Institute, R.O.C.	Insider equity trading legal compliance seminar in 2021	3
		November 8, 2021	Taiwan Corporate Governance Association	How does the Board of Directors review sustainability reports: ESG Disclosure Specifications	3
		November 12, 2021	Securities and Futures Institute, R.O.C.	Insider trading awareness session in 2021	3
		December 7, 2021	Taiwan Stock Exchange Corporation (TWSE)	Cathay Pacific Summit on Sustainable Finance and Climate Change in 2021	6
		December	Taiwan Corporate	How does the board of	3

Title	Name	Date of Training	Organizer	Course Title	Number of Hours
		20, 2021	Governance Association	directors interpret the Hong Kong Government's revision of tax regulations and Taiwan's anti-Tax Avoidance Act	
Supervisor of Accounting Department	Lin, Chin-Tsai	September 16, 2021 to September 17, 2021	Accounting Research and Development Foundation	Continuing Education Class for Chief Accounting Officers of Corporate Issuers, Securities Firms, and Securities Exchanges	12
Head of Audit	Hsu, Liang-Wei	April 14, 2021	Institute of Internal Auditors, R.O.C.	Practical operation of individual proprietorship law of internal audit and control	6
		October 19, 2021	Institute of Internal Auditors, R.O.C.	War and Protection of Hidden Assets -- Trade secrets and non-competition	6

The number of hours, scope, structure, arrangements and information disclosure on the aforementioned trainings fully comply with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.



(II). Audit Committee

1. Operations

(1) Functions

- Formulation and amendment of the internal control system pursuant to Article 14-1 of the Act.
- Evaluation of the effectiveness of the internal control system.
- Pursuant to Article 36-1 of the Act, formulation or amendment of policies and procedures concerning major financial or business activities, including Procedures for the Acquisition or Disposal of Assets, Procedures for Engaging in Derivative Transactions, Procedures for Loaning Funds to Others, Procedures for Endorsement or Guarantees to Others.
- Matters involving Directors' self-interest.
- Major assets or derivative transactions.
- Major loaning of funds, endorsements or guarantees.
- Offering, issuance, or private placement of any equity securities.
- Appointment, dismissal and compensation of CPAs.
- Appointment and dismissal of finance manager, accounting manager and chief internal auditor.
- Review of annual financial reports signed and sealed by the Chairman, the managerial officer, and the accounting manager.
- Other important matters required by the Company or the regulatory authorities.

(2) Annual Work Summary

The Audit Committee is comprised of three (there are 4 after July, 2021) independent directors. In total 6 meetings (A) were held during the fiscal year of 2021. The attendance of the members is listed below:

Title	Name	Number of Attendance in Person (B)	Number of Attendance by proxy	Percentage of attendance in person (%) (B/A) (Note 1, Note 2)	Remarks
Independent Directors	Ma, I-Kung	4	0	100	Shareholders meeting was re-elected in July, 2021

Independent Directors	Chen, Tien-Wen	6	0	100	
Independent Directors	Juan, Chi-Yin	6	1	83	
Independent Directors	Li, Kuo-Hsiang	2	0	100	Shareholders meeting was re-elected in July, 2021
Independent Directors	Wei, Yung-Tu	2	0	100	Shareholders meeting was re-elected in July, 2021

Main Items for Review:

- a. Annual financial statements and earnings distribution proposal.
 - b. Earnings distribution to shareholders through stock dividend
 - c. CPA appointment and the assessment of CPA independence.
 - d. Assessment of the effectiveness of the internal control system.
 - e. Discussion on past-due payments from sales.
 - f. Semi-annual financial reports.
 - g. Modification of the internal control system.
 - h. Endorsements and guarantees.
 - i. Compensation to the CPAs.
 - j. Audit plans.
- Reviewed the annual accounts and earnings distribution and issue an audit report.
 - Evaluated the effectiveness of the internal control system and issued a statement of declaration accordingly.
 - Appointed a CPA and assessed its independence.
 - Modification of the internal control system.

(3) Implementation Status

If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, the objected opinions of independent directors, qualified opinion or contents of major proposed projects, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified.

- (a) Items listed in Article 14-5 of the Securities and Exchange Act:



Board of Directors	Resolution and Subsequent Actions	Items listed in Article 14-5 of the Securities and Exchange Act	Objections or reservations expressed by Independent Directors
1st Meeting on March 5, 2021	1. Preparation of 2020 consolidated and parent company only financial statements	V	None
	2. Appointed CPAs for 2021.	V	None
	Opinions of the Audit Committee: None		
	The Company's Handling of Opinions of the Audit Committee: None		
	Voting results: All the Directors present voted in favor of the resolution, which was subsequently submitted to the Board of Directors for discussion.		
2nd Meeting on April 16, 2021	None.		
3rd Meeting on May 5, 2021	Amendment of the Company's internal control system.	V	None
	Opinions of the Audit Committee: None		
	The Company's Handling of Opinions of the Audit Committee: None		
	Voting results: All the Directors present voted in favor of the resolution, which was subsequently submitted to the Board of Directors for discussion.		
4th Meeting on July 9, 2021	None.		
5th meeting on August 4, 2021	Ratified guarantees and endorsements.	V	None
	Opinions of the Audit Committee: None		
	The Company's Handling of Opinions of the Audit Committee: None		
	Voting results: All the Directors present voted in favor of the resolution, which was subsequently submitted to the Board of Directors for discussion.		
6th meeting on November 3, 2021	1. Ratified guarantees and endorsements.	V	None
	2. Compensation paid to the CPAs for 2021.	V	None
	Opinions of the Audit Committee: None		
	The Company's Handling of Opinions of the Audit Committee: None		
	Voting results: All the Directors present voted in favor of the resolution, which was subsequently submitted to the Board of Directors for discussion.		

- (b) Any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors: Without this situation.
- b. In regards to the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the resolutions, reasons for recusal and voting results shall be stated: Without this situation.
- c. Communications between independent directors and the head of internal audit and CPAs (material issues, methods and outcomes related to the Company's financial and business status shall be included).
- (a) Besides submitting the monthly audit reports to independent directors for review, the internal Chief Audit Officer also reports major audit findings to independent directors each quarter at the Audit Committee meeting.
- (b) CPAs review the Company's consolidated financial statements (annual as well as parent only statements) and presented the result as well as any governance issues in person or in writing to the Audit Committee on a quarterly basis, in accordance with the Statement of Auditing Standards No. 39 - "Communication with Those Charged with Governance" and the approved letter with Reference No. Tai Tsai Cheng Liu Tzu 0930105373 issued by SFB on March 11, 2004.

Summary of communication between independent directors and internal Chief Audit Officer in 2021:

Date/Meeting	Key Points of Communications	Suggestions/ Execution Results
March 5, 2021 16th Meeting of the 2nd Audit Committee	1. Report of Audit Operations between December 2020 and March 2021 2. Approved and issued 2020 Statement of Internal Control System	No dissenting opinion
April 16, 2021 17th Meeting of the 2nd Audit Committee	Report of Audit Operations between March and April in 2021	No dissenting opinion
May 5, 2021 18th Meeting of the 2nd Audit Committee	1. Report of Audit Operations between April and May in 2021 2. Approved the amendment to the internal control system	No dissenting opinion



July 9, 2021 19th Meeting of the 2nd Audit Committee	Report of Audit Operations between May and July in 2021	No dissenting opinion
August 4, 2021 1st Meeting of the 3rd Audit Committee	Report of Audit Operations between July and August in 2021	No dissenting opinion
November 3, 2021 2nd Meeting of the 3rd Audit Committee	1. Report of Audit Operations between August and November in 2021. 2. Approved 2022 Audit Plan.	No dissenting opinion

Summary of communication between independent directors and CPAs in 2021:

Date/Meeting	Key Points of Communications	Suggestions/Execution Results
March 5, 2021 16th Meeting of the 2nd Audit Committee	Approved the 2020 consolidated and parent company only financial statements, reported the audit implementation status and the audit results.	No dissenting opinion
August 4, 2021 1st Meeting of the 3rd Audit Committee	Approved the consolidated financial statements for the 2 quarter of 2021; communicated the audit status and results.	No dissenting opinion
November 3, 2021 2nd Meeting of the 3rd Audit Committee	1. Approved the consolidated financial statements for the 3 quarter of 2021; communicated the audit status and results. 2. Self-preparation of financial reporting capability report.	No dissenting opinion

Note 1: Where an independent director resigns before the end of the fiscal year, the Remark column shall indicate the independent director's resignation date. The attendance ratio shall be calculated based upon the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

Note 2: Where an independent director is elected before the end of the fiscal year, both the incoming and the outgoing independent directors shall be listed, and the Remark column shall indicate whether the status of an independent director is "outgoing", "incoming" or "re-elected", and the date of re-election. The attendance ratios (%) should be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during the member's term of office.

2. Participation of Supervisors at the board meeting: Not applicable for the Company has an Audit Committee, which replaces the functions of supervisors.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
I. Has the company formulated and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies"?	V		The Company has established its Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies. The Company has implemented its corporate governance practices and disclosed such information on its website.	No significant deviation
II. Shareholding Structure and Shareholders' Rights (I) Has the company established internal operating procedures for handling matters related to shareholders' recommendations, doubts, disputes and lawsuits, and implemented them accordingly?	V		The Company has appointed specific personnel to take charge of such matters.	No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(II) Does the company maintain a list of major shareholders who have actual control over the company and persons who have ultimate control over the major shareholders?	V		The Company maintains contact with its major shareholders as well as the ultimate owners of these shareholders.	No significant deviation
(III) Has the company established and implemented risk control and firewall mechanisms among its affiliated companies?	V		The Company has established and implemented a system to monitor its subsidiaries.	No significant deviation
(IV) Has the company formulated internal regulations that prohibit insiders of the company from trading securities using undisclosed information in the market?	V		The Company has formulated its "Procedures for Ethical Management and Guidelines for Conduct", in which Article 14 forbids insiders to use undisclosed information to trade securities.	No significant deviation
III. Composition and Responsibilities of the Board of Directors	V		Members of the Board of Directors	No significant deviation
(I) Has the Board of Directors drawn up policies			According to Article 20 of the Company's Corporate Governance Best Practice Principles, diversity shall be	

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
on diversity of its members and implemented them?			<p>considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To fulfill the goals of corporate governance, the Board of Directors shall possess the following competencies:</p> <ul style="list-style-type: none"> (I) Business judgment (II) Accounting and financial analysis (III) Business management (IV) Crisis management (V) Knowledge of the industry. (VI) International market perspective. (VII) Leadership. (VIII) Decision-making <p>In addition to the eight competencies listed above, the Company added legal and environmental capabilities to the list in light of</p>	

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>growing global attention on corporate governance issues and environmental protection, as well as the pressing need for diversified professional skillsets in the Board. At present, existing members of the Board of Directors possess the knowledge, skills, and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, laws and environmental protection.</p> <p>II. Specific Management Objectives of Diversification of Board Members</p> <p>The current directors were elected on July 26, 2021. Among the two new directors, Wei, Yung-Tu is an independent director with an MBA degree from George University in the United States. He once served as the president of Deloitte & Touche, with accounting professional qualification or relevant financial</p>	

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>management expertise. Kuo-Hsiang, Li, an independent director, holds an MBA degree from the University of Chicago, USA. He is currently the chairman of Shiseido (stock) company in Taiwan Province, and has the ability of operation and management, international market and leadership decision-making. Both new directors are helpful to improve the quality of the board of directors' review proposals and achieve the goal of implementing the policy of diversity of directors.</p> <p>The Company plans to add a new director with legal expertise to further its board diversity goal. Preferably the role will be filled by an individual with an attorney's license who specializes in technology laws and practices to strengthen the protection of the Company's patent rights. The Company also plans to add another director who specializes in risk management to increase the Company's sustainability. The goal of board diversification</p>	

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>is to include directors with legal, risk management, or other specialties in the board, to further enhance the functional effectiveness of the Board.</p> <p>III. Implementation of Diversity of Directors</p> <p>For details on the diversity of Board members, please refer to the table below. Please take note that Ma, Yi-Kung is a female Director.</p>	

Director Name	Gender	Diversified Core Competences										
		Sound business judgments	Accounting and finance	Business management	Crisis management	Knowledge of the industry	Understanding of international markets	Leadership skills	Decision-making ability	Legal expertise	Environmental protection expertise	
Wu, Yi-Gui	Male	V	V	V	V	V	V	V	V	V		
Ma, I-Kung	Female	V	V		V					V		V
Wu, Pei-Chi	Male	V		V	V	V	V	V	V	V		
Ying, Bao-Lud	Male	V		V	V	V	V	V	V	V		V
Ko, I-Shao	Male	V		V	V	V	V	V	V	V		
Chen, Tien-Wen	Male	V	V	V	V		V	V	V			
Wei,	Male	V	V	V	V	V	V	V	V	V		

Evaluation Item	Implementation Status (Note)											Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons								
	Yes	No	Summary																	
(II) Has the Company voluntarily established functional committees other than the Remuneration Committee and Audit	V		Yung-Tu																	
			Li, Kuo-Hsiang	Male	V	V	V	V		V	V	V								
			Juan, Chi-Yin	Male	V		V	V					V	V						
			<p>The Company's Directors with employee status accounted for 22% and Independent Directors with employee status 44%. Five independent directors age above 70; three age between 60 and 69; one ages under 60. ※None of the four independent directors have not served more than three consecutive terms. The Company has established a remuneration committee and an audit committee, and exercises its authority in accordance with its Remuneration Committee Charter and Audit Committee</p>															No significant deviation		

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
<p>Committee required by the law?</p> <p>(III) Has the company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for remuneration, nomination and reappointment of individual Directors?</p>	V		<p>Charter with favorable performance. The Company has voluntarily established a Corporate Social Responsibility Committee which exercises its authority in accordance with the Corporate Social Responsibility Committee Charter with favorable performance.</p> <p>I Results of 2021 Performance Evaluation of the Board of Directors and Individual Members</p> <p>1. The Company conducts performance evaluation of the Board and its members at the end of each fiscal year in accordance with the Rules Governing the Performance Evaluation of the Board of Directors amended and adopted by the Board in November 2019</p> <p>2. The performance evaluation of the Board and its Directors is carried out by the Secretariat of the Board via internal self-</p>	No significant deviation

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons						
	Yes	No								
			<p>assessment. The Company uses the results of performance evaluation to review and enhance the future functions of the Board, and to determine remuneration for individual Directors and their nomination for reelection.</p> <p>3. The Company completed 2021 performance evaluation of the Board of Directors in January 2022. The evaluation period is from January 1 to December 31, 2021. The evaluation results are summarized below:</p> <p>(1) Board Effectiveness</p> <table border="1"> <thead> <tr> <th>Aspect</th> <th>Scores (Note)</th> <th>Evaluation results and Remarks</th> </tr> </thead> <tbody> <tr> <td>Participation in Company operations</td> <td>4.83</td> <td>1. The Board scores favorably on all five aspects with an average score over 4.6. 2. In view of the increasing emphasis on environmental, social and governance (ESG)-</td> </tr> </tbody> </table>	Aspect	Scores (Note)	Evaluation results and Remarks	Participation in Company operations	4.83	1. The Board scores favorably on all five aspects with an average score over 4.6. 2. In view of the increasing emphasis on environmental, social and governance (ESG)-	
Aspect	Scores (Note)	Evaluation results and Remarks								
Participation in Company operations	4.83	1. The Board scores favorably on all five aspects with an average score over 4.6. 2. In view of the increasing emphasis on environmental, social and governance (ESG)-								

Evaluation Item	Implementation Status (Note)			Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons						
	Yes	No									
			<table border="1"> <tr> <td>Improvement of the quality of the Board of Directors' decision making</td> <td>5.00</td> </tr> <tr> <td>Composition and structure of the Board of Directors</td> <td>5.00</td> </tr> <tr> <td>Election and continuous education of</td> <td>4.67</td> </tr> </table>	Improvement of the quality of the Board of Directors' decision making	5.00	Composition and structure of the Board of Directors	5.00	Election and continuous education of	4.67	<p>related issues in the world, the competent authority has also issued a blueprint for sustainable development of corporate governance 3.0, specifically promoting various measures to encourage listed companies to voluntarily improve their corporate governance quality. The board of directors should pay attention to this trend, and besides continuously improving corporate governance efficiency, it should carefully plan for the implementation of carbon reduction targets and the development of green electricity strategies, so as to meet international standards and achieve the ambitious goal of sustainable development of enterprises.</p>	
Improvement of the quality of the Board of Directors' decision making	5.00										
Composition and structure of the Board of Directors	5.00										
Election and continuous education of	4.67										

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																					
	Yes	No																							
			<table border="1"> <tr> <td>the Directors</td> <td></td> <td rowspan="2"></td> </tr> <tr> <td>Internal control.</td> <td>5.00</td> </tr> </table> <p>The score ranges between 0 and 5, with 5 representing the best outcome.</p> <p>(2) Performance evaluation of Board members</p> <table border="1"> <thead> <tr> <th>Aspect</th> <th>Scores</th> <th>Evaluation results</th> </tr> </thead> <tbody> <tr> <td>Grasp of the objectives of the</td> <td>4.70</td> <td rowspan="6">The Directors score favorably on all six aspects with an average score of 4.6.</td> </tr> <tr> <td>Understanding of the director's</td> <td>4.91</td> </tr> <tr> <td>Participation in Company</td> <td>4.68</td> </tr> <tr> <td>Management and</td> <td>4.72</td> </tr> <tr> <td>Expertise and continuing</td> <td>4.85</td> </tr> <tr> <td>Internal control.</td> <td>4.89</td> </tr> </tbody> </table> <p>The score ranges between 0 and 5, with 5 representing the best outcome.</p> <p>4. In 2021, the results of the performance evaluation of the Board</p>	the Directors			Internal control.	5.00	Aspect	Scores	Evaluation results	Grasp of the objectives of the	4.70	The Directors score favorably on all six aspects with an average score of 4.6.	Understanding of the director's	4.91	Participation in Company	4.68	Management and	4.72	Expertise and continuing	4.85	Internal control.	4.89	
the Directors																									
Internal control.	5.00																								
Aspect	Scores	Evaluation results																							
Grasp of the objectives of the	4.70	The Directors score favorably on all six aspects with an average score of 4.6.																							
Understanding of the director's	4.91																								
Participation in Company	4.68																								
Management and	4.72																								
Expertise and continuing	4.85																								
Internal control.	4.89																								

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(IV) Does the company regularly evaluate the independence of CPAs?	√		<p>and its members will be presented to the Board in the first quarter of 2022.</p> <p>II Performance evaluation of the Audit Committee and the Remuneration Committee</p> <p>The Company completed the performance evaluation in January 2022. Evaluation period is from January 1 to December 31, 2021. The evaluation results are summarized below:</p> <p>(1). Performance of the Audit Committee</p>	No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons														
	Yes	No	Summary															
			<table border="1"> <thead> <tr> <th>Aspect</th> <th>Scores (Note)</th> <th>Evaluation results</th> </tr> </thead> <tbody> <tr> <td>Participation in Company operations</td> <td>4.94</td> <td rowspan="5">The Audit Committee scores favorably on all five aspects with an average score of 4.8.</td> </tr> <tr> <td>Understanding of the duties of the Audit Committee.</td> <td>4.90</td> </tr> <tr> <td>Improvement of the quality of the Audit Committee' decision making.</td> <td>4.86</td> </tr> <tr> <td>Composition of the Audit Committee and selection of committee members.</td> <td>4.92</td> </tr> <tr> <td>Internal control.</td> <td>4.84</td> </tr> </tbody> </table> <p>The score ranges between 0 and 5, with 5 representing the best outcome.</p> <p>(2) Performance of the Remuneration Committee</p>	Aspect	Scores (Note)	Evaluation results	Participation in Company operations	4.94	The Audit Committee scores favorably on all five aspects with an average score of 4.8.	Understanding of the duties of the Audit Committee.	4.90	Improvement of the quality of the Audit Committee' decision making.	4.86	Composition of the Audit Committee and selection of committee members.	4.92	Internal control.	4.84	
Aspect	Scores (Note)	Evaluation results																
Participation in Company operations	4.94	The Audit Committee scores favorably on all five aspects with an average score of 4.8.																
Understanding of the duties of the Audit Committee.	4.90																	
Improvement of the quality of the Audit Committee' decision making.	4.86																	
Composition of the Audit Committee and selection of committee members.	4.92																	
Internal control.	4.84																	

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
	Yes	No	Summary													
			<table border="1"> <thead> <tr> <th>Aspect</th> <th>Scores (Note)</th> <th>Evaluation results</th> </tr> </thead> <tbody> <tr> <td>Participation in Company operations</td> <td>5.00</td> <td rowspan="4">The Remuneration Committee scores favorably on all four aspects with an average score of 4.8.</td> </tr> <tr> <td>Understanding of the Remuneration Committee's roles and responsibilities</td> <td>4.80</td> </tr> <tr> <td>Improvement of the quality of the Remuneration Committee' decision making.</td> <td>4.86</td> </tr> <tr> <td>Composition of the Remuneration Committee and selection of committee members.</td> <td>5.00</td> </tr> </tbody> </table>	Aspect	Scores (Note)	Evaluation results	Participation in Company operations	5.00	The Remuneration Committee scores favorably on all four aspects with an average score of 4.8.	Understanding of the Remuneration Committee's roles and responsibilities	4.80	Improvement of the quality of the Remuneration Committee' decision making.	4.86	Composition of the Remuneration Committee and selection of committee members.	5.00	
Aspect	Scores (Note)	Evaluation results														
Participation in Company operations	5.00	The Remuneration Committee scores favorably on all four aspects with an average score of 4.8.														
Understanding of the Remuneration Committee's roles and responsibilities	4.80															
Improvement of the quality of the Remuneration Committee' decision making.	4.86															
Composition of the Remuneration Committee and selection of committee members.	5.00															
				The score ranges between 0 and 5, with 5 representing the best												

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>outcome.</p> <p>In 2021, the results of the performance evaluation of the Board and its members will be presented to the Board in the first quarter of 2022</p> <p>Article 30 of the Company's Corporate Governance Best Practice Principles stipulates that the independence of the CPA shall be regularly assessed and the content of assessments shall be based on Article 47 of the Certified Public Accountant Act and the "Assessment Form for the Independence of the CPA" in No. 10 Statement of the Professional Ethics Standards for Certified Public Accountants. The Declaration of the Independence of the CPA shall be obtained and submitted to the Board of Directors for discussion and approval at the first meeting of the Board of Directors in 2022 (March 9th, 2022).</p>	

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>The main evaluation items are as follows:</p> <ol style="list-style-type: none"> 1. As of the most recent assurance operation, no CPA has been appointed for seven (7) years without interruption. 2. The CPA is not involved in any significant financial interest with the appointer. 3. The CPA avoids any improper relationship with the appointer. 4. The CPA should ensure ethical conduct and independence of his/her staff. 5. The CPA may not perform audit and assurance services on the financial statements of companies he/she has served within two (2) years before CPA practice. 6. The CPA may not permit others to practice under his/her name. 	

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>7. The CPA does not own any shares of the Company or its affiliated companies.</p> <p>8. The CPA does not engage in lending or borrowing of money with the Company and its affiliated companies.</p> <p>9. The CPA does not engage in joint investments or benefit sharing with the Company or its affiliated companies.</p> <p>10. The CPA does not concurrently perform regular work for the Company or its affiliated companies and does not receive a fixed salary from them.</p> <p>11. The CPA is not involved in the strategy-making and management of the Company and its affiliated companies.</p> <p>12. The CPA does not concurrently engage in other businesses that may lead to loss of independence.</p>	

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>13. The CPA does not have a spouse, immediate family members or relatives within the second degree of kinship who serve in the senior management of the Company.</p> <p>14. The CPA does not receive any commission related to his/her service.</p> <p>15. As of now, the CPA has not engaged in any matter that may result in disciplinary actions taken against him/her or may compromise his/her independence.</p>	
IV. Has the TWSE/TPEX listed company designated an appropriate number of qualified corporate governance personnel and appointed a corporate governance officer responsible for matters related to corporate governance (including but not limited to	V		To protect the interests of the shareholders and strengthen the functions of the Board of Directors, the Company, following the resolution passed by the Board of Directors meeting on May 9th, 2019, appointed the legal affairs manager Chen, Yung-Chih as the Company's Corporate Governance Officer, the highest-ranking manager responsible for all corporate	No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
providing directors and supervisors with the necessary information for operation, assisting directors and supervisors in following regulations, handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, preparing minutes for Board meetings and the shareholders' meetings, etc.)?			<p>governance affairs. Mr. Chen, Yung-Chih has more than three years of experience as a manager of a public company's legal affairs unit. His main duties include managing all affairs related to board meetings and shareholders' meetings, producing meeting minutes of board meetings and shareholders' meetings, assisting Board Directors in taking office and continuing education, providing data required by Directors to perform their duties, and assisting Directors in legal compliance.</p> <p>Key operations in 2021 are summarized below:</p> <p>1. Assisting the Directors in performing their duties, including the provision of materials necessary for their work, arrangement of continuing education, and the purchase of liability insurance.</p> <p>(1) Compiling the latest laws and regulations related to the</p>	

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>Company's operation and corporate governance; setting agenda for discussions at the Board meetings; briefing the Board Directors on such matters from time to time.</p> <p>(2) Assisting Directors upon request in understanding and complying with the regulations applicable to carrying out their duties.</p> <p>(3) Providing Directors with the necessary information of the Company; assisting the communication of Directors with department managers.</p> <p>(4) Facilitating the arrangement of meetings between Independent Directors and the Chief Internal Audit Officer or CPAs, should such is requested by Independent Directors for better understanding of the Company's</p>	

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>finances.</p> <p>(5)Facilitating the arrangement of a minimum of 6 hours of continuing education for the Board Directors.</p> <p>(6) Confirming that the Company has purchased liability insurance for the Board members, and reporting such to the Board.</p> <p>2. Managing meeting agendas for the Board of Directors and shareholders meetings; ensuring compliance of resolutions with applicable laws and regulations.</p> <p>(1)Producing meeting notices and agenda for the Board of Directors; making prompt reminder to the Directors who may need to recuse himself/herself on account of conflict of interest; producing meeting minutes within the statutory time limit.</p>	

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>(2) Managing the registration of the shareholders meeting in accordance with the law; producing and delivering meeting notice, meeting handbook, meeting agenda and other related materials within the statutory time frame.</p> <p>(3) Ensuring that the convention of the Board of Directors meetings and shareholders meetings, resolution procedures, and meeting minutes are compliant with applicable laws and regulations, and the Corporate Governance Best Practice Principles.</p> <p>(4) Managing change of business registration</p> <p>3. Maintaining investor relationship Ensures that the Company’s website are kept up to date any time, to inform investors of the latest information on the Company’s financial, business, and corporate governance</p>	

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>information for the safeguarding of shareholders' rights and interests.</p> <p>Status of 2021 Continuing Education</p> <p>TWSE-listed companies should facilitate continuing professional education (CPE) for its chief corporate governance officer in accordance with Article 24 of Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.</p> <p>The Corporate Governance Officer shall receive at least 12 hours of continuing education each year. For officers serving the first term, a minimum of 18 hours of continuing education is required within a year from the date the officer takes office.</p> <p>As of the end of 2021, Chen, Yung-Chih, the corporate</p>	

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			governance officer of the Company, had completed 30 hours of continuing education.	
V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the Company's website for stakeholder affairs, and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		The website of our company is located in the corporate social responsibility area, and there is a stakeholder area, which explains the contact information of stakeholders' negotiation and communication channels, and the categories of core stakeholders, issues of concern and ways to respond. Every year, the company will report to the board of directors the ways and frequencies of communication with stakeholders, issues of concern, communication results and response methods, and on November 3, 2021, the board of directors reported the ways and frequencies of communication with stakeholders, issues of	No significant deviation

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			concern, communication results and response methods in 2020.	
VI. Has the company commissioned a professional shareholder services agency to handle Shareholders' Meetings and other relevant affairs?		V	The company manages its own securities services and shareholders affairs, including all matters related to shareholders' meetings, in accordance with the law.	The Company manages its own securities services to ensure quality and efficiency.

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
<p>VII. Information Transparency</p> <p>(I) Has the company established a website to disclose information on financial operations and corporate governance?</p> <p>(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose Company information, implementing a spokesperson system, and disclosing the procedure of institutional investors conferences on the Company’s website)?</p> <p>(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce</p>	<p>V</p> <p>V</p>	<p>V</p>	<p>The Company has set up a website and regularly discloses company information.</p> <p>The Company has appointed specific personnel to take charge of the collection and disclosure of company information and has implemented a spokesperson system.</p> <p>The Company has not published and disclosed its annual financial reports within two months after the end of the fiscal year. However, the Company has published and disclosed its quarterly financial reports, monthly revenues, and information on endorsements and guarantees before the statutory deadlines.</p>	<p>No significant deviation</p> <p>No significant deviation</p> <p>No significant deviation</p>

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
and declare the financial reports of the first, second and third quarters and the operating conditions of each month before the prescribed time limit?				
VIII. Has the company provided other material information to facilitate understanding of its corporate governance operations, including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders’ rights, progress of training of directors and supervisors, risk management policy and implementation of risk impact	V		(I) The Company provides its employees with comprehensive healthcare. In addition to formulating guidelines related to employee assistance services and gender equality in the workplace, the Company provides annual health checkups, sports and fitness equipment, organizes various outdoor recreational activities and talks on mental, emotional and spiritual health, purchases group insurance and issues LOHAS e-newsletters. Furthermore, the Company's	No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
standards, implementation of customer policies, and the company’s purchase of liability insurance for its directors and supervisors?			<p>employees have voluntarily set up the Employee Assistance Program Center (EAPC) to help their colleagues resolve work, life and psychological issues.</p> <p>(II) The Company is committed to the principle of equal opportunities, and supports a diverse workforce. The Company adopts an open hiring process on the principle of the right talent for the right position. The Company does not discriminate employment and career development based on race, gender, age, religion, nationality or political affiliation.</p> <p>(III) With regard to the promotion of environmental protection and occupational safety and health, the Company not only complies with the domestic laws and regulations, but strives to meet internationally recognized standards. The Company has successfully obtained ISO-9000, ISO-14001, OHSAS18001, ISO-27001 and ISO-500001 certifications</p>	

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>and will continue to push for further certifications. To enhance self-inspection capability, the Company has established the Group Safety and Health Partners Regional Joint Rescue system led by the South Labor Inspection Institute of the Ministry of Labor and actively participates in events organized by Linyuan Safety and Health Promotion Association.</p> <p>(IV) The Company actively participates in activities sponsored by Taiwan Responsible Care Association (TRCA) of the chemical engineering industry, including participates in community events, and cares for product protection in order to create a better living environment. Additionally, the Company also helps contractors by building a safe and health-conscious environmental management system to</p>	

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>ensure safety at work.</p> <p>(V) The Company has formulated “Risk Management Policies and Procedures”, which include risk management policies, organization, processes, risk management categories and mechanisms, so as to effectively manage risk arising from the Company's operations, including measurement of risk exposure as well as internal control system, clear policies around authorization of risk tolerance limit, strong internal audit for effective management of risk, and disclosure of risk in the annual report.</p> <p>(VI) The Company has established the intellectual property rights management system in order to strengthen the Company’s competitive edge in the industry by offering high value-added products and services to achieve higher</p>	

Evaluation Item	Implementation Status (Note)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>profitability.</p> <p>(VII) The Company has established a spokesperson's function to respond to all shareholder questions. The spokesperson serves as the bridge between the Company and shareholders, and maintains close contact with major shareholders.</p> <p>(VIII) The operation of consumer protection or customer policy: The Company has established quality policy in order to enhance quality of products and services and ultimately our customer satisfaction. The Company maintains strong relationships with its suppliers based on the principles of honesty, integrity and mutual benefits.</p> <p>(IX) The Company promotes continuing education of its directors through offering internal training courses from time to time, providing Directors with continuing education</p>	

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			information, and inviting Directors to take courses on corporate governance. (X) The Company has purchased liability insurance for its directors and supervisors	
<p>IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved. (Leave blank if the Company was not evaluated):</p> <p>Completed improvements:</p> <p>(I) More than half of the directors and the convener of the audit committee attend the shareholders' general meeting in person. (No.1.3)</p> <p>(II) The Chairman of the Company attended the shareholders' meeting in person. (No.1.4)</p> <p>(III) The shareholders' general meeting was originally scheduled to be held on May 31, 2021, but it was postponed to July 26, 2021 due to the epidemic. (No.1.6)</p> <p>Priority: The general meeting of shareholders will be held on May 27, 2022 (No.1.6)</p>				

Note: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.



(IV) If the Company has set up a Remuneration Committee, the composition, responsibilities and operations of the Committee shall be disclosed

1. Data of the Remuneration Committee members

Current year as of March 29th, 2022

Title (Note 1) Name	Terms	Professional Qualifications and Experiences(Note 2)	Status of Independence(Note 3)	Number of publicly listed companies in which the member concurrently serves as a remuneration committee member
Independent Directors (Convener)	Wei, Yung- Tu	He once served as the president of Deloitte & Touche, and had the working experience of directly supervising the positions of financial supervisor and accounting supervisor.	During the two years before the election and during the term of office, there was no circumstance mentioned in Paragraph 1 of Article 3 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to Be Observed.	2

Independent Directors	Chen, Tien-Wen	He once served as the chairman of the affiliated enterprise of affiliated companies, and now he is the chairman of Chia Shih Construction Co., Ltd, and has the working experience of directly supervising the financial supervisor and accounting supervisor.	During the two years before the election and during the term of office, there was no circumstance mentioned in Paragraph 1 of Article 3 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to Be Observed.	2
Independent Directors	Juan, Chi-Yin	At present, he is an associate professor in the Institute of Science and Technology Law of Soochow University. He once served as deputy general manager, chief legal officer and senior consultant of Mitac International Corporation, and has experience in legal affairs.	During the two years before the election and during the term of office, there was no circumstance mentioned in Paragraph 1 of Article 3 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to Be Observed.	0

Note: Please specify the relevant working experience, professional qualifications, experience and independence of each member of the remuneration committee in the Table. If they are independent directors, please refer to Table 1 (I) Information of Directors and Supervisors on Page OO. Please state whether you are an independent director or others (if you are the convener, please make a note).

Note 2: Professional qualifications and experience: state the professional qualifications and experience of individual members of the remuneration committee.

Note 3: Compliance with independence: state the compliance of the members of the remuneration committee with independence, including but not limited to whether I, my spouse and relatives within the second degree are directors, supervisors or employees of the Company or its affiliated enterprises; The number and proportion of shares held by myself, my spouse and relatives within the second degree (or in the name of others); Whether he is a director, supervisor or employee of a company with a specific



relationship with the Company (refer to the provisions of Article 6, Paragraph 1, Items 5-8 of the Regulations on the Establishment and Exercise of the Functions and Powers of the Remuneration Committee of Companies Listed on the Stock Exchange or Trading on the OTC Market); Amount of remuneration obtained for providing business, legal affairs, finance, accounting and other services of the Company or its affiliated enterprises in the last two years.

Note 4: Please refer to the best practice reference examples on the website of Corporate Governance Center of Taiwan Stock Exchange for disclosure methods.

2. Responsibilities

The Remuneration Committee shall exercise the care of a good administrator to faithfully fulfill the following functions and powers, and submit the recommendations to the Board of Directors for deliberation:

- (1) Regularly review the Committee's charter and propose recommendations to amend it when necessary.
- (2) Establish and regularly review the policies, systems, standards and structures for performance evaluation and remuneration of directors and managers of the Company.
- (3) Periodically evaluate and set the remuneration of the directors and managers of the Company.

3. Operations of the Remuneration Committee:

- (1) The Company's Remuneration Committee consists of three (3) members.
- (2) The term of office: August 4th, 2021 to July 25st, 2024. The Remuneration Committee convened three (3) meetings (A) in the most recent year. The qualification and attendance of members are as follows:

Title	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	Percentage of attendance in person (%) (B/A) (Note)	Remarks
Convener	Ma, I-Kung	1	0	100%	Former (re-elected on August 4, 2021), shall attend 1 time

Convener	Wei, Yung-Tu	2	0	100%	Newly elected (re-elected on August 4, 2021), shall attend 2 times
Commissioner	Chen, Tien-Wen	3	0	100%	Be re-elected (re-elected on August 4, 2021)
Commissioner	Juan, Chi-Yin	3	0	100%	Be re-elected (re-elected on August 4, 2021)
<p>I. If the Board of Directors rejects or amends the suggestions of the Remuneration Committee, it should state the date of the Board Meeting, the term of the fiscal year, the content of the proposal, and resolution of the Board Meeting and the follow-up treatments (e.g., if the resolution of the Board Meeting states that the amount of remuneration is higher than that of the suggestions from the Remuneration Committee, the Board should specify the difference in number and the reason behind the resolution):Not applicable.</p> <p>II. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None</p>					

Note:

- (1) Where an member of the Remuneration Committee resigns before the end of the fiscal year, the "Remarks" column shall state the member's resignation date, whereas his/her rate of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.
- (2) When an election is held for the Compensation Committee before end of the year, members of both the new and old committee shall be listed in separate columns and noted as new, old or reelected members, along with the elected date, in the "Remark(s)" column. The rate of attendance in person (%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.



Remuneration Committee	Resolution and Subsequent Actions	Objections or Reservations Expressed by the Remuneration Committee
The 9th session of the 4th Committee 2021.3.5	1. The Company's remuneration distribution plan for directors and employees in 2020.	None
	2. The annual special bonus of the Company's managers in 2020.	None
	3. Reviewed the remuneration of the Directors and managers and the performance evaluation system.	None
	Opinions of the Remuneration Committee: None.	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and submitted them to the Board of Directors for discussion.	
	The Company's actions in response to the opinions of the Remuneration Committee: all the Directors in attendance voted in favor of the resolution.	
The 1th session of the 5th Committee 2021.8.17	Annual salary adjustment of the Company	None
	Opinions of the Remuneration Committee: None.	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals	
	The Company's actions in response to the opinions of the Remuneration Committee:	
The 2th session of the 5th Committee 2021.11.3	1. Amended certain articles of the "Remuneration Committee Charter."	None
	2. Draw up the work project of the Committee in 2022.	None
	Opinions of the Remuneration Committee: None.	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals	
	The Company's actions in response to the opinions of the Remuneration Committee:	

(V) Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Advancement Project	Implementation status: (Note 1)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
Does the Company establish an exclusively (or part-time) dedicated unit for promoting Corporate Social Responsibility? Is the unit authorized by the Board of Directors to implement CSR activities at the executive level? Does the unit report the progress of such activities to the Board of Directors?	V		In April 30, 2015, to enhance corporate governance, the Company approved to upgrade the status of the Corporate Social Responsibility Committee to the functional committee of the Board of Directors on December 22nd, 2017. The Company has also formulated the "Corporate Social Responsibility Charter" in accordance with Article 23-3 of the Company's Articles of Incorporation and Article 26 of the Regulations for Corporate Governance, which is to be complied with by this committee. The Committee is composed of the chairman, general manager and two independent directors, of which the chairman is an independent director and the deputy chairman is the general manager. The Committee has three working groups, namely, corporate governance, environmental protection and social relations, and an project secretary. The members of each working group are composed of representatives of relevant departments, and are responsible for promoting the work related to sustainable development. The project secretary is responsible for integrating the annual plans and implementation results of each working group and reporting them to the committee. The annual plan and results will be submitted to the Board	Consistent with the sustainable development Best-Practice Principles for TWSE or TPEX Listed Companies.

Advancement Project	Implementation status: (Note 1)		Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		<p>of Directors after discussion by the committee.</p> <p>Corporate Social Responsibility Committee Functions:</p> <ol style="list-style-type: none"> 1. Formulate the corporate social responsibility policy 2. Corporate social responsibility strategy planning, annual plans and project plans formulation. 3. Supervise the implementation of corporate social responsibility strategy planning, annual plans and project plans, and evaluate their status of implementation 4. Review and approval of sustainability. 5. Report the implementation results of corporate social responsibility to the Board of Directors every year. 6. Any other matters directly assigned by the Board of Directors to the committee. <p>The Committee reports the implementation of sustainable development to the Board of Directors at least twice a year, It held two ESG committees and reported to the Board of Directors on March 5, 2021 and November 3, 2021. In 2021, it reported to the Board of Directors the issues of concern, communication channels and actual implementation of the annual core stakeholders. In 2022, it will add the management policy, strategy, goal setting and review measures of ESG major issues to the Board of Directors.</p>	

Advancement Project	Implementation status: (Note 1)		Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		Note: On March 9, 2022, “Corporate Social Responsibility Committee” was changed to “Sustainable Development Committee”, and the “Organizational Rules of Corporate Social Responsibility Committee” was changed to the “Organizational Rules of Sustainable Development Committee”.	
II. Has the company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies? (Note 2)	V	The Company's risk assessment covers all factories and operating units in Taiwan Province and mainland China. For a long time, the Company has complied with the relevant laws and regulations of the competent authorities, formulated the operation standard of each risk management unit for the risk assessment of major issues related to the environment, society and corporate governance, so as to carry out risk control in daily operations, and to cope with short-term, medium-term and long-term risks, such as operational risks, regulatory risks, climate change and environmental risks, disaster and accident risks and financial risks. In December, 2020, in order to strengthen corporate governance, the Audit Committee and the Board of Directors passed the “Measures for Risk Management Policies and Procedures”. The Company's risk management process includes risk identification, risk measurement, risk monitoring, risk reporting and disclosure, and risk response. The risk	Consistent with the sustainable development Best-Practice Principles for TWSE or TPEX Listed Companies.

Advancement Project	Implementation status: (Note 1)		Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		<p>management operation situation includes how to respond to COVID-19, strengthen information security, reduce industrial safety risks and legal compliance risks, etc. The identification and measurement of operational risks have been completed one after another, and the effective supervision and control of risks are within an affordable range. In order to effectively implement the risk management mechanism, the Company is jointly promoted by the Board of Directors, the Audit Committee, the top managers directly under each risk management unit, the audit department, each risk management unit and its subsidiaries. Every year, the Company regularly identifies, measures and controls risks according to the work scope of each risk management unit. The Company currently assigns units responsible for execution of specific items or management of important risks to assess and formulate response strategies. The Audit Office shall regularly follow up on results of the plans and report the internal control self-assessment results to the Committee for prompt corrections and improvements to implement the PDCA management cycle and enhance risk management.</p>	

Advancement Project	Implementation status: (Note 1)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
III. Environmental Issues				
(I) Has the company established an appropriate environmental management system based on the characteristics of the industry to which it belongs?	V		(一) 1. The Company belongs to petrochemical materials industry. According to the laws and regulations such as air pollution prevention and control law, water pollution prevention and control law, waste cleaning law, management measures for toxic and concerned chemicals, etc., and by introducing the ISO 14001 environmental management system, the Company has established appropriate safety management and environmental management systems for raw materials, production, products, transportation, pollution prevention and control, etc., so as to comply with the laws, regulations and policies of the government. 2. The Company has passed the ISO 14001 Environmental Management System, the scope of which includes, for example, the external and internal issues related to the performance of its business, the needs and expectations of workers and stakeholders, and accordingly defines the Company's environmental policy and confirms its objectives and commitments to its environmental management system.	Consistent with the sustainable development Best-Practice Principles for TWSE or TPEX Listed Companies.
(II) Is the company committed to improving the efficiency of	V		(二) 1. In 2020, the Company began to promote the introduction of ISO 50001, an energy management system, with the standards	

Advancement Project	Implementation status: (Note 1)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
utilizing various resources and using recycled materials with low impacts on the environment?			<p>and methods adopted by the Energy Management Manual as the guiding principle of the energy management system, so as to ensure the effective operation of the energy system, and continue to promote energy conservation and carbon reduction projects to achieve the Company's energy policies and objectives.</p> <p>2. Each plant has the goal of setting the energy consumption per unit product according to the product category. The base year data of 2017 are: 2.07GJ/ ton products of Linyuan Plant, 1.76GJ/ ton products of Qianzhen Plant, 1.14GJ/ ton products of Zhongshan Plant and 17.53GJ/ ton products of Toufen Plant. The data for 2021 are: 1.91GJ/ ton products of Linyuan Plant, 1.23GJ/ ton products of Qianzhen Plant, 1.14 GJ/ ton products of Zhongshan Plant and 16.49GJ/ ton products of the Toufen Plant.</p> <p>3. At present, the Company does not use related recycled materials.</p>	
(III) Has the company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to climate-related issues?	V		<p>(三) The Company adopts response strategies for mitigating the impact of climate change for risk management and reviews the effectiveness of the response strategies each year. In addition, the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) has been used to identify risks and opportunities. In 2019, the TCFD method has been used to identify the transformation risks and physical risks in the operation process.</p>	

Advancement Project	Implementation status: (Note 1)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>Five risk items and emerging opportunities brought by climate change have been identified, and five opportunity items have been identified. In 2020, the occurrence time of risks and opportunities were divided into short-term, mid-term and long-term, the possible financial impact is evaluated, and then the identification result is used to set the response plan. Evaluation results 1. The physical risks are (1) extreme changes in rainfall patterns and climate patterns, (2) increased severity of extreme weather events such as typhoons and floods, and (3) increased average temperature. 2. The transition risks are (1) increasing the pricing of greenhouse gas emissions and (2) strengthening the obligation of emission reporting. 3. Opportunities are (1) using low-carbon energy, (2) using more efficient production and distribution processes, (3) recycling and reusing, (4) reducing water consumption, and (5) participating in renewable energy projects and adopting energy-saving measures. The countermeasures are: (1) promote water-saving and energy-saving measures and recycling water. (2) Enhance inspections and clear the drainage system during heavy rains to ensure the normal functions of the drainage system. (3) Strengthen response measures for typhoons to ensure stable production when natural disasters occur. (4) Promote energy</p>	

Advancement Project	Implementation status: (Note 1)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(IV) Has the company calculated its GHG emissions, water consumption, and total waste weight in the past two years, and formulated policies for energy conservation, reductions of carbon, GHG, and water consumption, or other waste management?	V		<p>conservation and carbon emissions reduction measures and implement voluntary greenhouse gas inventory operations. (5) Implement resource consumption reduction, recycling, and reuse measures. (6) Promote ISO 50001. (7) Cooperate with the Company's policies for full production and full sales. Gradually phase out old equipment and reduce energy consumption to improve production efficiency. (8) Purchase green energy.</p> <p>(四) 1. Every year, the Company conducts independent inventory statistics on greenhouse gas emissions, water consumption and waste treatment (including Linyuan Plant, Qianzhen Plant, Toufen Plant and Zhongshan Plant). The data of the base year in 2017 are as follows: CO₂ emissions of Category I and Category II of greenhouse gases are 93,365 metric tons/year, water consumption is 1,064,299 metric tons, and waste treatment is 3,959 metric tons/year. In 2021 and 2020, the CO₂ emissions of greenhouse gas categories I and II were 90,881 tons and 92,642 tons respectively, the water consumption in 2021 and 2020 was 1,110,245 metric tons and 1,109,750 metric tons respectively, and the waste treatment in 2021 and 2020 was 3,572 metric tons and 3,446 metric tons respectively.</p> <p>2.Improvement measures such as energy saving, carbon reduction</p>	

Advancement Project	Implementation status: (Note 1)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>and water conservation are implemented according to the Group’s management approach, such as replacing fuel heavy oil with natural gas system, replacing old and old high-energy consuming motors, increasing the amount of recycled waste water in the process to reduce the amount of water required in the process, planning the establishment of sludge drying system to reduce the amount of waste generated, formulate policy management plan for relevant improvement measures, and regularly track and review.</p> <p>3. The Company's 2020 sustainability report was verified and externally guaranteed by BSI in June 2021, and it was imported into ISO 140641-1 greenhouse gas inventory in 2022. It is expected that the greenhouse gas inventory will be completed in August 2022.</p>	
<p>IV. Social Issues</p> <p>(I) Has the company formulated the relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?</p>	V		<p>(I) 1.Human Rights Policy:</p> <p>The Company has formulated the human rights policy on March 22, 2018:</p> <p>In order to fulfill corporate social responsibility and implement human rights protection, with reference to internationally</p>	<p>Consistent with the sustainable development Best-Practice Principles for TWSE or TPEX Listed Companies.</p>

Advancement Project	Implementation status: (Note 1)		Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>recognized human rights standards such as the International Code of Human Rights (International Bill of Rights) and the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO), the Company should formulate human rights policies to put an end to violations and violations of human rights, and make the current employees of the company get reasonable and dignified treatment. Its application scope is also applicable to related enterprises. The implementation policy is as follows:</p> <ol style="list-style-type: none"> (1) Complying with relevant laws and regulations and providing a safe and healthy workplace. (2) Committing to maintaining a workplace free of violence, harassment and intimidation, and respecting the privacy and dignity of employees. (3) No child labor. (4) No forced labor. (5) Putting an end to illegal discrimination and reasonably ensuring equal opportunities in employment and promotion. (6) Respecting employees' right to form and join legally recognized

Advancement Project	Implementation status: (Note 1)		Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>trade unions to safeguard their rights and interests.</p> <p>2. Human rights assessment: The Company promises to reasonably ensure the safety of the working environment, respect and dignity of employees, promote environmental protection and abide by ethics. To reflect this commitment, in addition to assigning special personnel to manage the occupational safety and health operations of employees according to laws and regulations, the Company should take honesty as the foundation, respect employees on a legal basis, and actively promote environmental protection and energy conservation related matters. Every year, the Company regularly entrusts professional organizations to inspect and appraise the environmental risks in the business.</p> <p>3. Measures to mitigate human rights risks: The Company promises to reasonably ensure the safety of employees and working environment, respect and dignity of personnel, promote environmental protection through operation and abide by laws and regulations and ethics. To reflect this commitment, apart from honesty, the Company respects</p>

Advancement Project	Implementation status: (Note 1)		Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>employees on a legal basis, and assigns special personnel to carry out the occupational safety and health operations of employees according to law. Besides continuous propaganda and education, the Company has implemented human rights policies in daily life, and has established reasonable complaint channels.</p> <p>4. Education and training on human rights protection: In 2021, the Company held training related to the promotion of human rights protection, with a total of 7,046 hours and 1,934 person-times.</p> <p>Training for newcomers: When taking office, education and training for newcomers in compliance with relevant laws are required, including prevention and control of sexual harassment, anti-discrimination, anti-harassment, implementation of working hours management and protection of humane treatment, etc.</p> <p>Prevention of workplace violence: Through publicity and announcement, employees are made aware of their responsibility to help ensure that there is no unlawful infringement in the workplace, and the complaint hotline is exposed to jointly create a friendly working environment.</p> <p>Occupational safety series training: It includes safety and health</p>

Advancement Project	Implementation status: (Note 1)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(II) Has the Company established and implemented reasonable employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	V		<p>education and training, fire safety training, emergency response and emergency personnel training, etc.</p> <p>Honesty and moral propaganda: The company educates and promotes its employees on daily behavior and ethical standards, so as to provide a healthy and positive workplace culture, t</p> <p>The Company continues to pay attention to human rights protection and carries out relevant training, so as to raise awareness of human rights protection and reduce the possibility of related risks.</p> <p>(II) The salary and benefits of the company include labor insurance/health insurance/overtime pay/two days off a week/paternity leave/parental leave/physiological leave/special leave (the minimum unit is 0.5 hours)/maternity leave/annual physical examination of employees/payment for labor retirement/occupational injury insurance/nursing room, etc. The welfare system includes annual bonus/three welfare benefits/employee group insurance/food allowance/employee canteen/employee travel allowance/beano/maternity allowance/employee domestic and overseas study</p>	

Advancement Project	Implementation status: (Note 1)		Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
(III) Does the company provide a safe and healthy work environment to its employees, and regularly offer safety and health education to its employees?	V	<p>allowance/community allowance/employee on-the-job education and training/senior employee gold medal commendation/performance appraisal, etc., and year-end bonus is given to employees according to the Company's operating results and employee performance. In 2021, there were 507 employees in total, including 74 female employees, accounting for 14.60%; The number of supervisors is 55, accounting for 10.84%.</p> <p>(III) 1. The Company distributes personal safety protective equipment to each employee, conducts education and training on the inspection and safety of the working environment every six months, conducts irregular inspections on the working safety environment and conducts regular annual health check-ups, and sets up an occupational safety and health special unit and committee organization, and employs professional doctors and nursing staff to provide consultation and assistance on employees' health problems.</p> <p>2. The Company has passed the examination and verification of ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Safety and Health Management System), which covers workers (employees and contractors of the Company) and</p>	

Advancement Project	Implementation status: (Note 1)		Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
(IV) Has the Company established effective career development and training plans for its employees?	V	<p>stakeholders (such as internal and external government and non-governmental organizations entering the workplace, etc.), so as to provide a safe working environment for workers and personnel.</p> <p>3. The number of employees' occupational disasters in 2021 of the Company is 0.</p> <p>(IV) For the pre-service education and training for new employees of the Company, in addition to common courses (introduction of the Company and various systems and methods, safety and health training), professional courses and occupational safety courses of each unit shall be implemented according to the needs of each unit, and all relevant professional courses shall be completed within three months, and the assignment or return training of professional training shall also be implemented; Training for supervisors (including class/department/factory-level supervisors) will be held irregularly, while other colleagues will be assigned training at the technical/R&D/industrial safety/process improvement/laws and regulations, which will provide external or internal education and training to meet the personal career development needs of employees and the Company's management policy, and provide training courses for all-round talents. For staff training, a survey of staff training needs is conducted in the fourth quarter of each year, and an education and</p>	

Advancement Project	Implementation status: (Note 1)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(V) Has the Company followed relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, and marketing and labeling of its products and services and established related consumer protection policies and grievance procedures?	V		<p>training implementation plan is compiled. At the same time, a digital learning platform is set up to provide a channel for self-learning, so as to enhance staff's professional or management skills and balance their physical and mental development. Additionally, online e-learning courses allows the employees to effectively participate in learning activities anytime, anywhere, thereby enhancing their career development and overall work performance.</p> <p>(V) The Company establishes long-term cooperation with high-quality suppliers based on quality, capability and environmental protection policies, fulfills corporate social responsibilities, and delivers the idea of environmental protection policies to contractors and carriers. At the same time, the Company complies with the RoHS directive and enhances environmental protection education and training. The Company also pays serious attention to the safety of construction companies in the plant area and ensures the safety of various operations so as to protect the safety and health of workers and jointly engage in good risk management with them.</p> <p>1. Customer health and safety: all products have MSDS (material safety data sheet) to provide customers with guidelines for storage and transportation, so as to maintain health and safety.</p>	

Advancement Project	Implementation status: (Note 1)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(VI) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?	V		<p>2. Customer privacy: In 2013, the "Customer Personal Data Control Operation" was formulated for compliance to maintain customer privacy.</p> <p>3. Marketing and labeling: all comply with relevant laws and international standards. Trademark labeling on packaging bags is processed in accordance with regulations in the Trademark Act.</p> <p>4. Establishment of related consumer rights protection policy and grievance-filing procedures: The Company provides customers with complaint channels for in accordance with the "Operating Procedures for Processing Customer Complaints" to protect their interests.</p> <p>(VI) The supplier management policy is mainly to promote and encourage suppliers to sign the Letter of Commitment of Supplier's Corporate Social Responsibility (hereinafter referred to as the Letter of Commitment). The Company has drawn up this Letter of Commitment, which requires suppliers to make commitments to the requirements of human rights, industrial safety, sanitation, environmental protection and conflict minerals.</p>	

Advancement Project	Implementation status: (Note 1)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>1. Requirements: (1) Labor and human rights: including non-forced labor, prohibition of child labor, provision of due wages and benefits, protection of working hours and rest time, elimination of sexual harassment, bullying and discrimination in the workplace, and non-use of conflict minerals, etc. (2).health and safety: Including necessary measures such as occupational safety, emergency response, industrial hygiene, machine protection, public health, accommodation and health and safety information. (3) Environment: Including environmental operation permit, pollution prevention and resource conservation, hazardous substances, sewage, harmless solid waste, noise, exhaust gas emission, product and service restriction, energy/resource consumption and greenhouse gas emission, etc. (4) Ethics: Including operating in good faith, respecting intellectual property rights, abiding by relevant confidentiality agreements, safeguarding privacy and avoiding conflicts of interest, etc.</p> <p>2. Implementation situation: (1) Existing suppliers: Promoting and encouraging suppliers of frequently purchased items to sign the letter of commitment, with the achievement rate of about 80% in</p>	

Advancement Project	Implementation status: (Note 1)		Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		2019, 90% in 2020 and 98% in 2021. The Company will continue to encourage suppliers to sign the Letter of Commitment, and plan to achieve 100% signing in 2023. (2) New suppliers: Since 2019, all new suppliers have been required to sign the Letter of Commitment when submitting supplier information. (3) Planning the content of supplier's factory visit audit: it is estimated that the social and environmental assessment project will be included in the supplier evaluation audit project before 2024; Suppliers who fail to meet the Company's social and environmental assessment will be assisted to carry out improvement work.	
V. Does the Company refer to internationally accepted standards or guidelines for the preparation of reports, and prepare reports that disclose the Company's non-financial information, such as perpetual reports? Has the company received assurance or certification of the aforesaid	V	The Company's CSR reports are drafted based on the "Core Options" of the "GRI Sustainability Reporting Standards" (GRI Standards) published by the Global Reporting Initiative's (GRI). The Company shall obtain third-party assurance or qualified opinion for the reports each year. ESG report in 2020 was verified by BSI (Taiwan Province Branch of British Standards Institute), an independent third party, and a verification statement was obtained. After the certification, the report obtained the international certifications of AA 1000 Type 1 Medium Assurance Level certification.	Consistent with the sustainable development Best-Practice Principles for TWSE or TPEX Listed Companies.

Advancement Project	Implementation status: (Note 1)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons						
	Yes	No								
reports from a third-party accreditation institution?										
<p>VI. If the Company has its own sustainable development code according to the “Code of Practice for Sustainable Development of Listed and OTC Companies”, please describe the differences between its operation and the established code: The Company revised the “Code of Practice for Corporate Social Responsibility” on April 31, 2015, and there was no significant difference in its operation.</p>										
<p>VII. Other important information that is helpful to understand the operation of promoting sustainable development: TTC upholds the spirit of "giving back to the society what is taken from it" to care for the community, local groups and local schools, as well as continuing to interact with local communities to maintain good relations. Giving back to the community: including community development associations, education and culture, police stations, community associations, local folk festivals, and emergency assistance. Offer job opportunities: local talents are prioritized for appropriate vacancies and contractors are encouraged hire local residents. Community fellowship: Including activities for local inhabitant, community representatives, environmental protection groups, religious activities.</p> <p style="text-align: center;">2021 Community Care Activities for Social Participation and Implementation Results</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Type</th> <th>Results / Implementation</th> </tr> </thead> <tbody> <tr> <td rowspan="3" style="text-align: center; vertical-align: middle;">Caring for the neighborhood</td> <td>* Linyuan District neighborhood care get-together or activities and social lectures feedback.</td> </tr> <tr> <td>* Linyuan District community club development association and the association study activities feedback.</td> </tr> <tr> <td>* In 2021, in cooperation with the "2021 Management Plan of Air Purified Area in Kaohsiung City" of the</td> </tr> </tbody> </table>					Type	Results / Implementation	Caring for the neighborhood	* Linyuan District neighborhood care get-together or activities and social lectures feedback.	* Linyuan District community club development association and the association study activities feedback.	* In 2021, in cooperation with the "2021 Management Plan of Air Purified Area in Kaohsiung City" of the
Type	Results / Implementation									
Caring for the neighborhood	* Linyuan District neighborhood care get-together or activities and social lectures feedback.									
	* Linyuan District community club development association and the association study activities feedback.									
	* In 2021, in cooperation with the "2021 Management Plan of Air Purified Area in Kaohsiung City" of the									

Advancement Project	Implementation status: (Note 1)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
		Environmental Protection Bureau of Kaohsiung City, the Company adopted the air purified area and the clean air green wall base of Zhongyun Elementary School in Linyuan District of Kaohsiung City for one year's environmental and planting maintenance assistance. The adoption period was from September 03, 2021 to September 02, 2022.		
		* In September 2021, the Company participated in the regional defense organization of Linyuan Industrial Zone and won the award.		
		* In April 2021, the Company was awarded the second place of "TRCA 2020 butadiene poison disaster prevention organization field drill".		
	Community clubs	* The USI Tennis Tournament was jointly held on November 20, 2021, with 7 employees from Linyuan factory participating.		
		* In November, 2021, the Company participated in the China National Petroleum Occupational Safety Cup and the 11th Labor-Capital Harmonious Slow Softball Competition of Kaohsiung Petrochemical Industry Union, encouraging employees to participate in proper sports and leisure, increasing the interaction and exchange among petrochemical workers, and showing their vitality, unity and enthusiasm.		
	Donations and other sponsorship	* Every year, we invest funds into the USI Education Foundation to help the foundation invest more resources in rural education, environmental sustainability and other public welfare undertakings and activities.		
* Temple celebrations and other sponsorship.				

Advancement Project	Implementation status: (Note 1)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																				
	Yes	No	Summary																					
			<p>* The Company participated in the joint donation activity of computer and detection and prevention equipment renewal of Linyuan Branch of Kaohsiung Municipal Police Department together with friend plants such as USI Group, and Taida Chemical Linyuan Plant sponsored NT\$ 50,000 only.</p> <p>* The Company has promoted the year-end charity fund-raising, participated in assisting local old farmers to subscribe for organic fruits grown by farmers, and hopes to help local farmers promote organic fruits produced in Taiwan Province, gives back to the local area, and fulfills the corporate social responsibility.</p>																					
<p>◆ Sponsorship for Linyuan community care</p> <p>Summary of feedback for local expenditure in the past three years Unit: NT\$ thousand</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Caring for the neighborhood</td> <td>346</td> <td>463</td> <td>65</td> </tr> <tr> <td>Community clubs</td> <td>327</td> <td>318</td> <td>2018</td> </tr> <tr> <td>Donations and other sponsorship for temples</td> <td>185</td> <td>303</td> <td>314</td> </tr> <tr> <td>Total</td> <td>858</td> <td>1,084</td> <td>486</td> </tr> </tbody> </table> <p>◆ Sponsorship for USI Tennis Tournament</p> <p>The Group's three factories in Linyuan (TTC/APC/TVCM) have commissioned the Linyuan Tennis Association to hold the USI Tennis Tournament for many years. Each company donates NT\$100,000 a year for the Kaohsiung Linyuan Tennis Association to organize the tournament. The Company has hosted 19 tournaments by 2021. In addition to promoting sports and fitness, the tournament increases the interactions among Group employees and local residents. The 19th tournament was held on November 20th, 2021 in Linyuan Senior High School. Seven employees from the Linyuan Plant participated.</p>					Item	2019	2020	2021	Caring for the neighborhood	346	463	65	Community clubs	327	318	2018	Donations and other sponsorship for temples	185	303	314	Total	858	1,084	486
Item	2019	2020	2021																					
Caring for the neighborhood	346	463	65																					
Community clubs	327	318	2018																					
Donations and other sponsorship for temples	185	303	314																					
Total	858	1,084	486																					

Advancement Project	Implementation status: (Note 1)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
<p>◆ Participation in community softball games</p> <p>In November, 2021, the Company participated in the China National Petroleum Occupational Safety Cup and the 11th Labor-Capital Harmonious Slow Softball Competition of Kaohsiung Petrochemical Industry Union. The Company team was led by the director Liu, Chih-Hung and the chairman Chiang, Ming-Mao of the trade union, encouraging employees to take part in proper sports and leisure, increasing the communication among petrochemical workers, and showing the vitality, unity and enthusiasm of employees.</p> <p>◆ Adoption of the Kaohsiung Clean Air Quality Region</p> <p>The Company cooperated with the Environmental Protection Bureau of Kaohsiung City Government to promote the adoption activities of the air purification zone in Kaohsiung City, aiming at improving the overall air quality and environmental maintenance of the whole city, pursuing sustainable development and showing corporate civic responsibility, and adopted the Air Purification Zone of Zhongyun Elementary School and the Clean Air Green Wall Base in Linyuan District, Kaohsiung City, and provided the maintenance and management unit with one-year environmental and planting maintenance assistance. The adoption period started from September 3, 2021 to September 2, 2022.</p> <p>◆ Responding to charity collection</p> <p>In February, 2021, the plant responded to Kaohsiung City Councillor Wang, Yao-Yu's service office to promote the year-end charity collection, and participated in assisting local old farmers to subscribe for organic fruits grown by farmers,</p>				

Advancement Project	Implementation status: (Note 1)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
<p>hoping to help local farmers promote organic fruits produced in Taiwan Province, give back to the local area and fulfill their corporate social responsibility.</p> <p>◆ The Company participated in the joint donation activity of computer and detection and prevention equipment renewal of Linyuan Branch of Kaohsiung Municipal Police Department together with friend plants such as USI Group</p> <p>The Company enthusiastically participates in non-governmental and government-related public welfare activities, and participates in the joint donation activity of computer and detection and prevention equipment renewal of Linyuan Branch of Kaohsiung Municipal Police Department together with other friendly factories such as USI Group. Linyuan Branch has sponsored NT\$ 50,000 in total to assist Linyuan Police Branch in replacing old computers with new ones.</p> <p>◆ The Company participated in the regional defense organization of Linyuan Industrial Zone and won the award</p> <p>In the first half of 2021, Linyuan Plant served as the rotating convener of the Regional Defense Organization of Linyuan Industrial Zone.</p> <p>During the rotating period, it strengthened the consensus of the industry in the region and promoted friendly plants.</p> <p>◆ The company participated in the field drill of butadiene poison disaster prevention organization</p> <p>The Linyuan Plant participated in the "TRCA 2020 butadiene poison disaster prevention organization field drill", the result was excellent and ranked second.</p> <p>TRCA won the award seat at the annual meeting and responsible care management seminar on April 22, 2021.</p> <p>◆ Sponsorship for the USI Education Foundation</p> <p>The USI Education Foundation was jointly established by USI Corporation and Asia Polymer Corporation on December 30th, 2011. Since it began official operations in 2012, it has engaged in education and welfare industries and focused on disadvantaged groups,</p>				

Advancement Project	Implementation status: (Note 1)		Summary	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
<p>remote areas, and the ecology. It has established scholarships, made donations to public welfare platforms, and donated to education and public welfare activities to strengthen service capacity and improve service benefits. TTC joined the list of sponsors in 2018 and the Company has donated NT\$1 million to the Foundation each year since, allowing the foundation to contribute more resources in public welfare such as rural education and environmental sustainability to give back to the society. In 2021, the total sponsorship expenditure of USI Education Foundation was NT\$ 11.71 million, including NT\$ 3 million scholarships, sponsored the Public Welfare Platform Culture Foundation for NT\$ 1 million and Taitung Junyi International Experimental High School for NT\$ 5 million; sponsored various other educational public welfare activities for NT\$ 2.71 million.</p>				

Note 1: If "Yes" is checked, please specify the important policies, strategies, measures and implementation; If "No" is checked, please explain the differences and reasons in the column of "Differences and Reasons from the Code of Practice for Sustainable Development of Listed and OTC Companies", and explain the plans to adopt relevant policies, strategies and measures in the future.

Note 2: The principle of materiality refers to environmental, social, and corporate governance issues that have significant impacts on the Company's investors and other stakeholders.

Note 3: Please refer to the best practice reference examples on the website of Corporate Governance Center of Taiwan Stock Exchange for disclosure methods.

(VI) Implementation of ethical corporate management, deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", and reasons for deviation:

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
I Formulating Ethical Corporate Management Policies and Programs				
(I) Does the company specify ethical corporate management policies and programs in its regulations and on external documents? Do its Board of Directors and the management team actively advocate and implement these policies?	V		(I) The Group upholds the business philosophy of "Solid Operation, Professional Management, Seeking Excellence and Serving the Society" and exercises its corporate culture that "seeks truth, honesty and comprehensiveness". The Company has established the "Ethical Corporate Management Best Practice Principles" "Procedures for Ethical Management and Guidelines for Conduct", "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers", which were approved by the board of directors, to specify its ethical corporate management policies. The Company's Board of Directors and the General Manager have signed statements of ethical management to fulfill their commitments in management policies.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.
(II) Has the company established a risk assessment mechanism against unethical conduct, analyze and	V		(II) The Company has established the "Ethical Corporate Management Principles," approved by the Board of	Consistent with the Ethical Corporate Management Best Practice Principles for

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
<p>assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p>			<p>Directors, and established a risk assessment mechanism for unethical conduct to regularly analyze and evaluate business activities with higher risk of unethical conduct within the business scope, so as to formulate prevention programs, while reviewing the adequacy and effectiveness of prevention programs on a regular basis and strengthening relevant preventive measures.</p> <p>The prevention programs adopted by the Company shall include preventive measures against the following actions:</p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or accepting unreasonable gifts, services, hospitality or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other 	<p>TWSE or TPEX Listed Companies.</p>

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
			stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.	
(III) Has the company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company implement them accordingly, and regularly review and correct such measures?	V		(III) 1.The Company has established the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" and encourages reports on any illegal activities or violations of the Code of Conduct or the Ethical Corporate Management Best Practice Principles. Any employee or external entity can freely access the Company's website or use the telephone reporting hotline of the Audit Office to report illegal, unethical, or dishonest conduct. 2.Related regulations have been fully implemented and we continue to organize training courses to promote the ideals.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.
II Implementing Ethical Corporate Management (I) Has the Company evaluated the ethics records of counterparties to its business dealings, and specified ethical business policies in contracts with counterparties related to its business dealings?	V		(I) The Company has requested for terms of ethical conduct to be clearly defined in commercial contracts in accordance with its Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
(II) Has the company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least annually) about the ethical corporate management policies, precautionary measures against unethical conducts, as well as the implementation and supervision thereof?	V		<p>(II) To strengthen ethical corporate management, the corporate governance team is responsible for establishing the ethical corporate management policy and prevention programs while supervising such implementation; the Corporate Governance Officer reports to the Board of Directors regularly at least once a year.</p> <p>On November 3, 2021, the director of corporate governance reported to the Board of Directors the implementation of annual integrity management, including the following:</p> <ol style="list-style-type: none"> 1. Cooperating with laws and regulations to formulate and implement the relevant rules and regulations of the honest management policy, and implementing them. 2. Regularly analyzing and evaluating the risk of dishonest behavior within the business scope, and evaluating the risk of dishonest behavior within the business scope according to the Checklist for Evaluating the Risk of dishonest behavior. After evaluation, there is no significant risk in this year. 3. Planing the internal organizational structure, and setting up a monitoring mechanism for business activities with high risk of dishonest behavior within the business scope. 	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
(III) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	V		<p>4. Promotion and coordination of honesty policy propaganda training.</p> <p>5. Planing the reporting system to ensure the effectiveness of its implementation. According to statistics, no illegal incidents have been reported this year.</p> <p>6. Assisting the directors and the general manager in evaluating whether the preventive measures established by implementing the integrity management are effective, and regularly evaluating the compliance of relevant business processes and making reports.</p> <p>(III) The Company has formulated the "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers" to prevent conflict of interest and provide suitable channels for Directors, managers, and employees to explain any potential conflict of interest with the Company.</p>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise	V		<p>(IV) The Company's accounting systems and internal control systems can run independently and objectively. Internal control personnel regularly report the audit findings to the Audit Committee and the Board of Directors. CPAs appointed by the Company regularly perform internal audits</p>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?			and hold discussions with the management. After conducting risk assessment, the internal audit unit formulates the audit plan for the next year, and adds the audit item "management of reports of illegal and unethical or dishonest conduct" to check the compliance with the scheme for preventing dishonest conduct.	
(V) Does the company regularly hold internal and external training related to ethical corporate management?	V		(V) To help employees understand professional ethical regulations, the Company has published related regulations on the corporate website and continues to invite renowned academics and experts to provide training and awareness programs for Directors, managerial officers, employees, and substantial controllers so they understand the Company's resolve for implementing ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct. TTC Taipei/Toufen/Linyuan/Qianzhen Plants organized ethical corporate management courses in 2021 for employees with 228 enrollments/604 training hours. Details	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.

of courses are as follows:

Course Title	Course Hours	Number of Participants	Continuing education and training Hours
【Integrity Lecture】 Network Copyright and How to Use Software Legally	2	80	160
[Integrity Lecture] Practical Cases of Insider Trading and Related Legal Responsibilities	3	11	33
[Integrity Lecture] Legal Responsibility and Case Analysis of Breach of Trust	3	2	6
[Integrity Lecture] Brief Introduction and Case Analysis of Trade Secrets Law	3	127	381
[Integrity Lecture] Discussion on Labor Law of Human Resources and Personnel	3	8	24
Total		228	604

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
<p>III Implementing the Company's whistleblowing system</p> <p>(I) Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?</p>	V		<p>(I) On November 12th, 2019, the Company's Board of Directors passed the amendment of certain articles in the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" https://www.ttc.com.tw/OthersPDF/TTC_HandlingForIllegalImmoral.pdf)</p> <p>They included the following report channels, incentive system, dedicated personnel responsible for processing reports, and whistleblower protection measures:</p> <p>1. Whistleblowing channels:</p> <p>(1) Face-to-face explanation.</p> <p>(2) Telephone report: 02-26503783</p> <p>(3) Written report: Auditing Office, 7F., No. 37, Jihu Rd., Neihu Dist., Taipei City.</p> <p>2. Incentive system:</p> <p>Where a report is verified as true and its contribution generates significant economic benefits, the incident may be submitted to the General Manager to provide the whistleblower with appropriate rewards.</p>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
(II) Has the company established standard operating procedures for the reported matters, the measures to be taken after investigation is completed, and the relevant confidential mechanism?	V		<p>3.Responsible personnel:</p> <p>(1) Accept reports from shareholders, investors, and other stakeholders.</p> <p>(2) Auditing Office: Accept reports from clients, suppliers, and contractors.</p> <p>(3) Personnel Division: Accept reports from employees.</p> <p>4.Whistleblower protection:</p> <p>Whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities and information provided shall be fully maintained, so that they will not be subjected to unfair treatment or retaliation. Where the whistleblower is an employee, the Company shall guarantee that the employee shall not sustain inappropriate treatment that may arise from the report.</p> <p>(II) The measures mentioned in the preceding paragraph specify the standard operating procedures for investigating the case being exposed by the whistleblower and the relevant confidentiality mechanism; where whistleblower is anonymous or did not use his/her true name, or the content stated or the proof of origin provided is deemed necessary</p>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
(III) Has the company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	V		<p>for investigation, the case may still be reported to the Chairman/General Manager before the case is handled and recorded as a reference for internal review. The Company shall conduct investigations on the internal evidence after receiving the reports. Once they are verified as true, the Company shall, based on the violation or severity of the violation, implement disciplinary measures and process such violations in accordance with related regulations.</p> <p>(III) The procedures above also specify that whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities fully maintained, so that they will not be subjected to unfair treatment or retaliation.</p>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.
IV Strengthening Information Disclosure Has the Company disclosed the content and effectiveness of its integrity management principles on the Company's website and the Market Observation Post System?	V		<p>The Company places related regulations and education material for ethical corporate management on the Company's website for employees to read at any time. (web site: https://www.ttc.com.tw/OthersPDF/TTC_FaithManageRule.pdf). The Company also discloses the related information and the effectiveness of its ethical corporate management principles in the Annual Report and the Market Observation Post System.</p>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
<p>V If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies, state the discrepancies between these principles and its implementation:</p> <p>The Company has established its "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers", the "Ethical Corporate Management Best Practice Principles", the "Procedures for Ethical Management and Guidelines for Conduct", the "Code of Conduct for Employees Regarding Concurrent and Part-time Work", and the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct". The operation is in accordance with the Ethical Corporate Management Best Practice Principles.</p>				
<p>VI Other important information that facilitates the understanding of the implementation of ethical corporate management:: (such as review and amendment of the Company's Ethical Corporate Management Best-Practice Principles)</p> <p>The Company has amended the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" in accordance with the amendments of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" announced and amended by the competent authority in May 2019 and they were passed in the meeting of the Board of Directors on November 12th, 2019. The head of corporate governance shall report to the Board of Directors at least once a year on matters related to ethical management, and the matters related to ethical management in 2021 was reported to the Board of Directors on November 3, 2021.</p>				

Note 1: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.

(VII) If the Company has stipulated best practices for corporate governance and other relevant bylaws, the means for inquiry shall be disclosed

1. The Company has formulated various corporate governance guidelines and rules:
 - (1) Articles of Incorporation.
 - (2) Regulations Governing the Acquisition and Disposal of Assets.
 - (3) Regulations Governing Making of Endorsements/Guarantees.
 - (4) Regulations Governing the Loaning of Funds to Others.
 - (5) Rules of Procedure for Board of Directors' Meetings.
 - (6) Regulations Governing the Evaluation of the Performance of the Board of Directors.
 - (7) Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers.
 - (8) Regulations Governing the Election of Directors.
 - (9) Employee Work Rules.
 - (10) Procedures for Handling Material Inside Information.
 - (11) Procedures for Ethical Management and Guidelines for Conduct.
 - (12) Ethical Corporate Management Best-Practice Principles
 - (13) Measures for handling cases of reporting illegal, immoral or dishonest acts.
 - (14) Rules of Procedure for Shareholders' Meetings
 - (15) Rules Governing the Scope of Powers of Independent Directors
 - (16) Remuneration Committee Charter
 - (17) Code of Practice for Sustainable Development.
 - (18) Remuneration Committee Charter
 - (19) Audit Committee Charter
 - (20) Corporate Governance Best-Practice Principles
 - (21) Management Guidelines for Employee Complaint and Feedback Mailboxes
 - (22) Standard Operating Procedures for Requests Filed by Directors
 - (23) Human Rights Policy and Management Plan
 - (24) Formulation of Intellectual Property Management Plan
 - (25) Risk Management Policy and Procedures
2. Please refer to the Corporate Governance section on the MOPS website (<https://mops.twse.com.tw>) or the Company's website (<https://www.ttc.com.tw>).

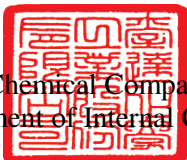
(VIII) Other material information that can enhance the understanding of the state of corporate governance at the Company:

The Company regularly performs audits of its subsidiaries, as well as analyzing and reviewing the financial and business information of its subsidiaries in accordance with the requirements for supervision and monitoring of subsidiaries stipulated in the Regulations Governing Establishment of Internal Control Systems by Public Companies.



(IX) Implementation of the Internal Control System

1. Statement of Internal Control



Taita Chemical Company, Ltd.
Statement of Internal Control

Date: March 9th, 2022

The Company makes the following statement according to the self-evaluation conducted of the internal control system in 2021:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including profit, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws. Its purpose is to provide reasonable assurance for the achievement of the objectives of operational effectiveness and efficiency (including profit, performance and asset security), reliability, timeliness, transparency and compliance with relevant norms and laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the Company's internal control systems are equipped with self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiency. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once any deficiencies are identified, the Company will take corrective actions.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. environmental control; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. For more information on such items, refer to the Regulations. Please refer to the "Handling Guidelines" for the above items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. In accordance with the aforementioned evaluation, the Company has found that the design and implementation of the internal control system (including the assessment and management of subsidiaries), as of December 31, 2021, including the efficacy of understanding operations, the efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant guidelines and laws, are effective and can reasonably provide assurance of the aforesaid goals.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. . Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was passed by the Board of Directors in the meeting held on March 9, 2022, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the contents of this statement.

Taita Chemical Company, Ltd.

Chairman: Yi-Gui Wu

General Manager: Pei-Chi Wu

2. Where CPAs are commissioned to audit the Company's internal control systems, the audit report prepared by the CPAs shall be disclosed: N/A.

(X) Any penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations, details on the punishment if it might have significant impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent fiscal year and as of the date of this annual report: None.

(XI) Critical resolutions made during shareholders and Board of Directors' meetings and implementation status in the most recent fiscal year up to the publication date of this annual report

1. Shareholders' Meeting

Year of Meeting	Date of Meeting	Key Resolutions
2021	July 26, 2021	<p>The minutes of the shareholders' meeting were posted onto MOPS on August 12, 2021. The resolutions and the implementation status are as follows:</p> <p>1. Approved the 2020 account book. Implementation status: The resolution was passed.</p> <p>2. Approved 2020 Earning Distribution Plan. Implementation status: The resolution was passed. The distribution of cash dividends to shareholders of NT \$688,462,076 was fixed on September 10, 2021 as the base date of distribution and was completed on October 7, 2021; A total of NT \$344,231,030 in stock dividends were distributed to shareholders, 34,423,103 new shares were issued, and additional shares were issued and listed on October 22, 2021.</p> <p>3. Discuss surplus to increase capital to issue new shares. Implementation status: The resolution was passed. The case was declared and effective by the Securities and Futures Bureau of the Financial Supervisory Commission on August 11, 2021, and approved by Ching Shou Shang Tzu No. 11001176710 on September 29, 2021. 34,423,103 new shares were issued, and 100 shares were allocated for every 1,000 shares. The base day was September 10, 2022 as approved by the Board of Directors. The certificate of rights of the additional shares was listed on</p>



		<p>October 7, 2021, and the issuance and termination of the certificate of rights of the additional shares were made on October 22, 2021.</p> <p>4. Discussed the amendment of the "Rules of Procedure for Shareholders Meeting". Implementation status: The resolution was passed and has been implemented according to the resolution passed by the Shareholders' Meeting.</p> <p>5. Elected nine directors of the company: Five elected directors — Yi-Gui Wu, Yi-Kung Ma, Wu, Pei-Chi, Bao-Luo Ying, Ko, I-Shao. Four independent directors were elected — Tien-Wen Chen, Yung-Tu Wei, Kuo-Hsiang Li, Chi-Yin Juan. Implementation Status: The 9 directors (including 4 independent directors) elected at this ordinary meeting of shareholders shall serve a term of three years from July 26, 2021 to July 25, 2024 and shall take office after this ordinary meeting of shareholders.</p> <p>6. Discuss director's non-compete permit. Implementation status: The resolution was passed.</p>
--	--	---

2. Shareholders' Meeting

Year of Meeting	Date of Meeting	Key Resolutions
2021 1 st	March 5, 2021	<ol style="list-style-type: none"> 1. Ratifying the signing of a three-year mid-term comprehensive quota with Yuanta Commercial Bank. 2. Approved the 2020 account book. 3. Approved the remuneration distribution to directors and employees for 2020. 4. Approved 2020 Earning Distribution Plan. 5. Through the "rules of procedure of shareholders' meeting" part of the amendment. 6. Rules of Procedures for Shareholders' Meetings 7. To elect directors at the annual general meeting of shareholders. 8. The restrictions on non-competition of new directors should be lifted by recommending the shareholders' regular meeting. 9. Agenda for the 2021 Annual Shareholders' Meeting 10. Established the period for acceptance of shareholders' proposals: March 26, 2021 to April 5, 2021.

Year of Meeting	Date of Meeting	Key Resolutions
		<ul style="list-style-type: none"> 11. Approved the 2021 evaluation of the independence of appointed CPAs. 12. Approved the appointment of CPAs for 2021. 13. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents to financial institutions. 14. Approved the issuance of the Statement of Internal Control System for 2020. 15. Approved donations to the USI Education Foundation. 16. Agreeing to extend the overdue payment receivable from Delta Chemical (Tianjin) Co., Ltd.
2021 2 st	April 16, 2021	The list of directors (including independent directors) nominated by shareholders holding more than 1% of the company's shares.
2021 3 st	May 5, 2021	<ul style="list-style-type: none"> 1. Ratifying the renewal of the three-year interim comprehensive quota with KGI Commercial Bank. 2. Through the revision of the company's internal control system. 3. Agreeing to extend the overdue payment receivable from Delta Chemical (Tianjin) Co., Ltd. 4. Authorizes the Chairman to change the venue of the annual General Meeting due to COVID-19 in 2021.
2021 4 st	July 9, 2021	<ul style="list-style-type: none"> 1. Ratifying the signing of a three-year medium-term comprehensive line with the Far East Bank. 2. Approved the change of date and venue of the annual General Meeting in 2021.
2021 5 st	August 4, 2021	<ul style="list-style-type: none"> 1. Wu Yi-Gui is elected as the chairman of the board. 2. It ratified the three-year medium-term loan line with Changhua Bank. 3. TAITA (BVI) Holding Co., Ltd. Handle endorsement guarantee. 4. Three independent directors Tien-Wen Chen, Chi-Yin Juan and Yung-Tu Wei were appointed as members of the Remuneration Committee of the Company. 5. Chi-Yin Juan and Kuo-Hsiang Li were two independent directors were appointed to the corporate social responsibility Committee of the company. 6. Approved the issuance of new shares. 7. Agree to extend the overdue payment receivable from Delta Chemical (Tianjin) Co., Ltd.
2021 6 st	November 3, 2021	<ul style="list-style-type: none"> 1. Ratifying the signing of a three-year medium-term loan line with Mizuho Bank.



Year of Meeting	Date of Meeting	Key Resolutions
		<ol style="list-style-type: none"> 2. Endorsement guarantee for subsidiary Delta Chemical (Zhongshan) Co., Ltd. 3. Ratifying the signing and delivery of short-term credit contracts and relevant documents with financial institutions. 4. Approved the 2022 Company budget 5. Approved the remuneration of CPAs for year 2021 6. Approved the 2022 Audit Plan. 7. Agree to extend the overdue payment receivable from Delta Chemical (Tianjin) Co., Ltd.
111 1 st	March 9, 2022	<ol style="list-style-type: none"> 1. Endorsement guarantee for subsidiary Delta Chemical (Zhongshan) Co., Ltd.. 2. Approved the 2021 account book. 3. Approved the remuneration distribution to directors and employees for 2021. 4. Approved 2021 Earning Distribution Plan 5. Through the "rules of procedure of shareholders' meeting" part of the amendment. 6. Approved the amendment of certain articles in the Rules of Procedure for Shareholders' Meetings 7. Approved to release the newly elected directors from non-competition restrictions 8. Approved matters related to the convening of the 2022 Annual General Meeting. 9. Established the period for acceptance of shareholders' proposals: March 20, 2022 to March 30, 2022. 10. Approved the 2022 evaluation of the independence of appointed CPAs. 11. Approved the appointment of CPAs for 2022. 12. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents to financial institutions. 13. Approved the issuance of the Statement of Internal Control System for 2021 14. Approved donations to the USI Education Foundation. 15. Through "corporate social responsibility code of Practice" and "corporate social responsibility committee organization rules" part of the provisions amended.

(XII) In the last fiscal year and until the date of publication of the Annual Report, the main content of the record or the written statement of Directors or Supervisors who hold different opinions toward important resolutions adopted by the Board of Directors: None.

(XIII) Summary of the resignation or dismissal of the Company's Chairman, General Manager, Heads of Accounting, Finance, Internal Audit and R&D in the most recent fiscal year up to the publication date of this annual report

Title	Name	The arrival date	Date of dismissal	Reasons for resignation or dismissal
No such occurrences.				

V. Information Regarding CPA Fees

Visa accountant public fee information

Unit: NT\$ thousands

Name of the CPA Firm Firm Name	CPA	CPA's duration of audit	Audit Fees	None Audit Fees	Total
Deloitte, Taiwan	Hsiu-Chun Huang Cheng-Chun Chiu	January 1, 2021 to December 31, 2021	2,450	825	3,275

Please specify the non-audit services: tax visa and consultation 500 / investment consultation 225 / others 100

Note: If the Company has replaced the CPAs or accounting firm in the current fiscal year, the audit period should be listed separately, and the reason for replacement should be stated in the "remark" column. Information regarding the audit and non-audit fees paid should also be disclosed in order. Non-audit fees should be listed in the "Remarks" column.

(I) Where the CPA firm was replaced, and the audit fees in the fiscal year when the replacement was made was less than that in the previous fiscal year before replacement, the amount of audit fees paid before replacement and reasons for paying this amount

The Company has not changed the CPA firm in 2021, and thus it is not applicable.



(II) Where the audit fees were reduced by more than 10 percent compared to the previous fiscal year, the amount and percentage of decrease in audit fees, as well as the reason

The audit fee decreased by 400,000 yuan, or 14%, due to the adjustment of the disclosure of tax visa fees from audit fees to non-audit fees in line with the revision of the standards for the annual recompense of listed companies. VI. Information Regarding Replacement of CPAs

VI. Information Regarding Replacement of CPAs

(I) Previous CPAs: N/A

Change the date			
Replacement reasons and explanations			
Statement on whether the authorizing party or the accountant terminate or reject the authorization	Contracting Party		
	Situation	CPA	The Company
	Termination of appointment	N/A	
No longer accepted (continued) appointment			
Other issues (except for unqualified issues) in the audit reports within the last two years	2021 and 2020 audit report with unqualified opinion		
Is there any disagreement with the issuer?	Yes	Accounting principles or practices	Accounting principles or practices
		Disclosure of financial statements	Disclosure of financial statements
		Audit scope or procedures	Audit scope or procedures
		Others	Others
	None	V	
Explanation:none			
Other Revealed Matters (Matters that should be disclosed in accordance with Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations)	None		

(II) Previous CPAs: N/A

Name of CPA Firm	
Name of CPAs	
Date of Appointment	
Subjects and outcomes of consultation on the accounting treatment of or application of accounting principles to specific transactions, or opinions that might be included on financial statements before the appointment of new CPAs	
Written opinions from successor CPA to former CPA on disagreements Written views on disagreements	

(III) The former CPA's response to Article 10, Subparagraph 6, Item 1 and Item 2-3 of the accounting standards: N/A

VII. The Company's Directors, General Manager, Managerial Officer in Charge of Finance or Accounting Who Has Served in a CPA's Accounting Firm or Its Affiliated Companies in the Most Recent Fiscal Year Shall Disclose Their Names, Positions and the Period of Employment in CPA's Accounting Firm or Its Affiliated Companies: None.

VIII. Equity Transfer or Changes in Equity Pledged by the Company's Directors, Managerial Officers or Shareholders with Shareholding Percentage Exceeding Ten (10) Percent in the Most Recent Fiscal Year up to the Publication Date of this Annual Report

(I) Changes in shareholdings of directors, supervisors, managers and major shareholders



Share Equity Change Status for Directors, Supervisors, Managers and Major Shareholders [Position (Note 1)]	Name	2021		Current year as of Current year as of March 31th, 2022	
		Number of Shares Held Increase (decrease) the number	Increase (decrease) in number of shares pledged Increase (decrease) the number	Number of Shares Held Increase (decrease) the number	Increase (decrease) in number of shares pledged Increase (decrease) the number
Major Shareholder	Union Polymer Int'l Investment Corp.	12,663,485	0	0	0
Director	Yi-Gui Wu (Representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Pei-Chi Wu (Representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Han-Tai Liu (Representative of Union Polymer Int'l Investment Corp.)(July 26,2021 conge)	0	0	N/A	
	Zhen-Tu Liu (Representative of Union Polymer Int'l Investment Corp.)(July 26,2021 conge)	0	0	N/A	
Shareholders	USI Corporation (July 26,2021 conge)	129,127	0	0	0
Director	Ying, Bao-Luo (representative of USI Corporation)	2,778	0	0	0
	Ma, I-Kung (representative of Taiju International Investment Corporation)	0	0	0	0
Shareholders	Taiwan Union International Investment Corporation	766,666 (7,500,000)	0	0	0

Share Equity Change Status for Directors, Supervisors, Managers and Major Shareholders [Position (Note 1)]	Name	2021		Current year as of Current year as of March 31th, 2022	
		Number of Shares Held Increase (decrease) the number	Increase (decrease) in number of shares pledged Increase (decrease) the number	Number of Shares Held Increase (decrease) the number	Increase (decrease) in number of shares pledged Increase (decrease) the number
Director	Ko, I-Shao (representative of Taiwan Union International Investment Corp.)	0	0	0	0
Independent Directors	Tien-Wen Chen	172,794 (172,794)	0	0	0
	Wei, Yung-Tu (July 26,2021 conge)	0	0	0	0
	Kuo-Hsiang, Li,(July 26,2021 conge)	0	0	0	0
	Juan, Chi-Yin	0	0	0	0
Chief Executive Officer	Wu, Yi-Gui	0	0	0	0
General Manager	Wu, Pei-Chi	0	0	0	0
Executive Vice President	Yen, Tai-Ming	0	0	0	0
Corporate Governance Officer	Yung-Chih Chen	0	0	0	0
Supervisor of Accounting Department	Lin, Chin-Tsai	0	0	0	0
Supervisor of Finance Department	Kai-Hui Chuang	0	0	0	0

Note 1: Shareholders who hold more than ten (10) percent of the Company's shares should be noted as substantial shareholders, and listed separately.

Note 2: Counterparties involved in equity transfer or pledging of shares to related parties should be shown in the following table.



(II) No counterparty involved in equity transfer is a related party of the Company's Directors, Supervisors, managerial officers and shareholders with shareholding percentage exceeding ten (10) percent.

Name (Note 1)	Reason for Transfer (Note 2)	Date of Transaction	Transferee	Relationship between the counterparty and the Company, its Directors, Supervisors, managerial officers, and shareholders with shareholding percentage exceeding ten (10) percent	Number of Shares	Transaction Price
N/A						

Note 1: Fill the name of the Company's directors, supervisors, managerial officers and shareholders with shareholding percentage exceeding ten (10) percent.

Note 2: Fill either "Acquisition" or "Disposal".

Information on pledging of shares: No counterparty involved in pledging of shares is a related party of the Company's Directors, Supervisors, managerial officers and shareholders with shareholding percentage exceeding ten (10) percent.

Name (Note 1)	Reason for Pledging of Shares (Note 2)	Date of Transaction	Transferee	Relationship between the counterparty and the Company, its Directors, Supervisors, managerial officers, and shareholders with shareholding percentage exceeding ten (10) percent	Number of Shares	Shareholding ratio	Percentage of ratio	Pledged (Redeemed) Amount
N/A								

Note 1: Fill the name of the Company's directors, supervisors, managerial officers and shareholders with shareholding percentage exceeding ten (10) percent.

Note 2: Fill in either "Pledged" or "Redeemed."

IX. Relationship Information, if among the Company's Top 10 Shareholders any one is a Related Party, Spouse or a Relative within the Second Degree of Kinship

Current year as of March 29th, 2022

Name (Note 1)	Shares held in own name		Shares held by spouse or minor children		Shares held in the name of other persons		Title or name and relationship of top 10 shareholders who are defined by the Statement of Financial Accounting Standard No. 6 to be related parties or each other's spouses and relatives within the second degree of kinship		Remarks
	No. of shares	Shareholding percentage (Note 2)	No. of shares	Shareholding percentage (Note 2)	No. of shares	Shareholding percentage (Note 2)	Name	Relationship (Note 3)	
Union Polymer International Investment Corporation	139,298,343	36.79%	-	-	0	0%	China General Terminal & Distribution Corporation USIFE Investment Co., Ltd.	Same ultimate parent company as the Company	
Representative: Quentin Wu	0	0%	-	-	0	0%			
Taiwan Union International Investment Corporation	8,433,329	2.23%	-	-	0	0%	None	None	
Representative: Ko, I-Shao	0	0%	0	0%	0	0%	China General Terminal & Distribution Corporation	Directors	
China General Terminal & Distribution Corporation	2,169,731	0.57%	-	-			Union Polymer Int'l Investment Corp. USIFE Investment Co., Ltd.	Same ultimate parent company as the Company	
Representative: Hung-Chiang Chang	0	0%					None	None	
Heding Investment Co., Ltd.	1,958,000	0.52%	-	-			None	None	
Representative: Chen, Ching-Yao	242,000	0.06%	0	0%	0	0%			



Ge Luo Xi Industrial Corporation Limited	1,867,800	0.49%	-	-			None	None	
Representative: Wang, Hung-Chun	0	0%	0	0%	0	0%			
USIFE Investment Co., Ltd.	1,338,240	0.35%	-	-	0	0%	Union Polymer Int'l Investment Corp. China General Terminal & Distribution Corporation	Same ultimate parent company as the Company	
Representative: Quentin Wu	0	0%	-	-	0	0%			
Lin, Ze-Dian	799,000	0.21%	100,000	0.03%	0	0%	None	None	
JPMorgan Chase Bank N.A. Taipei Branch entrusted with custody to Emerging Markets Small Cap Equity Index Non-Lendable Funds	780,200	0.21%	-	-			None	None	
Standard Chartered Bank Department of Business entrusted with custody to St. James's Place Balanced Managed Unit - NatWest Trustee and Depositary Services Limited as trustee - GMO as external fund manager	746,700	0.20%	-	-			None	None	
Zimi Chemicals Co., Ltd.	611,600	0.16%	-	-					
Representative: Gao, Yung-Sheng	No information has been provided by the shareholder								

Note 1: parately the names of the top ten shareholders (corporate shareholders and their respective representatives within substantial shareholders)

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

Note3: Relationship between the aforementioned shareholders, including institutional and natural person shareholders should be disclosed based on the financial reporting standards used by the issuer.

X Number of Shares Held by the Company, Its Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Investment Companies in the Same Investment Companies, and the Combined Calculation of Shareholding Percentages

December 31, 2021 Unit: Shares

Reinvestment Entities	Ownership by the Company		Investments by Directors, Supervisors, managerial officers and directly or indirectly controlled enterprises		Total Ownership	
	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held
Kan, Lin (appointed by Taita (BVI) Holding Co., Ltd.)	89,738,000	100.00%	0	0.00%	89,738,000	100.00%
China General Plastics Corporation	11,516,174	1.98%	145,629,958	25.06%	157,146,132	27.04%
China General Terminal & Distribution Corporation	22,009,592	33.33%	0	0.00%	22,009,592	33.33%
Acme Electronics Corporation	4,445,019	2.43%	1,256,284	0.69%	5,701,303	3.12%

Note: The equity method was employed for this Company's investments.



Chapter 4. Funding Status

I. Capital and Shares

I Source of Share Capital

Year and Month	Issued Price	Authorized share capital		Paid-in Capital		Remarks		
		Number of Shares	Amount (NTD)	Number of Shares	Amount (NTD)	Source of Share Capital (NTD)	Capital Increased by Assets Other than Cash	Others
110.9	10	400,000,000 shares	NT\$4,000,000,000	378,654,141 shares	NT\$3,786,541,410	Capital increase by retained earnings of NT\$344,231,030 (Note)	None	None

(Note) Approved letter with Reference No. Ching Shou Shang Tzu 11001176710 dated September 29, 2021.

Note 1: The annual data shall be updated as of the publication date of this annual report.

Note 2: The effective (approval) date together with the doc. No. should be added for any capital increase.

Note 3: Shares traded below par value shall be indicated in a clear manner.

Note 4: Capital increase by currency debts or technology should be stated, and the type and amount of assets involved in such capital increase should be noted.

Note 5: Shares traded via private placement shall be indicated in a clear manner.

Shares Category	Share capital			Remarks
	Outstanding Shares (Note)	Unissued Share	Total	
Registered common stocks	378,654,141 shares launched	21,345,859 shares	400,000,000 shares	-

Note: Please indicate whether the shares are issued by a company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) (Shares of which trading is restricted on the TWSE or those which are traded on the TPEX should be noted).

Information on shelf registration: not applicable

(II) Shareholder Structure

April 2, 2021

Shareholder Structure Quantity	Government institutions	Financial Institutions	Other legal persons	Person	Foreign Institutions and Natural Persons	Total
Number of Shareholders	0	0	225	64,898	2018	65,230
Number of Shares Held	0	0	158,121,621	210,476,526	10,055,994	378,654,141
Shareholding ratio	0	0	41.76%	55.58%	2.66%	100%

Note: Companies primarily-listed on TWSE and Taipei Exchange shall disclose the proportion of its shares held by investors from Mainland China. Investors from Mainland China refers to natural persons, legal persons, organizations, institutions or companies in areas other than Taiwan and Mainland China invested by persons of such identity as defined in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.



(III) Distribution of Equity Ownership

Current year as of March 29th, 2022

Shareholding Range	Number of Shareholders	Number of Shares Held	Percentage of Shares Held
1 to 999	29,318	3,845,368	1.02%
1,000 to 5,000	26,430	55,442,967	14.64%
5,001 to 10,000	4,899	34,492,410	9.11%
10,001 to 15,000	2,054	24,328,136	6.42%
15,001 to 20,000	778	13,819,570	3.65%
20,001 to 30,000	805	19,379,036	5.12%
30,001 to 40,000	325	11,309,108	2.99%
40,001 to 50,000	168	7,654,312	2.02%
50,001 to 100,000	283	19,355,076	5.11%
100,001 to 200,000	2018	14,778,348	3.90%
200,001 to 400,000	46	12,646,748	3.34%
400,001 to 600,000	7	3,600,119	0.95%
600,001 to 800,000	4	2,937,500	0.78%
800,001 to 1,000,000	0	0	0.00%
More than 1,000,001, grading according to the actual situation	6	155,065,443	40.95%
Total	65,230	378,654,141	100.00%

(IV) List of Major Shareholders

Current year as of March 29th, 2022

Name of Major Shareholders	Shares	Number of Shares Held	Shareholding ratio
Union Polymer International Investment Corporation		139,298,343	36.79%
Taiwan Union International Investment Corporation		8,433,329	2.23%
China General Terminal & Distribution Corporation		2,169,731	0.57%
He Ding Int'l Investment Corp.		1,958,000	0.52%
Colossi Industry Co., Ltd		1,867,800	0.49%
USI Corporation		1,338,240	0.35%
Lin, Tse-Tian		799,000	0.21%
The Taipei Branch of the Bank of JPMorgan Chase of America is entrusted to keep the special investment account of the emerging market small capital stock index non-loanable funds		780,200	0.21%
Standard Chartered International Commercial Bank's business department is entrusted to keep the trust of St. James's regional balance management unit. The trustee is Newest Trustee and External manager GMO investment account entrusted by Depository Services Co., Ltd.		746,700	0.20%
Zimi Chemical Co., Ltd.		611,600	0.16%

(V) Market Price, Net Worth, Earnings, Dividend and Related Information
over the Last Two Years

Unit: NT\$ thousand

Item	Year		2021	2020	Current year as of Current year as of March 31th, 2022
	Market price per share (Note 1)	Highest		54.90	39.65
Lowest		28.85	6.23	31.50	
Average		41.70	26.66	33.78	
Net Value Per Share (Note 2)	Before distribution		20.23	18.46	21.10
	After distribution		18.23	16.46	*
Earnings (loss) per share	Weighted Average Shares		378,654,141	344,231,038	378,654,141
	Before adjustment		4.89	5.58	0.68
	After adjustment (Note 3)		*	5.07	*
Dividend Per Share (DPS)	Cash dividends		2*	2	-
	Stock Dividends	Stock dividends from retained earnings	0.5*	1	-
		Stock dividends from capital reserve	0	0	-
	Accumulated unpaid dividends (Note 4)		0	0	-
Return on Investments	Price/earnings ratio (Note 5)		8.01*	3.73	-
	Price/dividend ratio (Note 6)		19.59*	9.45	-
	Yield on cash dividend (Note 7)		5.11%	10.58%	-



- * The Board of Directors resolved to distribute dividends, which is yet to be approved in the shareholders' meeting.
- * If any revenue or capital surplus is transferred to capital increase or common stock, disclose the information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market price of the common shares for each year and refer to the transaction value and transaction volume to calculate the average market price for each year.

Note 2: Please fill in data based on the shares issued by year-end and share allocation resolution of the shareholders meeting for the subsequent year.

Note 3: If there is any retrospective adjustment required due to stock dividends, earnings per share before and after such adjustment shall be listed.

Note 4: If there is any condition in issuing equity securities that allows for an undistributed dividend for the year to be accumulated to subsequent years in which there is a profit, the Company shall separately disclose accumulated undistributed dividends up to that year.

Note 5: Price/earnings ratio = Average closing price per share for the year / Earnings per share after adjustment.

Note 6: Price/dividend ratio = Average closing price per share for the current fiscal year/cash dividend per share

Note 7: Cash dividend yield = Cash dividend per share/average closing price per share for the current fiscal year

Note 8: Net worth per share and earnings per share for the latest quarter up to the date of publication of the Annual Report as audited (reviewed) by CPAs shall be filled in. For all other columns, the Company shall fill information for the year up to the date of publication of the Annual Report.

(VI) Dividend policy of the company and its implementation

1. Dividend policy set forth in the Company's Articles of Incorporation

If the Company records net income after tax (NIAT) as indicated in its final annual accounts for the year, it can use it to cover any accumulated losses in previous years. If there is a balance remaining, ten percent of it shall be set aside as legal reserve, while the rest shall be considered as distributable profit. This distributable profit shall then be combined with the undistributed earnings accumulated over the previous years. Part of this combined amount shall be considered as or transferred to special reserve as required by the law or the authority in charge, and the balance shall be treated as accumulated distributable profit. The Board of Directors shall propose a profit distribution plan which is then submitted to the shareholders' meetings for approval. The meeting may retain all or part of it based on the business performance of the Company.

According to the Company's Articles of Incorporation, R&D requirements and business diversification shall be considered when the Company distributes dividends as the Company's industry is at a maturity stage. Dividends paid to shareholders shall not be less than ten percent of distributable profit for the year, and cash dividends shall not be less than ten percent of the total dividends. However, dividends may be stopped if the distributable profit per share in the current year is less than NT\$0.1.

2. Dividend payout plans proposed during the most recent shareholder's meeting

Cash dividends/share: NT\$2; stock dividends/share: NT\$0.5.

3. Any expected material changes to the dividend policy should further be explained

N/A.



(VII) The impacts of issuing stock grants in this Shareholder’s Meeting on the Company’s operational performance and dividend per share:

The Company did not formulate a financial forecast for 2022 and is therefore not required to disclose forecast information.

Item	Year	2022 (forecast)	
Beginning paid-in capital		NT \$3,786,541,410	
Distribution of stock and cash dividends in the current fiscal year	Cash dividends per share	NT\$2	
	Surplus to capital increase stock dividend per share	0.05 shares	
	Number of shares distributed per share held due to capital increase from capital reserve	0 shares	
Changes in Operating Performance	Operating profits		
	Ratio of increase (decrease) in operating profit over the same period last year		
	Net income after taxes (NIAT)		
	Ratio of increase (decrease) in NIAT over the same period last year		
	Earnings (loss) per share		
	Ratio of increase (decrease) in EPS over the same period last year		
	Annual average return on investment (reciprocal of average annual price/earnings ratio)		
Pro forma earnings per share and price/earnings Ratio	If capital increase from surplus earnings is entirely replaced by distribution of cash dividends	Pro forma earnings per share	
		Pro-forma average annual return on investment	
	If capital reserves is not used for capital increase	Pro forma earnings per share	
		Pro-forma average annual return on investment	
	If capital reserves is not used for capital increase and capital increase by retained earnings is replaced by cash dividend distribution	Pro forma earnings per share	
		Pro-forma average annual return on investment	

1. The Company shall explain the basic assumptions for estimates and planned information.
2. Proforma earnings per share if capital increase by retained earnings is entirely replaced by cash dividend distribution.

$$= \frac{[\text{Net profit after taxes} - \text{interest expense arising from cash dividends}^* \times (1 - \text{tax rate})]}{[\text{Total number of shares issued at the end of the current year} - \text{number of shares allocated from earnings}^{**}]}$$

Interest expenses arising from cash dividends* = Amount of capital increase from surplus earnings x one-year general loan interest rate.

Number of shares in earnings appropriation **: The number of increased shares from the earnings appropriation in the previous year

3. Annual average price-to-earnings ratio = Annual average market price per share/Earnings per Share reported in the annual financial statements

(VIII) Compensation for employees, directors, and supervisors

1. Quantity or scope of compensation for employees, directors, and supervisors as prescribed by the articles of association

(1) Employee rewards shall not be less than one (1) percent of the profit of the current year.

(2) Director compensation shall not be more than one percent of the profit for the year.

2. Basis for estimating the amount of compensation to be distributed to employees, Directors and Supervisors, basis for calculating the number of shares to be distributed as employee rewards and accounting treatment for discrepancies between the actual and estimated amount of rewards to be distributed for this period:

(1) Basis of estimation: The Company's compensation distributed to employees shall be no lower than one percent of the profit for the year, and director compensation shall be no higher than one percent of the profit for the year. However, when the Company has cumulative loss, it should first use its profit to offset cumulative loss.

(2) Changes in account processing: If changes are made to the estimated amount after the issuance of annual financial statements, the changes be accounted for as changes in accounting estimates and considered in the financial statements of the following year.

3. Status of compensation distribution as approved by the Board of Directors

(1) Where the quantum of the employees' remuneration as well as the directors' and supervisors' remuneration distributed in cash or shares shows discrepancies with the known expenses and annual estimates, the sum, the cause, and how the discrepancy was resolved be disclosed:

a. Compensation distributed to employees and Directors: Nt

\$23,534 thousand.

b. Discrepancy between the amounts and the estimates for the year: none

c. Reason for the difference with estimates: N/A

d. Treatment of discrepancies: N/A

(2) The amount of employee compensation distributed in stocks and the amount as a percentage of net income stated in the parent company's financial reports or individual financial reports for the current period and total employee compensation: N/A.

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

(1) Compensation distributed to employees and Directors: NT\$22,812 thousand.

(2) Discrepancies: none.

(3) Reason for the differences: N/A.

(4) Treatment of discrepancies: N/A.

(IX) Stock repurchases: N/A.

II Issuance of corporate bonds:

- (I) Issuance of corporate bonds: None.
- (II) Information regarding the Conversion of Corporate Bonds: None.
- (III) Information regarding Corporate Bond Swap: None.
- (IV) Information regarding Shelf Registration for Corporate Bonds: None
- (V) Information regarding Equity Warrant Bonds: None.

III Issuance of Preferred Shares: None.

IV Issuance of Global Depository Receipts: None.

V Issuance of Employee Stock Options and New Restricted Employee Shares: None.

VI Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

VII Implementation of Capital Utilization Plan

(I) Contents of the plan

As of the quarter prior to the publication date of this annual report, the Company has no securities issuance that was incomplete or completed over the past three years but not fully yielded the planned benefits.

(II) Implementation status: N/A.



V. Operations Overview

I. Business Activities

(I) Scope of Business

1. Principal business activities and revenue distribution

- (1) Production and sale of general polystyrene (GPS) resin and expandable polystyrene (EPS) resin.
- (2) Production and sale of acrylonitrile-butadiene-styrene (ABS) resin.
- (3) Production and sale of styrene-acrylonitrile (SAN) resin.
- (4) Production and sale of plastic raw materials and processed products.
- (5) Production and sale of glass wool and related products.
- (6) Production and sale of cubic printing and related products.
- (7) E303020 noise and vibration restricting engineering.
- (8) E801010 building maintenance and upholstery.

Main Product	Percentage
1. Expandable polystyrene (EPS)	42.34%
2. Acrylonitrile-butadiene-styrene copolymerization resin (ABS)	35.80%
3. General purpose polystyrene (GPS)	19.21%
4. Glass wool products	2.38%
5. Cubic printing	0.20%
6. Impact-resistant polystyrene (IPS)	0.07%

2. New products planned for development

- (1) Development of a monomer high gloss material with low residual for acrylonitrile-butadiene-styrene polymer (ABS) low residual monomer high optical material.
- (2) Development of a heat-resistant material for acrylonitrile-butadiene-styrene polymer (ABS).
- (3) Development of antistatic expandable polystyrene (EPS) electronic packaging materials with low impedance value.
- (4) Development of rapid prototyping foamed polystyrene materials.

(II) Industry Overview

1. Current state and development of the industry

In Taiwan, there are each four manufacturers for ABS/GPS/EPS. Domestic demand only accounts for about 15% of the annual output of each product, and the rest relies on export to maintain the normal operations. In view of cost competitiveness and in response to the trade competition between the United States and China, downstream processing plants have gradually transferred from mainland China to Southeast Asia and other countries, while the Middle East, Africa, Central and South America become emerging markets with more potential for growth in demand.

There are many EPS producers in mainland China, and the total production capacity is far greater than the demand. According to the statistics of 2021, the annual EPS production capacity in China is 6.38 million MT, while the operation rate is only about 50%. Demand for EPS in Mainland China is generally from four major areas based on application - packaging for electrical appliances, boxes for vegetables and fruits, ceramic packaging and building slabs. Among them, packaging for electrical appliances and building slabs are the main products. Based on the market distribution, demand for EPS is mainly concentrated in South China (Guangdong), East China (Jiangsu and Zhejiang), North China (Shanxi, Hebei and Shandong), and Northeast China (Heilongjiang, Jilin and Liaoning). Demand in the South and East China regions is mainly for packaging of electrical appliances, while that in the North and Northeast China regions is concentrated on building slabs. With advancements in the Chinese government's policy for expanding the domestic market, the electrical appliance production sites in the South China and Eastern China regions have gradually relocated inland along the Yangtze river basin. The transfer is exemplified in the emerging appliance manufacturing bases in Hefei, Wuhan, Chongqing, and Chengdu. Demand in the North China and



Northeast China regions is still constrained by the severe overcapacity, resulting in fierce competition in the regional market. In addition, with the increasingly stringent national environmental protection policy, some EPS manufacturers were shut down in advance or collectively relocated.

2. Correlations between upstream, midstream and downstream Industries

Among main styrene products, the primary raw material for GPS/EPS is styrene monomer (SM), while that for ABS includes SM, acrylonitrile (AN) and butadiene (BD).

SM: SM manufacturers in Taiwan include Taiwan Styrene Monomer Corporation, Formosa Chemicals & Fibre Corporation, and Grand Pacific Petrochemical Corporation. They have an annual capacity of approximately 2.23 million MT, which is sufficient to meet overall domestic demand (approximately 1.85 million MT). On the other hand, SM is relatively easy to obtain because of its large volume of trade and convenient transportation conditions in international trade. The Company not only purchases the SM needed from domestic market in Taiwan, but also partly purchases from foreign SM manufacturers. Currently, SM manufacturers in Mainland China have an annual capacity of approximately 14.08 million MT. Since 2020, there has been continuous expansion of manufacturers and the addition of new factories, resulting in excessive supply. SM manufacturers in Mainland China also begin to seek export. The primary raw material, SM, for EPS in TTC's Zhongshan Plant is mainly obtained from Chinese SM manufacturers, while some are obtained from major foreign SM manufacturers by contracts for stable supply.

AN: AN producers in Taiwan include China Petrochemical Development Corporation and Formosa Chemicals & Fibre Corporation. They have a combined output of approximately

500,000 MT which is sufficient to meet overall domestic demand (approximately 380,000 MT). AN is a toxic material and its transportation is governed by numerous regulations and restrictions. It is therefore not favored for long-distance transportation. TTC can obtain a sufficient quantity of AN from domestic sources.

BD: BD manufacturers in Taiwan include CPC Corporation and Formosa Chemicals & Fibre Corporation. They have an annual capacity of approximately 600,000 MT, which equals overall domestic demand of 600,000 MT. However, manufacturers sometimes import BD during the annual plant maintenance. The main users of this product are the rubber industry and ABS production plants. TTC can obtain sufficient BD mostly from domestic sources.

The upstream materials for ABS/GPS/EPS are crude oil derivatives and prices usually fluctuate along with fluctuations in oil prices. Reference prices of raw materials for SM/AN/BD are available globally for buyers and sellers.

Downstream customers are mainly small and medium enterprises with a generally low processing scale. The design of molds and craftsmanship also differ based on product design provided by final customers. ABS/GPS/EPS manufacturers shall provide technical services and material recommendations to meet the needs and product requirements of downstream customers.

3. Development trends of products

ABS are mainly supplied to downstream processes for IT products, electrical appliances, household necessities, toys, machine tools, suitcases, safety helmets, battery cases and other industries. Among these products, IT products are still produced in Taiwan, while most other products are sourced from Mainland China or Southeast Asia. ABS has been driven by the booming global economy, which has led to increase in demand. And the increase of



its new capacity in 2022 may pose a greater threat to the market. In the GPS market, GPS sales will be supported by a steady increase in downstream demand for food packaging material and disposable tableware, as well as the still continued growth in the use of food packaging materials driven by the pandemic. EPS is mainly used for packaging and construction applications. Its use also fluctuates based on the economic growth of each region, which leads to varying levels of demand.

4. Competition

ABS was originally classified as high-priced/high-profit engineering plastic. However, it has gradually lost its high-priced/high-profit advantage and become more of general-purpose plastic after Taiwan's Chi Mei Corporation and South Korea's LG Corporation increased their capacity and became respectively the largest and the second largest plants in the world. However, in 2020, due to the impact of the epidemic, and the continued momentum of household appliances/sports equipment and other stay-at-home economy, the steadily increased demand for ABS, and TTC's profit even hit a record high. In addition, TTC has been able to maintain full production and full sales of ABS products in the past two years, while continuously optimizing the customer portfolio to improve its profitability.

ABS resin is widely used in areas such as automobiles, electronics, electrical appliances, tools and building materials due to its excellent comprehensive properties, such as impact resistance, heat resistance, low temperature resistance, chemical resistance, easy to process and mold, and good surface glossiness. It is a type of polymer material between general-purpose plastic and engineering plastic. In China, downstream consumption of ABS is mainly concentrated in the home appliance industry, accounting for more than 60% of the total. In the home appliance industry, air-conditioners, vacuum cleaners, refrigerators, and washing machines have the largest demand for ABS.

GPS is widely used plastic whose market value mainly fluctuates with the price of its raw material, SM. Taiwan's largest GPS manufacturer, Formosa Chemicals & Fibre Corporation has a lower GPS production cost than other manufacturers' benefiting to its advantage of vertical integration, and thus it can easily dominate the market. Other manufacturers in Taiwan (including TTC) purchase SM to manufacture GPS. Therefore, SM prices have a greater impact on their competitiveness. The Company is the only manufacturer in Asia who adopts NOVA manufacturing technology in the production of GPS. Featuring the character of low free monomer, the quality of the Company's product is competitive in the market and is mainly distributed in Taiwan, Southeast Asia and Mainland China. The principal market of GPS has stable demand for disposable tableware and food packaging materials with a market with stable growth without obvious seasonal differences. TTC has achieved full production and full sales of GPS, with stable interest spreads. At the same time, the Company continued to optimize its product mix (increase the sales ratio of injection products) and continue to improve its profitability.

Demand for EPS packaging for appliances in Taiwan has decreased because large-scale processing plants have successfully shifted out of Taiwan. EPS is rarely used for insulation in Taiwanese construction works due to its subtropical climate. Therefore, more than 90% of sales of the 4 EPS manufacturers in Taiwan are for export, covering all countries around the world. In 2021, the sales of TTC's Qianzhen Plant were up about 11% compared with that of 2020 due to the continuous market development in Southeast Asia and South Asia and other regions; while the production and sales of Zhongshan Plant in Mainland China declined slightly due to the epidemic and energy control.



(III) Technology, Research and Development Overview

1. Research and development (R&D) expenses in the most recent year up to the date of publication of the Annual Report

In 2021, the total amount of R&D expenses was NT\$18,546 thousand, while the total amount of R&D expenses from January to March 2022 was NT\$2,730 thousand.

2. Successfully developed technologies or products

2.1 Glass wool

2.1.1 The wooden floor glass wool sound insulation system has passed the test: buckle type marble Δ LW =20dB and buckle type wood floor Δ LW =22dB.

2.2 Expanded polystyrene (EPS)

2.2.1 Developed environmental protection and energy saving LOW VOC EPS and promoted it to be applied in automobile materials, furniture fillers and other markets.

2.2.2 Continuously developed the antistatic EPS and used compound antistatic formula to improve the antistatic value of $10^{⁹}$ (ω).

2.3 Acrylonitrile-butadiene-styrene (ABS) polymer

2.3.1 Improved acrylonitrile-butadiene-styrene polymer (ABS) residual monomer and reduced the amount of residual monomer.

2.4 Improvement in ABS / GPS / EPS manufacturing processes

Year	2021	2020	2019	2018	Total
Electricity savings (kWh)	708,555	424,537	476,554	2,351,139	3,960,785
Electricity consumption (kWh)	82,315,600	80,993,597	77,713,440	78,424,000	319,446,637
Electricity saving ratio (%)	0.86	0.52	0.61	2.91	4.90

Note: The central government's policy requires 10% electricity savings from 2015 to 2024 and we have currently achieved approximately 7.35%

(IV) Long-term and Short-term Business Development Plans

1. Short-term business development plans

- (1) Realize full production and full sales of ABS, continue to increase the proportion of direct customers.
- (2) After the introduction of the Toyo SAN manufacturing process in the production of ABS, the background color and quality of ABS have been improved. In the future, we will actively take such advantage to expand our market applications.
- (3) By realizing full production and full sales, we continue to increase the proportion of production and sales of GPS products of injection molding grades with superior profitability. By making good use of the NOVA manufacturing process in production, we are able to grasp the opportunity for growth in the food packaging market.
- (4) EPS Qianzhen Plant: Realize full production and full sales, while increasing the proportion of production and sales of regular-grade EPS with better profitability. Continue to develop high value-added Low VOC products.
- (5) The Company will realize the integrated supply chain management to maximize production and sales and maintain the inventory of raw materials and finished products at a low level.
- (6) Strengthen business development capabilities, develop markets with low market share and product market applications, expand the basic customer base for sales, and stabilize market sales.
- (7) The Company will develop and advance high value-added products to strengthen market competitiveness.



- (8) The Company will enhance functionality and flexible organization. Besides, the Company will actively expand overseas sales and develop markets in emerging and developing countries in particular.
- (9) The main development targets for EPS in Mainland China are concentrated in South China.
 - a. The Company will continue to improve and stabilize the quality of rapid materials and ultra-light materials volume and expand market sales.
 - b. The Company will continue to strengthen core markets (in Yunnan and Guangdong Provinces) and develop markets in Guangxi, Fujian, Hubei and other regions.
 - c. The Company will leverage the complementarity of market demands to balance sales volume, continue to increase and expand technical service capabilities and scope for customers to increase customer loyalty.
 - d. The Company will improve the pellet concentration and screening capacity to meet the market sales needs.

2. Long-term business development plans

- (1) The Company will collect information on trends in the selection of materials in the electronics and develop suitable products and materials.
- (2) With the improvement of physical properties of its products, the Company will increase market share in the "high-quality, high-priced" market segment.
- (3) The Company will increase its market share in overseas emerging markets.
- (4) The Company will collect information on trends in the selection of industrial materials so as to adapt to industry adjustments and develop suitable products and materials.

II. Market, Production and Sales Overview

(I) Market Analysis

1. Sales regions and market share of main products

Products produced by the Company in Taiwan are mainly for export, which account for 90% of the total sales revenue. Mainland China and Hong Kong account for the largest portion of sales. The Company has also achieved sales growth in other regions such as Southeast Asia/South Asia/Central and South America/North America. The gradual increase in sales outlets in foreign markets and the increase in the proportion of sales contribute to the Company's goals of market dispersion and risk diversification. In the face of rapid changes in the international environment, the Company not only has to stabilize domestic sales and exports to Mainland China and Hong Kong, but also needs to actively develop other export markets with growing demand.

The Company's sales regions in 2021 are as follows:

(1) ABS/PS products

Mainland China and Hong Kong	43%
Northeast Asia/Southeast Asia/South Asia and Central Asia	19%
Domestic market	10%
American market	11%
Other markets	17%

(2) Glass wool products

Domestic market	61%
Australia	25%
New Zealand	9 %
Other regions (including Southeast Asia)	5 %

The sales ratio of the mainland subsidiary Zhongshan Plant in



2021 by region was as follows::

Sales Region	Province	Sales ratio
Greater China	Guangdong	59.8 %
	Yunnan	16.5 %
	Hunan & Hubei	9.5 %
	Fujian	8.5 %
	Anhui	2.1 %
	Guangxi	2.0 %
	Sichuan	0.7 %
	Others	0.9 %

2. Market supply and demand market growth in the future

(1) ABS/PS products

ABS: Influenced by the epidemic, the stay-at-home economy of ABS was growing in 2021. It showed strong demand in Mainland China with good spreads still. The demand for ABS has grown substantially throughout the year. In the long term, ABS demand is still growing. However, we still need to keep an eye on the impact of COVID-19, geopolitical risks, inflation and other factors on the market. In 2022, the Company will gradually launch its new capacity for ABS production (estimated to exceed 2 million MT). The market competition will become increasingly fierce. Strategically, TTC will maintain full production and full sales, and continue to expand the ratio of direct customers with a higher profit to ensure the operational performance.

GPS: In 2021, the demand for GPS continued to grow with the use of disposable tableware driven by the epidemic. In 2022, although new production capacity will be put into operation for GPS (estimated to be about 1.9 million MT), TTC will still strategically maintain full production and sales, and continue to increase the proportion of injection-grade products with higher profit to ensure the operational performance.

EPS: The EPS international market in 2021 is still in a state of oversupply. Although the sea freight rate has been greatly increased, it can still be passed on smoothly. With the development of new markets/new customers and the increase in the production and sales ratio of general EPS with higher profit, the sales of EPS grew by about 11% in 2021. In 2022, TTC will strategically achieve full production and full sales of EPS, and continue to expand the sales ratio of general products with higher profit to improve the operational performance.

(2) EPS in Mainland China

There are only three major EPS manufacturers due to relatively balanced supply and demand of styrene resources in South China. In November 2020, Longwang put into operation a new production capacity of 300,000 MT in Zhuhai, which increased its production capacity in southern China to about 1.2 million MT. TTC's Zhongshan Plant takes its quality advantage of general materials (301) and fast materials (391), and continues to improve its quality of ultra-light materials (381), enhancing the Company's competition in the markets of main electrical appliance packaging and slab. The Company has also improved the improve its capability for pellet concentration, increased the output ratio of effective specifications products and reduced the production of inactive inventory to strengthen its production efficiency. The Company is also actively promoting the pre-sales for the new establishment of TTC Zhangzhou Plant with a capacity of 200,000 MT, and the pre-sales volume is expected to raise to 40,000 MT in 2022.

(3) Glass wool products

Domestic demand for glass wool grew by 20% in 2021, and its import volume accounted for about 6% of the overall market. Glass wool was imported mainly from South Korea and India, accounting for 18% and 81% of total glass wool imports respectively. The domestic demand for glass wool in 2022 is expected to decline by 6%-7% from 2021.



Due to stiff competition and low unit prices in the Southeast Asian market, the Company has shifted its sales focus to markets with higher unit prices, such as New Zealand, Australia, and South Africa. Currently, the Company has successfully consolidated its position in New Zealand Australia and is continuously developing other markets to actively increase the width and depth of the export market. We estimate that the ratio of domestic sales to exports in 2022 will be 56% to 44%.

3. Competitive niches

TTC focuses its operations on providing customers satisfying service quality and creating value for shareholders. Our competitive niches are:

- (1) Continuously maintain full production and full sales and optimize customer and product portfolio to ensure the operational performance. With full production and full sales, TTC will effectively control the reasonable inventory of raw materials and finished products to avoid the impact of large fluctuations in market prices on the Company's operating performance.
- (2) Continuously enhance the development capabilities and increase the proportion of sales in niche markets.
- (3) Continuously develop customized products.
- (4) Provide fast and timely customer services, implement regular customer visit plans, and strengthen after-sales services to enhance the added value products.

4. Favorable and unfavorable factors affecting the Company's development prospects and corresponding countermeasures

(1) Favorable factors

◆ ABS/PS products

- a. The reliable quality of ABS/PS products, positive research and development, enhanced customer services, and implementation of management systems help increase customers' confidence in our products.

- b. The NOVA manufacturing process technology for GPS provides the quality advantage of heat-resistance and low-residual monomers.
- c. The development of new EPS products has catapulted the Company to a leading position in the domestic market. The Company is the first to develop fire-rated anti-static products, which has gained it considerable reputation in the international market.
- d. Domestic demand in South China still has room for growth, and demand for EPS will continue to increase. This will benefit the operations of our EPS plant in Zhongshan.
- e. Production capacity of SM, the main raw material, continues to increase in the Mainland China, which will promote TTC's bargaining power over raw material SM.

◆ Glass wool products

- a. Leading brand with accepted quality.
- b. High service quality effectively precludes competition from foreign products.
- c. Solid marketing channels strengthen market development and competitiveness.
- d. Glass wool is used as a filler in calcium silicate board partition systems. This application has been gradually accepted in the market.
- e. The sales volume of gypsum board partition systems increases each year and the use of glass wool is expected to increase as well.
- f. The conversion of CNS6532, the standard for non-combustibility testing, to CNS14705 has helped fiberglass ceilings pass the non-combustibility test.
- g. In addition to the successful renewal of BRANZ certification in New Zealand Australia, the Company has also helped its New Zealand customers to successfully obtain the Environmental Choice New Zealand (ECNZ), an eco-friendly label, and became qualified to bid for New Zealand government projects.



- h. The market for fire-retardant glass wool for roof and exterior walls has been growing steadily, where sales of such products in 2021 grew by 39% from 2020.
- i. Regulations related to floor impact sound has been implemented in January, 2021. The new product Porter panel and glass wool sound insulation system for flooring has pass tests, thus facilitating new market development.
- j. Value-added six-sided covered products have been newly developed.

(2) Unfavorable Factors

◆ABS/PS products

- a. EPS manufacturers in Asia are still experiencing overcapacity, and market bidding remains extremely intense. EPS manufacturers in Mainland China are also facing overcapacity, and price competition is also extremely intense.

Response measures:

· Enhance product quality, increase the added value of products, segment the market, and avoid competition in market prices.

· Maximize the capacity, reduce costs, and select and sell relatively favorable products.

· Analyze and keep abreast of market developments to develop the potential emerging markets.

- b. The market of main raw material SM is volatile and unstable:

Response measures:

· Effectively realize integrated supply chain management

· Effectively reduce the inventory of raw materials and finished products, thereby lowering risks.

◆Glass wool products

- a. India's import cost is low, and its products have passed the one-hour calcium silicate board fire test, thereby causing a major impact on the domestic market.

Response measures:

- Organize promotions on imported products of the same specifications to solidify the distribution network.
- Strengthen project tracking and conduct direct sales.

b. Alternative products flood the market.

Response measures:

- Enhance project visits and control to prevent changes in glass wool materials.

c. Products from Mainland China have entered the Taiwanese market through imports via ad hoc application.

Response measures:

- Actively participate in related trade associations, maintain contact with the Industrial Development Bureau, and keep an eye on product trends in Mainland China at all times.



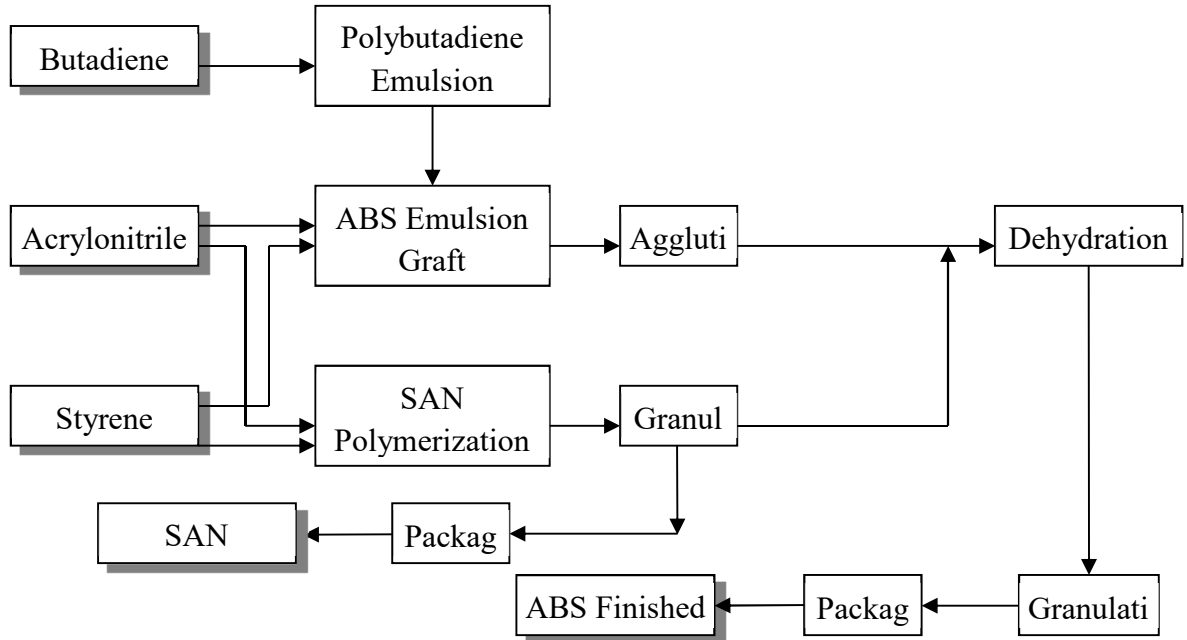
(II) Important Uses and Production Processes of Main Products

1. Important uses of main products

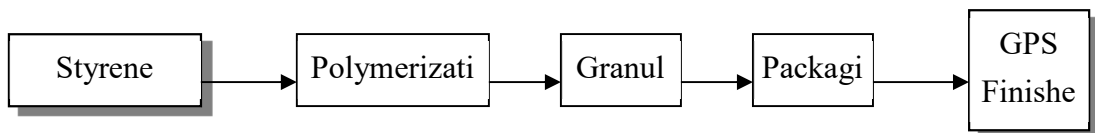
- (1) ABS resin: IT equipment, OA equipment, home appliances and electronic parts, consumer electronics, bathroom equipment, toys, automotive and machine components, heels, suitcases, everyday items, telephones, stationery, sports equipment, battery cases, safety helmets, and machine tools.
- (2) SAN resin: External casing of blenders, powder boxes, coffee machine water tanks, transparent decorations, air conditioning axial fans, electric fan blades, stationery, and utensils.
- (3) GPS: Lighting equipment, stationery, home appliance parts, everyday items, diffusion plates, insulation boards, disposable tableware, food and pharmaceutical packaging materials.
- (4) EPS: Insulation boards for buildings, packaging materials, antistatic packaging materials, vegetable and fruit boxes, fishing boxes, insulation materials, slabs, and building walls, and safety helmet cushion lining.
- (5) Glass wool: Cooling materials for air-conditioning ducts, metal roofs, insulation materials for walls, floor insulation materials, dry partitions filled with sound-absorbing insulation materials, ceilings for interior decoration, wall panels, insulation materials for the petrochemical industry, machinery and equipment, insulation and sound-absorbing materials for home appliances, vehicles, heat- and sound-insulating materials for ships and insulation materials for curtain walls.
- (6) Cubic printing: Special printing techniques for plastics, metals, wood, plaster, glass and ceramics.
- (7) Impact-resistant polystyrene: IT equipment, home appliances, toys, everyday items, stationery, electronic components, and menstrual cups.

2. Production processes of main products

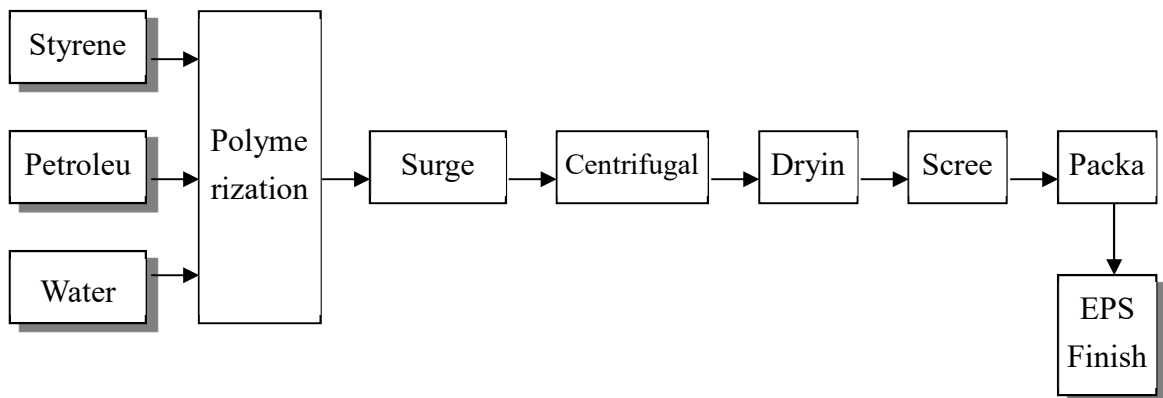
(1) Production processes of ABS and SAN resin



(2) Production processes of GPS

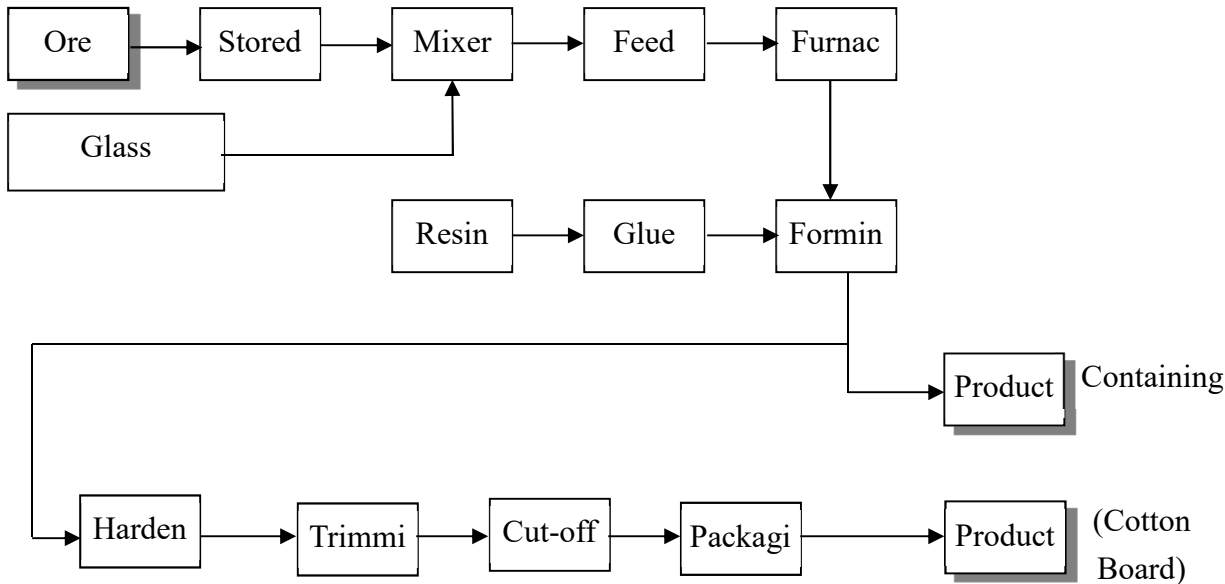


(3) Production processes of EPS

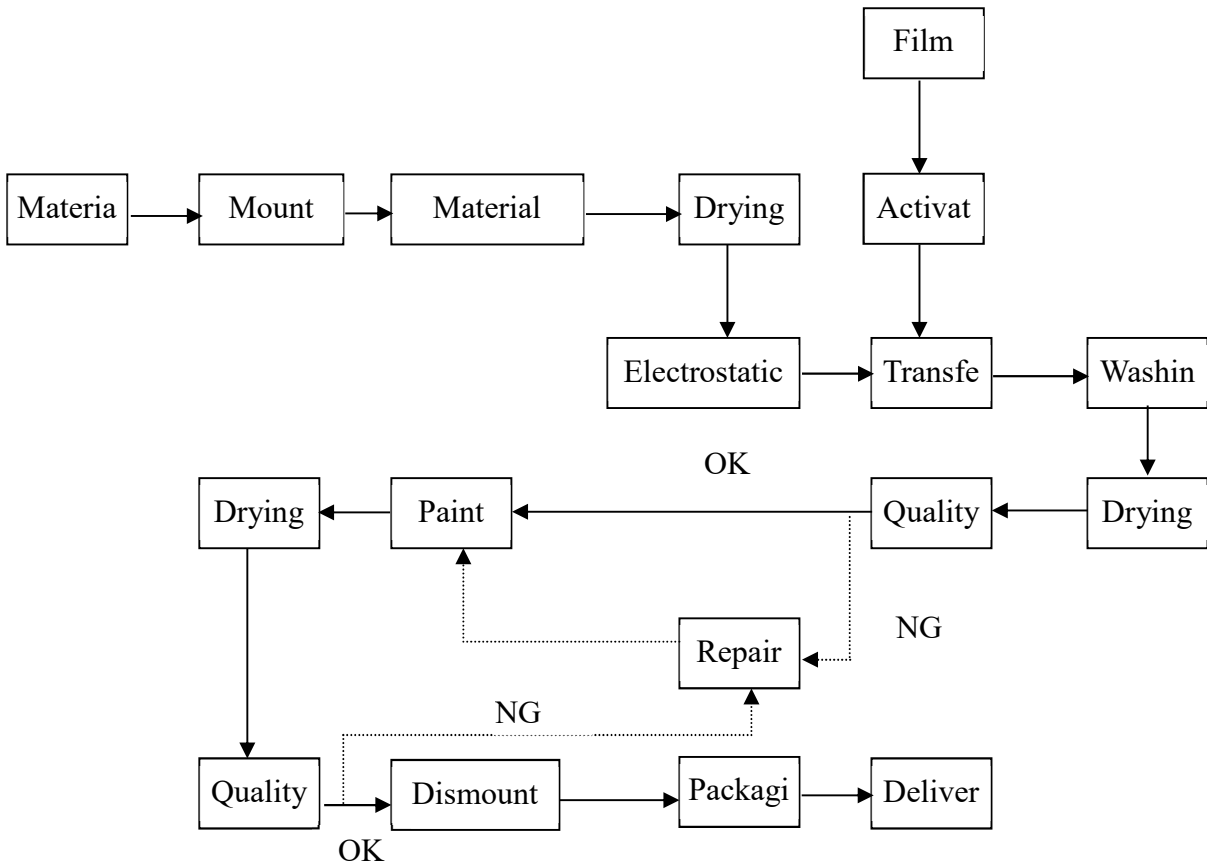




(4) Production process of glass wool products



(5) Production processes of cubic printing



(III) Supply of Main Raw Materials

1. Styrene monomer (SM)

The supply and demand for styrene monomer (SM) is balanced. The Company continuously purchases SM from Taiwan Styrene Monomer Corporation, Formosa Chemicals & Fibre Corporation, China Petrochemical Development Corporation and Shell Petrochemicals Company Limited, and directly imports SM from the foreign supplier, SHELL and SABIC, to balance the price risk. Thus, there is no risk of shortages.

2. Acrylonitrile (AN)

The Company has signed a contract with SinoPec Chemical Commercial (Huanan) Holding Co., Ltd. with regard to the supply of this product. Besides, the Company also regularly purchases AN from Formosa Plastics Corporation, and imports AN from time to time according to supply and demand to increase dispatch flexibility. Hence, there is no concern regarding the shortage of supply for this material.

3. Butadiene (BD)

The Company has signed a material supply agreement with CPC Corporation and Formosa Petrochemical Corporation. The Company imports BD from time to time according to market supply and demand to meet its own demand.

4. Pentane

Pentane is mainly available in ready stock abroad. The usage of pentane is stable, and there is no issue regarding the shortage of supply for this material.

5. Glass quality sand

Glass quality sand is the main raw material for glass wool products. As the unit price is low, it is purchased from domestic sources. There are few changes in quantity and price, and thus the Company has full control over this material.



(IV) List of Customers Who Account for More than 10% of the Total Purchases (Sales) of Goods and Their Amount and Proportion of Purchases (Sales) of Goods in Any One of the Most Recent Two Years, and Reasons for Changes

1. List of customers who account for more than 10% of the total purchases of goods and their amount and proportion of purchases of goods, and reasons for changes

Information on Major Suppliers in the Most Recent Two Years

Unit: NT\$ thousand

Item	2021				2020				As of the first quarter of 2022			
	Name	Amount	Percentage of Net Purchases of Goods (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchases of Goods (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchases of Goods in the Current Year up to the Previous Quarter (%)	Relationship with the Issuer
1	Formosa Chemicals & Fibre Corporation	3,309,138	19.20	None	Formosa Chemicals & Fibre Corporation	2,754,649	23.71	None	Taiwan Styrene Monomer Corporation	637,259	18.22	None
2	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd.	2,361,921	13.70	None	Taiwan Styrene Monomer Corporation	1,512,846	13.02	None	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd.	651,510	18.63	None
3	Taiwan Styrene Monomer Corporation	2,302,837	13.36	None	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd.	1,487,155	12.80	None	Formosa Chemicals & Fibre Corporation	569,114	16.27	None
4	CNOOC and Shell	1,374,957	7.98	None	CNOOC and Shell	858,660	7.39	None				None
5	Others	7,888,524	45.76	Note 3	Others	5,006,542	43.08	Note 3	Others	1,639,485	46.88	Note 3
	Purchases Sales	17,237,377	100.00	-	Purchases Sales	11,619,852	100.00	-	Purchases Sales	3,497,368	100.00	-

Note 1: List the name of suppliers who account for more than 10% of the total purchases of goods and their amount and proportion of purchase of goods in the most recent two years. However, if the name of suppliers or counterparties who are individuals or non-related parties cannot be revealed due to contractual agreements, their code shall be indicated.

Note 2: As of the date of publication of the Annual Report, if financial information of the Company that are publicly listed or whose shares are traded over the counter has recently been audited or reviewed by CPAs, such information shall be disclosed.

Note 3: The purchases of goods from other suppliers did not reach 10% of the total purchases of goods. In 2021, the amount of purchases of goods from related parties was NT\$3,259 thousand, accounting for 0.02% of the total purchases of goods. In 2020, the amount of purchases of goods from related parties was NT\$2,573 thousand, accounting for 0.02% of the total purchases of goods. In the first quarter of 2022, the amount of purchases of goods from related parties was NT\$648 thousand, accounting for 0.02% of the total purchases of goods.

2. List of customers who account for more than 10% of the total sales of goods and their amount and proportion of sales of goods, and reasons for changes

Information on Major Customers in the Most Recent Two Years

Unit: NT\$ thousand

Item	2021				2020				As of the first quarter of 2022			
	Name	Amount	Percentage of Net Sales of Goods (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Sales of Goods (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Sales of Goods in the Current Year up to the Previous Quarter (%)	Relationship with the Issuer
	Others	20,771,165	100.00	Note 3	Others	15,498,381	100.00	Note 3	Others	4,535,929	100.00	Note 3
	Net sales	20,771,165	100.00	-	Net Sales	15,498,381	100.00	-	Net Sales	4,535,929	100.00	-

Note 1: List the name of customers who account for more than 10% of the total sales of goods and their amount and proportion of sales of goods in the most recent two years. However, if the name of customers or counterparties who are individuals or non-related parties cannot be revealed due to contractual agreements, their code shall be indicated.

Note 2: As of the date of publication of the Annual Report, if financial information of the Company that are publicly listed or whose shares are traded over the counter has recently been audited or reviewed by CPAs, such information shall be disclosed.

Note 3: The sales amount to other individual companies did not exceed 10% of total sales. Sales to affiliates and the net amount for sales of the entire year were NT\$4,576 thousand in 2021, accounting for 0.02%, NT\$20,038 thousand in 2020, accounting for 0.13%, NT\$910 thousand in the first quarter of 2022., accounting for 0.02%



(V) Production Volume and Value in the Most Recent Two Years

Quantity: MT

Amount: NT\$ thousands

Production Value Main Product	Year	2021			2020		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
ABS		100,000	123,143	5,736,633	100,000	122,461	3,981,790
GPS		100,000	96,749	3,406,914	100,000	98,776	2,370,409
EPS		380,000	217,814	8,331,956	380,000	218,685	6,745,075
Subtotal		580,000	437,706	17,475,503	580,000	439,922	13,097,274
Glass wool products		8,600	8,724	277,944	8,600	8,711	266,478
Cubic printing (Note)		200,000	48,128	41,954	200,000	64,050	50,320
Total		-	-	17,795,401	-	-	13,414,072

Note: Measurement unit of cubic printing: JIG.

(VI) Sales Volume and Value in the Most Recent Two Years

Quantity: MT

Amount: NT\$ thousands

Product Category	2021					
	Domestic Sales		Export Sales		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
ABS	8,334	578,327	112,856	6,857,098	121,190	7,435,425
GPS	12,879	528,565	82,402	3,462,281	95,281	3,990,846
Impact-resistant polystyrene (IPS)	14	799	266	14,634	280	15,433
EPS	161,942	1,594,917	53,853	7,198,903	215,795	8,793,820
Subtotal	183,169	2,702,608	249,377	17,532,916	432,546	20,235,524
Glass wool products (Note 1)	9,524	381,077	3,542	113,445	13,066	494,522
Cubic printing (Note 2)	49,760	41,119	0	0	49,760	41,119
Total	-	3,124,804	-	17,646,361	-	20,771,165

Note 1: Glass wool products include imported rock wool and aluminum foil.

Note 2: Measurement unit of cubic printing: JIG.

Quantity: MT

Amount: NT\$ thousands

2020						
Product Category	Domestic Sales		Export Sales		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
ABS	9,310	439,590	113,921	4,736,715	123,231	5,176,305
GPS	15,788	456,784	81,819	2,468,152	97,607	2,924,936
Impact-resistant polystyrene (IPS)	80	3,273	235	9,317	315	12,590
EPS	169,945	5,364,289	49,931	1,528,518	219,876	6,892,807
Subtotal	195,123	6,263,936	245,906	8,742,702	441,029	15,006,638
Glass wool products (Note 1)	8,415	306,148	4,062	132,092	12,477	438,240
Cubic printing (Note 2)	63,127	53,503	0	0	63,127	53,503
Total	-	6,623,587	-	8,874,794	-	15,498,381

Note 1: Glass wool products include imported rock wool and aluminum foil.

Note 2: Measurement unit of cubic printing: JIG.

III. Information on Employees

Year		2021	2020	Current year as of March 31th, 2022
Number of employees	Staff	194	207	195
	Workmen	313	321	309
	Total	507	528	504
Average age		44.1	42.7	44.0
Average year of services		15.2	14.8	15.2
Distribution of academic qualifications	PhD/Master's degree	10%	9%	11%
	Bachelor's degree	25%	30%	32%
	Junior college	22%	22%	21%
	Senior high/vocational school	30%	32%	29%
	High school or lower	13%	7%	7%



IV. Information on Environmental Protection Expenditure

(I) Total amount of losses (including compensation and violations of environmental protection regulations in the results of environmental protection audits, the date of the penalty, penalty document number, articles in regulations violated, contents of violation, and contents of penalties) and penalties incurred due to environmental pollution in the most recent fiscal year up to the publication date of this annual report, and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures:

Penalty date/number	Regulations violated	Amount of compensation or penalty (thousand)	Cause	Improvement measures
4/7/2021 / 20-110-040004	Article 32 of the Air Pollution Control Act	330	On January 24th, 2021, the Linyuan Plant suffered from a power outage due to power equipment failure (deterioration of 3.3 KV capacitor wiring insulation resulting into overcurrent), and an emergency discharge is implemented for the over-temperature and over-pressure of the reaction tank in Area 21, resulting in black smoke due to the large volume.	<ol style="list-style-type: none"> 1. The original SC2 cable goes from underground concealed conduit to outdoor equipment of substation, and it was replaced by exposed conduit (the cable trunking was erected). (Completed on May 31st, 2021) 2. The substation cables were fully detected by partial discharge, and they were measured in the order of A/B/C. (Completed on March 26th, 2021) 3. Thermal imaging (temperature) measurement was carried out for all contact terminals and cables for the high- and low-voltage panels of 69KV/3.3KV/460V throughout the whole factory. (Completed on January 27th, 2021) 4. The Group set up the Environment Department to provide guidance on ultrasonic (arc discharge) measurement. (Completed on January 29th, 2021)

Penalty date/number	Regulations violated	Amount of compensation or penalty (thousand)	Cause	Improvement measures
3/23/2021 / 110001616100138	Paragraph 1, Article 6 of the Occupational Safety and Health Act	70	<p>1. No boiler license is posted in the boiler area of Area 25. (The Company failed to comply with Paragraph 4, Article 18 of the Safety Regulations for Boilers and Pressure Vessels: The photocopies of the boiler inspection certificate and boiler operator qualification certificate shall be displayed in a conspicuous places.).</p> <p>2. Generators and electric welding machines were placed next to the oxygen and acetylene cylinder area of the Mechanical Division. (The Company failed to comply with Paragraph 9, Article 108 of the Occupational Safety and Health Act Facility Regulations: No other objects may be arbitrarily placed near the storage of high-pressure gas).</p>	<p>1. Posted the photocopy of boiler license immediately in the boiler area of Area 25, inspected and did the same to other oiler areas.</p> <p>2. Moved the generators and electric welding machines placed next to the oxygen and acetylene cylinder area immediately to other areas for storage. (Improvements have been completed on February 27th, 2021)</p>
9/15/2021 / 20-110-090002	Paragraph 2, Article 24 of the Air Pollution Control Act	100	The Environmental Protection Administration carried out sampling of odor pollutants from the discharge pipe (P008) under the fixed source fiberglass manufacturing procedure (M01) in the	<p>1. Installed an additional butterfly valve in the air inlet pipe to allow fresh air to enter and supplement the external air to form a pressure difference.</p> <p>2. During the production of this special hose product on December</p>



Penalty date/number	Regulations violated	Amount of compensation or penalty (thousand)	Cause	Improvement measures
			Toufen Plant. It was found that the pollution source including hardening furnace E005, edge cutter E006 and packaging machine E022 were all in operation at the site, but the baghouse filter bag (A011) of the prevention equipment was found faulty in the pressure drop monitoring instrument without any monitoring data, which were not in accordance with the licensed scope of operation.	9th, 2020, the new facility was tested to meet the pressure differential requirement of more than 10mmAq. The factory has marked the proper pressure differential range on the differential pressure gauges of all dust collection equipment, and conducted education and training for the relevant operators, and listed it as the focus of daily inspections.
4/29/2021 / (Zhong Ju) Emergency Punishment [2021] No. 3	Item (4), Article 45 of the Measures for Administrative Punishment for Violations of Work Safety	RMB20	On April 6th, 2021, the law enforcement personnel of Zhongshan Emergency Management Bureau and Huoju Development Zone inspected and found that the Company produced 165,675.19 MT of polystyrene beads [expandable] in 2020, exceeding the production capacity of 150,000 MT per year as permitted by the safety production license. The Company was subject to punishment according to Item (4), Article 45 of the Measures for Administrative Punishment for Violations of Work Safety	The Company planned to apply for an increase in production capacity within the scope of the safety production license when the safety production license was extended and renewed in 2021. The application for additional capacity was completed on October 29th, 2021, and the Company has obtained a safety and peace license covering 200,000 MT/year of polystyrene beads [expandable].

(II) Current or future environmental protection expenditures and response measures:

1. Complying with relevant environmental safety regulations and environmental requirements.
2. Continuing with energy saving, recycling, industrial waste reduction.
3. Pollution prevention and lowering potential risks during operation.
4. Continuous employee training and environmental safety implementation.
5. Actively communicating with customers and citizens, managing suppliers and contractors, and encouraging employees' participation in environmental safety work.
6. Thoroughly implementing environmental management system to improve environmental performance and lower environmental safety risks in community.
7. Promoting the process safety management system (PSM) to achieve the purpose of safe process operation and personnel safety through "prior prevention, impact mitigation and abnormality improvement" of accidents.
8. Implementing ISO 14064-1 management system for all possible GHG sources within the organization, and conducting emission source inventory and data collection.

The Company's major environmental protection expenditures in the most recent year and as of the publication date of this annual report are as follows:

Unit: NT\$ thousand

Expenditure Item	
Linyuan Plant	
1. Building a PVA-Gel aeration biological treatment tank in Line A of Area 82 (commissioning)	4,750
2. Construction of a new waste storage site (in progress)	1,900
5. Building an air pollution control device (waste gas incinerator with regenerative heat) in Area 26 (completed)	22,884



Expenditure Item	
4. Adding sludge drying equipment to Line B sewage treatment plant in Area 82 (completed)	9,360
5. Update of the lighting of the whole plant with explosion-proof LED (completed)	1,157
6. Adding water completed protection turret (fire hydrant) on the northwest side of tank area in Area 27 (completed)	498
7. Installation of ABSL concentration physical pressure filter equipment in Area 22 (ABSL process area) (in progress) (commissioning)	2,300
8. Upgrading of incinerator bag filters and replacement of filter bag with ceramic filter tube (in progress)	8,220
9. Update of feed control valve of TAPI/II/C AN in Area 22 to the non-leakage type (completed)	609
10. Maintenance and update of incinerator equipment (upgrade of air pipe & pile) (in progress)	1,520
11. Adding pipeline to the D2587 exhaust port in Area 25 (SUKA SAN process zone) (monomer tank water seal) o import RTO (completed)	1,954
12. Replacement of TAP-C RBD control valve in Area 21 (PBDL process zone) with the non-leakage type (completed)	795
13. Purchase of two Foxboro TVA2020 Device Component Detectors (completed)	880
14. Connection of the tail gas of the acrylonitrile storage tank (S1111-1/2) 5 in Area 11/11B to the RTO for treatment (completed)	367
15. Import the vacuum exhaust gas of Area 32 into RTO for treatment (completed)	3,176
16. Collection of the waste gas from the agglomeration tank/neutralization tank/centrifuge and screening machine of line B and C in Area 26, send it to the long-leg condenser and then import it into RTO (completed)	2,767
17. Adding a fume hood and J2756 vacuum system exhaust gas and S2717, D2719 storage tanks to the RTO water seal tank by BLOWER at the DMF concentration discharge ports in Areas 25 and 27 (completed)	2,550
18. Change of the quick connector of the styrene tanker unloading pipe in Area 11 (monomer storage tank area) to a dry connector (completed)	168

Expenditure Item	
19. Maintenance of double-tank regenerative incinerators (completed)	1,745
20. Adding heat exchanger to the outlet pipeline of the aeration windmill of the second-line biological aeration tank of the sewage treatment plant (in progress)	1,205
21. Adding a high-efficiency cooling water tower (E6208E-3) in the common area (in progress)	7,900
22. Update of SM feed control valve of TAP-I/II/C in Area 22 to the non-leakage type (in progress)	610
23. Adding electricity meter, air speed meter and air volume meter to the die exhaust system in the Area 27 (completed)	240
24. Update of the cooling water tower (E6208-1) in the common area (in progress)	3,076
25. Replacement of heat medium circulating pump P2772 in Area 27 with a shaft-less seal pump (in progress)	2,250
26. Update the styrene circulating pump (P1101-2) and styrene discharge pump (P1101-3) in Area 11 (monomer storage tank area) to non-leakage pumps (in progress)	360
27. Update of discharge control valve of the TAP-I/II reaction tank in Area 24 to the non-leakage type (in progress)	1,660
28. Update of the S2513-1/2 feed control valve (FV2512A/B, FV2511A/B) for A/B line monomer (AN/SM) of the in Area 25 (SUKA SAN process area) to the non-leakage type (in progress)	1,120
29. Update of feed control valve for monomer (AN/SM) in Area 24 to the non-leakage type(in progress)	1,640
30. Update of combustion tower exhaust gas flow meter (completed)	345
31. Adding automatic fire sprinkler system to five high-risk facilities in 21C (PBDL/ABSL process area) (in progress)	1,162
32. Adding automatic fire sprinkler system to three high-risk facilities in 13C (BD refining area) (in progress)	990
33. Adding automatic fire-fighting sprinkler system above the reaction tank, deaerating tank, preheater, and emergency discharge tank of A/B Line in Area 25 (SUKA SAN process area)(in progress)	690



Expenditure Item	
34. Update of the monomer recovery control valve (FV2542A/FV2542B) of A/B line in Area 25 (SUKA SAN process area) to a non-leakage type (in progress)	580
35. Update of the feed control valve (FV2514A/FV2514B) of the A/B line reaction tank in Area 25 (SUKA SAN process area) to a non-leakage type and modification of the pipeline (in progress)	1,050
Total	92,478
Qianzhen Plant	
1. Replacement of NOVA cooling tower fans with FRP energy-efficient blades (completed)	728
2. Replacement of the mechanical shaft seal of NOVA R1 mixer (completed)	552
3. Replacement of the EPS centrifuge (completed)	2,614
4. Purchase of spare parts for mechanical shaft seals of EPS reaction tank (completed)	270
5. Adding dust collector in Area 26 (completed)	50
6. Updating of waste gas pipeline in waste water plant (completed)	541
7. Update of Slurry Pump of the EPS Division. (completed)	587
8. Purchase of spare parts of the feeder in Nova Silo area (completed)	506
9. Purchase of spare parts of SBR circulating pumps in waste water farm (completed)	266
10. Updating of NOVA cooling water tower staircase and guardrail. (completed)	366
11. Purchase of spare parts of NOVA R1 blender Gear Box Bearing. (completed)	552
12. Purchase of low-frequency vibration analysis and detection instruments (completed)	1,168
13. Purchase of spare parts of NOVA vacuum pump CB625B (completed)	978
14. Adding AI online spectrum analysis system to NOVA R1 blender (completed)	998
15. Deterioration update of MB2 resin in pure water system (completed)	301
Total	10,477

Expenditure Item	
Toufen Plant	
1. Replacement of the baghouse filter bag (construction completed).	126
2. Anti-corrosion of phenolic resin storage tank (completed)	390
3. Adding electrostatic precipitator to discharge pipeline (P005) (completed)	13,634
4. Repair of the south wall of glass wool (including the runoff water outlet) (completed)	511
5. Add spill prevention dike to diesel tank (completed)	12
6. Adding monitoring system to electrostatic precipitator (completed)	55
7. Removal of cooling chimney behind the furnace (completed)	35
Total	14,763
Zhongshan Plant	
1. Annual wastewater and exhaust gas monitoring expenses (completed)	2,427
2.RTO equipment	38,856
3.CCR construction project	6,946
4. DCS&SIS system upgrade	25,398
Total	73,627
Total	191,345



The Company's expected environmental protection expenditures in 2022 are as follows:

Unit: NT\$ thousand

Expenditure Item	
Linyuan Plant	
1. Replacement of D2561 heat medium temperature control valve TV2562 in Area 25	750
2. Replacement of material for TAP-I RBD in 13U/21U of carbon steel with stainless steel	1,600
3. Purchase of spare parts for the RBD feed valve of reaction tank (FV2103) in Area 21 (PBDL/ABSL process area)	230
4. Foam tank renewal project in Area 12	1,980
5. Renewal project of the built-in capsular bag and original solution for the foam storage tank in Area 27	700
6. Purchase and installation of 2500GPM diesel fire pump	6,000
7. Incinerator inspections and repairs	700
8. Update of the top outlet pipeline and combustor (including busbar pipeline and control system) of the combustion tower (FLARE STACK)	4,900
9. Adding an isolation valve to the front air pipe of the old RTO explosion-proof box in Area 26 (ABS process area)	250
10. Adding an emergency generator for TOYO SAN process area to substation	33,600
Total	50,710
Qianzhen Plant	
1. Adding an emergency generator (in progress)	13,000
2. Replacement of old PDA inspection machines in the whole factory	280
3. System upgrade of Plant Scape (server) of EPS process console	1,100
4. Motor replacement of Qianzhen Plant	1,180
5. Replacement of the refrigerant oil circulating pump and valves of NOVA refrigerator	650
6. Replacement of commingler shaft of the EPS Division	400
7. Replacement of air compressors in Qianzhen Plant	4,880
8. Purchase of spare parts for NOVA ED221 cooler	460

Expenditure Item	
9. Purchase of solution level display transmitter of NOVA Silo finished products	160
10. Spare parts for agitating vane of EPS reaction tank	400
11. Purchase of mechanical shaft seal and shaft spare parts for EPS reaction tank	1,620
12. Purchase of spare parts for the gear box gear and mechanical shaft seal of NOVA R1 agitator	1,170
13. Purchase of spare parts for the steam pressure relief valve of NOVA adsorption tank	160
14. Renovation of the intake turbine of the 3500GPM fire pump engine	260
Total	25,720
Toufen Plant	
1. Improvement of gas emissions from discharge pipes P001~4 and P006~7	10,000
2. Adding waste storage facilities (in progress)	5,120
3. Adding roof for outdoor glass storage area for broken glass raw materials (in process)	2,410
4. Update of ammonia gas detector (in progress)	150
Total	17,680
Zhongshan Plant	
1. Operating expenses of environmental protection facilities (in progress)	8,310
2. Hazardous waste disposal fees (in progress)	4,051
3. Annual wastewater and exhaust gas monitoring expenses (in progress)	1,563
4. ISO 14001 system operation expenses (in progress)	43
Total	13,967
Total	108,077

3. Effects after improvements: Improve production efficiency, conserve energy and reduce waste.

(III) The EU Restriction of Hazardous Substances Directive (RoHS) has no impact on the Company.



V. Labor Relations

(I) Employee Welfare Measures, Continuing Education and Training, Retirement System and Implementation Status, as well as Agreements between the Company and Employees and Measures for Protecting Employees' Rights and Interests

1. Employee welfare measures

- (1) The Company has established and implemented reasonable employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately. The measures are consistent with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.
- (2) All employees of the Company participate in labor insurance, health insurance and group insurance, and they are given medical benefits for their spouses and children and medical care for cancer. In addition, the Company also purchases travel insurance for employees on business trips to provide full insurance coverage for employees. Employees in Mainland China are provided with social security that mainly includes pension social welfare, unemployment insurance, occupational injury insurance, and maternity insurance.
- (3) The Company organizes regular health examinations for employees and pays close attention to their health.
- (4) According to the Company's Articles of Incorporation, if the Company posts a net profit in the current year, employee compensation shall not be less than 1% of the Company's net profit for the current year, while the performance bonus and year-end bonus shall also be distributed based on the Company's business performance and individual performance.

2. Continuing education and training

- (1) The Company has always valued employees' continuing education and training and formulated the employee training standards to provide pre-employment training, on-the-job training, work instructions, and online learning to improve the skills and quality of employees.
- (2) The Company has designed tiered courses to encourage employees to actively learn and study. Employees must complete the prescribed courses before they can be officially promoted.
- (3) The Company has set up an employee training database to record the progress of employees, and requires them to attend at least 8 hours of training every year.
- (4) In addition to conducting a survey among trainees for each course, the Company has also designed a comprehensive survey at the end of a year as a reference for improving training operations.
- (5) Continuing education and training at each plant

In addition to assigning employees to participate in external professional training, the Company also organizes various internal training programs. The plants continuously send employees to participate in labor safety training, technical training and various external operations and safety training. Each plant also organizes various internal training programs and regularly holds general manager management seminars and various management skill training programs to strengthen cohesion and enhance the management skills. The contents of these training programs are compiled as follows:

In 2021, the total training hours of employees reached 17,109.2 hours, and the average training hours per person was 35 hours, reaching the original target of 17.5 hours of training hours per



person. For employees who have a strong willingness to learn and develop their potential, the Company provides grants for further education in local universities, which is supplemented with career adjustments in their respective positions in order to nurture leading talents required by enterprises.

Statistics on the number of hours of further education and training in each operating station in 2021

Education and training participation		Male	Female	The whole company
Supervisors	Average (hour/number of people)	56.9	33.69	52.58
Director staff	Average (hour/number of people)	17.61	9.50	17.44
Indirect staff	Average (hour/number of people)	47.75	23.40	42.42
The whole company	Number of Participants	3,118	402	3,520
	Hours	15,506.9	1,602.3	17,109.2
	Number of employees	415	74	489
	Average (hour/number of people)	37.4	21.7	35.0

Remarks: Direct staff are workers, and indirect staff are employees who are not supervisors.

The number of hours of further education and training of TTC in 2021 classified by course

Course Type	Hours	Percentage
Management skills	5,607.9	32.8%
Professional skills	2,930.3	17.1%
Occupational safety and environmental protection	7877	46.0%
Others	694	4.1%

(6) The talent training expenditure in 2021 totaled NT\$1,325 thousand.

3. Retirement system and implementation status

- (1) For employees eligible for the pension pursuant to the Labor Standards Act, the Company has contributed a pension preparatory fund equal to 12% of their monthly salary to a dedicated account and established the Labor Pension Reserve Fund Supervision Committee to manage and supervise its operations.
- (2) In accordance with the Labor Pension Act, the Company allocates 6% of an employee's total monthly salary as a retirement reserve fund to the dedicated personal account managed by the Bureau of Labor Insurance and notifies the employees in writing each month.
- (3) Employees of companies in Mainland China are given social security payment according to their average monthly income based on average monthly salaries in the previous year in accordance with the requirements set forth by the Ministry of Labor and the Regulations on the Composition of Gross Wages set forth by the National Bureau of Statistic in Mainland China.

4. Agreements between the Company and employees and measures for protecting employees' rights and interests

The Company has set up Employee Welfare Committee, and contributes a certain percentage of its turnover as a fund for employee welfare activities, such as travel subsidies, wedding and maternity subsidies, education subsidies for children and funeral subsidies for employees. The Company also provides female employees with menstrual leave and parental leave in accordance with the law.

The Company has stated in writing employees' code of conduct and ethical standards, and specified that employees shall not accept or draw up agreements to receive kickbacks. Besides, the



Company has specified sexual harassment prevention measures, and regulations governing complaints, grievances, rewards and punishment. On the other hand, the Company has set up an employee complaint and grievance mailbox, and maintains smooth communication with employees. Furthermore, a labor union has been established in the Company, where meetings are regularly held between the Company and employees to establish a harmonious and smooth channel of communication between both the Company and employees. The Company also provides employees with a well-organized group insurance plan, and regularly organizes health checkups every year. Moreover, the Company and its affiliated companies have formed the Employee Assistant Program Service Center (EAPC) to promote employee assistance program services, organize various get-together events, as well as provide employees with counseling and consulting services, with a view to ensuring that employees receive comprehensive care and assistance in psychological adjustment, functional management, health enhancement and quality of life.

With regard to employees' continuing education and training, the Company conducts surveys on the needs of employee training and formulates education and training plans and budgets every year. In addition, the Company has also set up an e-learning platform that offers lifelong learning activities, and regularly conducts employee training, management training, seminars, health talks and various types of conferences to enhance employees' professional or management skills and balance their mental and physical development. For employees who have strong willingness to learn and develop their potential, the Company provides grants for continuing education in local universities, which is supplemented with career adjustments in their respective positions, to develop leading talents required by the Company.

The Company complies with laws and regulations concerning labor and human rights, and does not employ any child labor or forced labor. There is no age and gender difference in terms of salaries and benefits, and the Company provides reasonable compensation and promotion opportunities based on capabilities and potential of employees at work. With regard to the employee retirement system, the Company has set up a Labor Pension Reserve Fund Supervision Committee, and contributes to a pension reserve fund to ensure that employees will enjoy a more secure life after retirement. To maintain good labor relations, the Company communicates with labor union representatives to exchange opinions, and has also established opinion mailboxes so that employees can fully express their opinions.

5. Licenses held by the personnel involved in the transparency of financial information

Department	Name	Certification
Audit Office	Hsu, Liang-Wei	Institute of Internal Auditors, R.O.C. Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1100844 Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1104718
Audit Office	Ying-Chun Tu	1. International certified internal auditor (CIA) 2. Certification of Qualification for Enterprise Internal Control Basic Abilities Test offered by the Securities and Futures Institute
Accounting Division	Lin, Chin-Tsai	Certification of Qualification in Continuous Studies for Accounting Managers offered by the Accounting Research and Development Foundation



6. Employee Code of Conduct or Ethics

- (1) The Company has formulated Employee Work Rules which are given to employees while starting their job and are provided access to the Company's website (<https://www.ttc.com.tw>) too for their reference. There are written regulations for employees and the ethics to be followed. Both employees and the management shall abide by them for an orderly workplace.
- (2) To protect the Company's reputation for ethical and decent management, the Company has established the Code of Work Ethics and Professional Ethics, and includes this code as part of the new employee training program. If any employee violates this code, the violation will be included in the employee's performance evaluation. Employees who violate this code in a serious manner will be punished according to the Employee Work Rules.
- (3) The Company signs a letter of undertaking with each new employee to specify his or her obligations.
- (4) To enhance ethical corporate management at the Company, the Human Resources Division has established ethical management policies and prevention plan, and regularly report the implementation of such policies and plan to the Board of Directors. Besides, the Human Resources Division has also established the Corporate Social Responsibility Best Practice Principles which stipulates corporate social responsibility policies, systems and management guidelines.
- (5) In order to ensure that the conduct of the Company's Directors and managerial officers is in line with the ethical standards, the Company has formulated a Code of Ethical Conduct for Directors and Managerial Officers with reference to the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE or TPEX Listed Companies, and has made it as part of the

compulsory study materials for relevant personnel every year. The targets for these guidelines include the Company's Directors and managerial officers, and other personnel with signing authority over management affairs at the Company. The contents of these guidelines include avoiding conflict of interests with the Company due to improper benefits provided by individuals holding the specific positions in the Company for their relatives. These guidelines serve to prevent: (1) competition with the Company, and (2) opportunities for personal gains or direct private gains through the use of the Company's properties and information or by virtue of the specific positions held in the Company.

Targets for the aforementioned guidelines shall assume confidentiality obligations to protect the Company's confidential information, including all undisclosed information that can damage the Company after leakage. In addition, the Company shall offer equal treatment to its suppliers, customers, competitors and employees, and shall not make false statements about important matters or engage in other unfair trading methods to obtain improper benefits. For related content, visit the Company's website (<https://www.ttc.com.tw>).

7. Measures for protecting the work environment and employees' personal safety

- (1) To maintain workplace safety for employees, the Company has installed pollution prevention and fire safety equipment and introduced an environmental management system (ISO 14001) and an occupational safety and health management system (OHSAS 18001) to build a sound management system and provide a safe and healthy work environment.



- (2) The Company provides personal protection equipment, such as earmuffs, ear plugs, protective goggles, and toxicity filter masks, in addition, the Company also organizes training from time to time or send employees to participate in related training to improve their knowledge and ideas of occupational safety.
- (3) The Company improves manufacturing processes and operations, implements good management and makes good use of limited resources to reduce the risk of hazards relating to manufacturing processes and operations and the environmental impact caused by products, services and activities.
- (4) The Company participates in and supports activities relating to responsible care, and incorporates them into the operations of its management system. Besides, the Company also makes timely response to the demand of the public and other stakeholders, so as to gradually realize the concept of responsible care.
- (5) The Company selects and uses the best and most feasible technologies and management techniques, and is committed to housekeeping, industrial waste reduction, cherishing resources, pollution prevention and safeguarding the health and safety of employees, contractors and nearby residents.
- (6) The Company continues to provide employees training and participate in communication and consultation with employees, encourages participation of all employees, and strengthens communication and consultation with contractors and customers, so that they fully understand the Company's occupational safety and health and environmental protection policies.
- (7) The Company implements inspections audits and management reviews to continuously improve and enhance its overall occupational safety and health and environmental management performance.
- (8) The Company has established a safety and health organization and set up a labor union at Linyuan Plant, Qianzhen Plant and

Toufen Plant, respectively, in addition, each plant has also established the Occupational Safety and Health Committee in accordance with the Regulations Governing Occupational Safety and Health. In the committee, labor representatives are elected by the labor union. The committee holds a meeting every quarter, where labor representatives speak for all employees and discuss issues relating to environmental protection, safety and healthy with the management of the Company.

(9) The Company implements occupational safety and health operations, participates in Taiwan Responsible Care Association (TRCA), the safety and health promotion associations and pollution control coordination groups in industrial parks. With regard to work safety, health and environmental protection, the Company engages in mutual observation and learning to enhance the protection of employees' safety and health, and regularly conducts emergency drills, fire drills and occupational safety and health training, so as to train employees to respond to emergencies and manage their safety.

(II) List the losses suffered due to labor disputes in the most recent fiscal year up to the publication date of this annual report (including violations of the Labor Standards Act in the results of labor inspections, the date of the penalty, penalty number, violated articles in regulations, contents of violation, and contents of penalties shall be listed), and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, facts of which estimation cannot be made shall be explained:

The Company enjoys harmonious labor relations, and there has been no material labor disputes or losses as of the date of publication of the Annual Report.



VI. Information and Communication Security Management

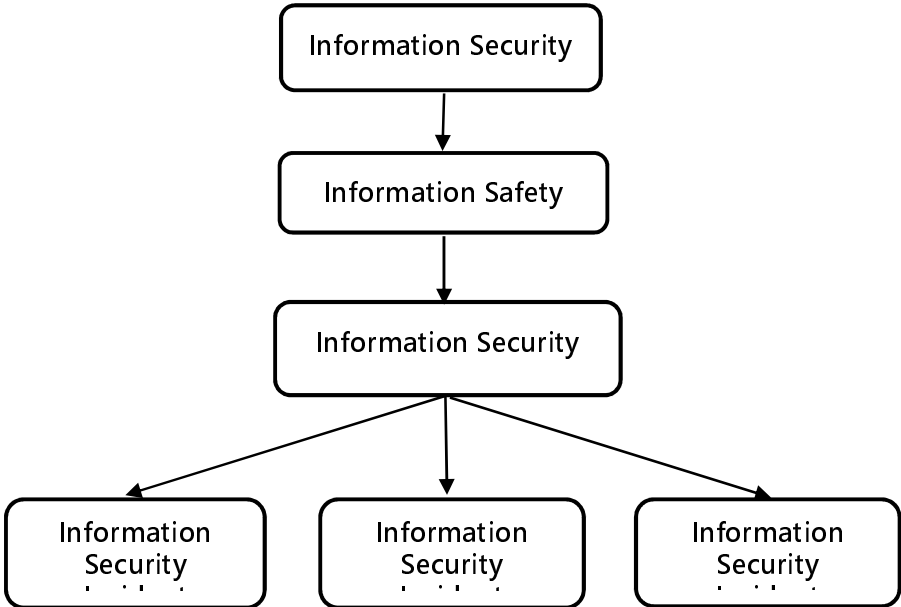
(I) State the risk management framework, policy and specific management plan of information and communication security, and resources invested in it

1. Information and communication security management framework

(1) Information and communication security governance organization:

The Company holds the "Information Security Management Review Meeting" every year to decide on the six input items (implementation of past proposals, changes in internal and external issues relating to the information security management system, information security performance feedback, feedback from parties concerned, risk assessment results and implementation of risk management plans, and continuous improvement) and resolve on the two output items (decisions on continuous improvement and need of changes in the information security management system) so as to achieve the objectives of the information security management system.

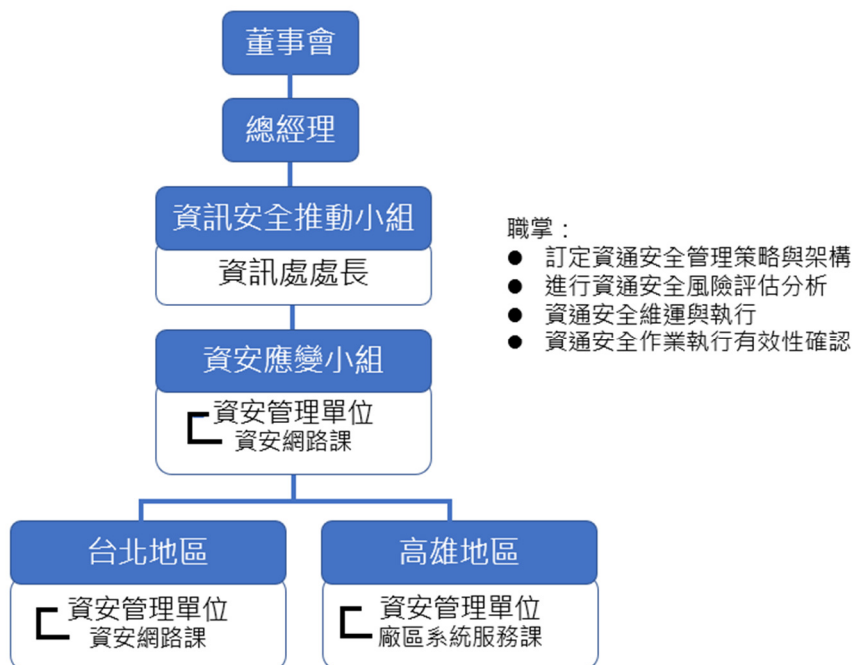
[Figure 1. Organization Chart of Information and Communication Security Management Review Committee]



(2) Organizational structure of information and communication security:

We established the Information Security Promotion Team in accordance with the Information Security Promotion Organization Regulations in the Company's internal standard operating procedures to supervise the implementation status of information security management of the Group and clarify the roles and duties of various organizations. The meeting is held regularly once a year and can be held immediately in case of major information security incidents within the Group. The Director of the Information Division serves as the convener of the team, and is responsible for the convening of the Information Security Promotion Team Meeting, the resolution and arbitration of opinions at the meeting; the heads of the departments under the Information Division are the members of the team. In case of major information security incidents, the Director of the Information Division will notify the General Manager or relevant department heads.

[Figure 2. Organization Chart of Information Security Promotion Team]





(3) Establishment of the information security chief and the information security dedicated unit:

In accordance with the amendment of Article 9-1 of the Regulations Governing Establishment of Internal Control Systems by Public Companies promulgated by the FSC, the Company will complete the establishment of a dedicated information security unit by the end of 2023.

2. Information security policy: Information and communication security management strategy and framework:

(1) ISO 27001 information security system:

Since 2014, the Company has established the ISO 27001:2013 information security management system and continues to promote it. Every year, we hire an external professional information security audit and certification company to carry out audits. So far, we have passed the certification audit for 7 consecutive years.

(2) NIST CSF information security management framework:

Incorporate into the Cybersecurity Framework (CSF) developed by the National Institute of Standards and Technology (NIST).

(3) With the ISO 27001 information security management system as the mainstay and the NIST CSF information security management framework as the supplementary, the Company strengthens the management and control of risks, enhances the resilience of information security and the ability to withstand, contain and recover quickly from security incidents to, so as to deliver critical operational services on an ongoing basis.

3. Specific management plan:

- Vulnerability scanning and detection: Regularly perform vulnerability scanning and detection of server operating systems, identify potential risks and make system corrections or propose compensatory measures to improve information security. It has been implemented continuously for 6 years.

- Information asset management and control: Build an information asset management platform, register information assets, record asset items, usage status, and maintenance records, and conduct regular check and maintenance.
- Firewall and industrial control equipment (OT): Adopt Palo Alto Networks 3220, improve the efficiency of filtering incoming and outgoing packeting and effectively reduce the risk of system vulnerability exposure with a new 7-layer firewall system.
- Critical server (SEVER): Deploy Crowd Strike to instantly analyze attack behaviors and prevent known and unknown potential threats by using non-feature matching artificial intelligence (AI) and machine learning (ML) modes of non-feature comparison.
- Mail: Adopt the Microsoft Office 365 solution, with Advanced Threat Protection (ATP) to defend against unknown malicious code and viruses. Gradually reduce the number of AD and DC (Domain Controller) to reduce the attack surface through the cloud operation of mail.
- Office equipment (IT): Use the Trend Micro anti-virus software to detect abnormal network behaviors, such as monitoring the login of users' computers to AD (Active Directory) hosts, and find abnormalities immediately.
- Personnel information security management: Prevent hacking or data leakage, and organize at least four hours of information security education and training for the information personnel conduct every year.
- Social engineering exercises: External consultants are engaged to conduct social engineering exercises at least twice every year to enhance employees' awareness of information security for the purpose of maintaining information security and protecting information from foreign intrusion.

4. Resources invested in information and communication security management:

- (1) Standard books: 16 standard books are formulated.
- (2) Information security standards: Passed ISO27001 certification for 7 consecutive years.
- (3) Number of cloud users for mail: Total number of cloud users from April 28th, 2021 to December 30th, 2021 is 360.



- (4) Information security investment (Group): A total of about NT\$1,450,000.
- (5) Information security notices: 9 notices have been issued.
- (6) Social engineering exercises (Group) : 2 exercises were held in total with 720 person-times.

(II) List the losses suffered as a result of major information security incidents in the most recent fiscal year up to the publication date of this Annual Report, possible impacts and the corresponding countermeasures. If it cannot be reasonably estimated, facts of which estimation cannot be made shall be explained:

As of the date of publication of the Annual Report, the Company has not suffered any loss or possible impact resulting from major information security incidents.

VII. Important Contract

(I) Supply and Sales Contracts

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Purchase of material	Taiwan Styrene Monomer Corporation	January 1st, 2021 to December 31st, 2021 (renewed each year)	The Company purchases styrene from Taiwan Styrene Monomer Corporation and the price is determined through negotiations.	None
Purchase of material	Formosa Chemicals & Fibre Corporation	January 1st, 2021 to December 31st, 2021 (renewed each year)	The Company purchases styrene from Formosa Chemicals & Fibre Corporation and the price is determined through negotiations.	None
Purchase of material	CPC Corporation	January 1st, 2021 to December 31st, 2021 (renewed each year)	CPC Corporation has agreed to supply butadiene to the Company every year at a price it sets. Payment for the material must be made on the 15th of the following month after delivery.	None

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Purchase of material	Formosa Petrochemical Corporation	January 1st, 2021 to December 31st, 2021 (renewed each year)	Formosa Petrochemical Corporation has agreed to supply butadiene to the Company every year at a price set by it. Payment for the material shall be made on the 14th of the following month after delivery.	None
Purchase of material	China Petrochemical Development Corporation	January 1st, 2021 to December 31st, 2022	China Petrochemical Development Corporation has agreed to supply acrylonitrile to the Company every year at a negotiated price. Payment for the material shall be made on the 15th of the following month after delivery.	None
Purchase of material	CNOOC and Shell Petrochemical Co., Ltd (CSPC)	January 1st, 2021 to December 31st, 2021 (renewed each year)	The Company purchases styrene from CSPC and Shell Petrochemicals every year at a negotiated price. The Company is required to provide domestic letters of credit before loading.	None
Purchase of material	SinoPec Chemical Sales (Huanan) Co., Ltd.	January 1st, 2021 to December 31st, 2021 (renewed each year)	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd. agreed to supply styrene to the Zhongshan Company every year at a price based on the original price agreed to by both parties. Payment for the material must be made before delivery.	None



(II) Technical Cooperation Contracts

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Technical cooperation	TAICA (Japanese Company)	Renewed automatically every five years from November 25th, 1996 until any party requests termination	This contract involves the transfer of cubic printing technology, which is the first of its kind in the world and enables printing of various patterns on uneven surfaces (such as telephones, automobile parts and components) to enhance the added value of products. This technology has been patented in many countries, including the U.S., Japan, Canada, Western Germany, the Netherlands, France and the United Kingdom.	None
Provision of Technology	Owens Corning Company (American Company)	April 1st, 2014 to March 31st, 2024	Provision of expertise on the manufacture of glass wool insulation products for the Company.	None

(III) Construction Contracts: None.

(IV) Long-term Loan Contracts

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Medium-term Lending Limit Contract	Taishin International Bank	May 18th, 2020 ~ May 18th, 2023	The Company and Taishin International Bank signed a three-year medium-term lending contract with a revolving credit limit of NT\$300 million.	Based on its consolidated annual report/semi-annual report, its current ratio shall not be less than 100%, and its debt ratio (debt/net worth) shall not be more than 175%.
Medium-term Lending Limit Contract	Hua Nan Commercial Bank	July 3rd, 2020 ~ July 3rd, 2023	The Company and Hua Nan Bank signed a three-year medium-term lending contract with a revolving credit limit of NT\$300 million.	None
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Yuanta Commercial Bank	February 18th, 2021 ~ February 18th, 2024	The Company and Yuanta Commercial Bank signed to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$ 300 million, the contract is fully secured by commercial papers.	Based on its consolidated annual report, its current ratio shall not be less than 100%, and its debt ratio (debt/net worth) shall not be more than 150%.
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Far Eastern Bank	May 6th, 2021 ~ May 6th, 2024	The Company and Far Eastern Bank signed to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$ 300 million, the contract is fully secured by commercial papers.	Based on its consolidated annual report, its current ratio shall not be less than 100%, and its debt ratio (debt/net worth) shall not be more than 175%.
Medium-term Lending Limit Contract	Chang Hwa Commercial Bank	July 12th, 2021 ~ July 12th, 2024	The Company and Chang Hwa Commercial Bank signed a three-year medium-term lending contract with a revolving credit limit of NT\$500 million.	None
Medium-term Lending Limit Contract	Mizuho Bank	August 30th, 2021 ~ August 30th, 2024	The Company and Mizuho Bank signed a three-year medium-term lending contract with a revolving credit limit of NT\$300 million.	None



Chapter 6 Financial Overview

I. Condensed Balance Sheet, Statement of Comprehensive Income, as well as Name and Audit Opinions of CPAs in the Most Recent Five Years

(I) Condensed Balance Sheet and Statement of Comprehensive Income - Consolidated Financial Statements

Condensed Balance Sheet - Consolidated Financial Statements

Unit: NT\$ thousand

Year Item		Financial Information in the Most Recent Five Years					Current year as of March 31st, 2022 (Note 1)
		2021	2020	2019	2018	2017	
Current assets		7,290,336	5,942,120	4,801,480	5,391,600	5,313,224	6,919,321
Real property, plant		2,007,587	2,076,043	2,174,859	2,373,653	2,418,756	1,994,933
Intangible assets		4,094	5,406	7,448	9,668	11,068	3,640
Other assets		1,442,642	1,222,301	1,020,954	952,625	1,068,387	1,429,360
Total assets		10,744,659	9,245,870	8,004,741	8,727,546	8,811,435	10,347,254
Current liabilities	Before distribution	2,343,160	2,170,177	2,278,694	3,316,710	3,132,553	1,907,652
	After distribution	3,100,468	2,858,639	2,378,955	3,382,240	3,132,553	-
Non-current liabilities		739,686	719,887	1,426,284	1,418,879	1,773,332	450,654
Total liabilities	Before distribution	3,082,846	2,890,064	3,704,978	4,735,589	4,905,885	2,358,306
	After distribution	3,840,154	3,578,562	3,805,239	4,801,119	4,905,885	-
Equity attributable to owners of parent company		7,661,813	6,355,806	4,299,763	3,991,957	3,905,550	7,988,948
Capital		3,786,541	3,442,310	3,342,048	3,276,518	3,276,518	3,786,541
Capital surplus		992	816	810	779	469	992
Retained earnings	Before distribution	3,524,977	2,716,694	997,971	731,393	505,981	3,783,867
	After distribution	2,578,342	1,684,001	797,448	600,333	505,981	-
Other equity		349,303	195,986	(41,066)	(16,733)	122,582	417,548
Treasury stock		0	0	0	0	0	0
Non-controlling		0	0	0	0	0	0
Total equity	Before distribution	7,661,813	6,355,806	4,299,763	3,991,957	3,905,550	7,988,948
	After distribution	6,904,505	5,667,344	4,199,502	3,926,427	3,905,550	-

* If the Company has prepared parent company only financial statements, the condensed parent company only balance sheet and statement of comprehensive income shall also be prepared for the most recent five years.

* Where financial information is prepared for less than five years using IFRS, financial information in Table 2 below shall also be prepared using the Accounting Standards for Enterprises of the Republic of China.

Note 1: Financial information for years that are yet to be audited by CPAs shall be noted.

Note 2: Where asset revaluation is performed for the year, the date of asset revaluation and the amount of asset revaluation shall be noted.

Note 3: As of the date of publication of the Annual Report, the Company whose shares are listed on the stock exchange or traded over the counter shall disclose its most recent financial information that has been audited or reviewed by CPAs.

Note 4: The aforementioned figures after distribution shall be filled in based on the Board of Directors resolutions passed by the shareholders' meeting in the following year.

Note 5: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

Note 6: Financial information for the first quarter of 2022 was reviewed by CPAs.

Note 7: The earnings distribution plan for the most recent fiscal year is yet to be approved by the shareholders' meeting.

Condensed Statement of Comprehensive Income - Consolidated
Financial Statements

Unit: NT\$ thousand

Item \ Year	Financial Information in the Most Recent Five Years					Current year as of March 31st, 2022 (Note)
	2021	2020	2019	2018	2017	
Net revenue	20,771,165	15,498,381	17,672,204	21,683,702	19,821,042	4,535,929
Gross profit	3,385,956	3,123,272	1,246,066	1,043,743	1,433,704	610,085
Profit from operations	2,247,372	2,421,463	514,665	277,618	675,946	215,400
Total non-operating income and expenses	160,072	60,526	43,539	53,634	1,906	105,141
Profit before income tax	2,407,444	2,481,989	558,204	331,252	677,852	320,541
Net income (loss) from continuing operations	1,849,932	1,919,818	397,977	207,973	502,079	258,890
Loss from discontinued operations	0	0	0	0	0	0
Net profit for the year	1,849,932	1,919,818	397,977	207,973	502,079	258,890
Other comprehensive income (loss) for the year, net of income tax	144,361	236,480	(21,618)	(124,273)	24,353	68,245
Total comprehensive income for the year	1,994,293	2,156,298	376,359	83,700	526,432	327,135
Net income attributable to owners of parent company	1,849,932	1,919,818	397,977	207,973	502,079	258,890
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of parent company	1,994,293	2,156,298	376,359	83,700	526,432	327,135
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings (loss) per share	4.89	5.07	1.19	0.63	1.53	0.68

* If the Company has prepared parent company only financial statements, the condensed parent company only balance sheet and statement of comprehensive income shall also be prepared for the most recent five years.

* Where financial information is prepared for less than five years using IFRS, financial information in Table 2 below shall also be prepared using the Accounting Standards for Enterprises of the Republic of China.

Note 1: Financial information for years that are yet to be audited by CPAs shall be noted.



Note 2: As of the date of publication of the Annual Report, if financial information of the Company that are publicly listed or whose shares are traded over the counter has recently been audited or reviewed by CPAs, such information shall be disclosed.

Note 3: Loss from discontinued operations is shown in net amount after deducting income tax.

Note 4: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

Note 5: Financial information for the first quarter of 2022 was reviewed by CPAs.

(II) Condensed Balance Sheet and Statement of Comprehensive Income - Parent Company Only Financial Statements

Condensed Balance Sheet - Parent Company Only Financial Statements Financial Statement

Unit: NT\$ thousand

Year Item		Financial Information in the Most Recent Five Years				
		2021	2020	2019	2018	2017
Current assets		4,393,306	3,154,122	2,830,260	3,186,843	3,165,533
Real property, plant and equipment		1,710,988	1,777,067	1,836,939	1,934,916	1,947,650
Intangible assets		4,094	5,406	7,448	9,668	11,068
Other assets		4,484,012	4,072,199	2,372,990	2,277,532	2,404,645
Total assets		10,592,400	9,008,794	7,047,637	7,408,959	7,528,896
Current liabilities	Before distribution	2,194,978	1,935,890	1,323,907	2,002,329	1,856,117
	After distribution	2,952,286	2,624,352	1,424,168	2,067,859	1,856,117
Non-current liabilities		735,609	717,098	1,423,967	1,414,673	1,767,229
Total liabilities	Before distribution	2,930,587	2,652,988	2,747,874	3,417,002	3,623,346
	After distribution	3,687,895	3,341,450	2,848,135	3,482,532	3,623,346
Equity attributable to owners of parent company						
Capital		3,786,541	3,442,310	3,342,048	3,276,518	3,276,518
Capital surplus		992	816	810	779	469
Retained earnings	Before distribution	3,524,977	2,716,694	997,971	731,393	505,981
	After distribution	2,578,342	1,684,001	797,448	600,333	505,981
Other equity		349,303	195,986	(41,066)	(16,733)	122,582
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	7,661,813	6,355,806	4,299,763	3,991,957	3,905,550
	After distribution	6,904,505	5,667,344	4,199,502	3,926,427	3,905,550

* If the Company has prepared parent company only financial statements, the condensed parent company only balance sheet and statement of comprehensive income shall also be prepared for the most recent five years.

* Where financial information is prepared for less than five years using IFRS, financial information in Table 2 below shall also be prepared using the Accounting Standards for Enterprises of the Republic of China.

Note 1: Financial information for years that are yet to be audited by CPAs shall be noted.

Note 2: Where asset revaluation is performed for the year, the date of asset revaluation and the amount of asset revaluation shall be noted.

Note 3: As of the date of publication of the Annual Report, the Company whose shares are listed on the stock exchange or traded over the counter shall disclose its most recent financial information that has been audited or reviewed by CPAs.

Note 4: The aforementioned figures after distribution shall be filled in based on the Board of Directors resolutions passed by the shareholders' meeting in the following year.

Note 5: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

Note 6: The earnings distribution plan for the most recent fiscal year is yet to be approved by the shareholders' meeting.



Condensed Statement of Comprehensive Income - Parent Company
Only Financial Statements

Unit: NT\$ thousand

Item \ Year	Financial Information in the Most Recent Five Years				
	2021	2020	2019	2018	2017
Net revenue	15,726,081	10,993,555	12,219,221	14,943,406	13,132,796
Gross profit	3,072,264	2,204,114	897,143	692,509	1,077,059
Profit from operations	2,025,224	1,610,188	304,007	87,929	477,608
Total non-operating income and expenses	304,634	648,225	156,968	165,466	96,941
Profit before income tax	2,329,858	2,258,413	460,975	253,395	574,549
Net income from continuing operations in current period	1,849,932	1,919,818	397,977	207,973	502,079
Loss from discontinued operations	0	0	0	0	0
Net profit for the year	1,849,932	1,919,818	397,977	207,973	502,079
Other comprehensive income (loss) for the year, net of income tax	144,361	236,480	(21,618)	-124,273	24,353
Total comprehensive income for the year	1,994,293	2,156,298	376,359	83,700	526,432
Net income attributable to owners of parent company					
Net income attributable to non-controlling interests					
Total comprehensive income attributable to owners of parent company					
Total comprehensive income attributable to non-controlling interests					
Earnings (loss) per share	4.89	5.07	1.19	0.63	1.53

* If the Company has prepared parent company only financial statements, the condensed parent company only balance sheet and statement of comprehensive income shall also be prepared for the most recent five years.

* Where financial information is prepared for less than five years using IFRS, financial information in Table 2 below shall also be prepared using the Accounting Standards for Enterprises of the Republic of China.

Note 1: Financial information for years that are yet to be audited by CPAs shall be noted.

Note 2: As of the date of publication of the Annual Report, if financial information of the Company that are publicly listed or whose shares are traded over the counter has recently been audited or reviewed by CPAs, such information shall be disclosed.

Note 3: Loss from discontinued operations is shown in net amount after deducting income tax.

Note 4: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

(IV) Name and Audit Opinions of CPAs

Year	Name of CPAs	Auditor Opinion
2021	Huang, Hsiu-Chun/Chiu, Cheng-Chun	Unqualified opinion
2020	Huang, Hsiu-Chun/Chiu, Cheng-Chun	Unqualified opinion
2019	Huang, Hsiu-Chun/Chiu, Cheng-Chun	Unqualified opinion
2018	Huang, Hsiu-Chun/Chiu, Cheng-Chun	Unqualified opinion
2017	Wu, Shih-Tsung/Kuo, Tzu-Jung	Unqualified opinion



II. Financial Analysis in the Most Recent Five Years

(I) Financial Analysis - Consolidated Financial Statements

Analysis Item		Year	Financial Analysis for the Most Recent Five Years					Current year up to March 31st, 2022
		2021	2020	2019	2018	2017		
Financial structure	Debt-to-assets ratio	28.69	31.26	46.28	54.26	55.68	22.79	
	Ratio of long-term capital to property,	418.49	340.83	263.28	227.95	234.79	423.05	
Solvency	Current ratio %	311.13	273.81	210.71	162.56	169.61	362.71	
	Quick ratio %	251.07	235.39	172.37	125.07	125.74	288.18	
	Interest coverage ratio	467.29	119.17	11.93	6.98	14.85	401.68	
Operating ability	Receivables turnover	8.86	6.97	6.84	7.41	7.76	7.75	
	Average collection	41	52	53	49	47	47	
	Inventory turnover	18.05	16.64	17.24	17.03	13.78	13.00	
	Payables turnover ratio	15.74	13.28	20.45	17.44	13.87	16.01	
	Average days for sale	20	22	21	21	26	28	
	Property, plant, and equipment turnover	10.17	7.29	7.77	9.05	8.15	9.09	
	Total asset turnover	2.08	1.80	2.11	2.47	2.29	1.75	
Profitability	Return on assets (%)	18.55	22.45	5.25	2.88	6.28	9.84	
	Return on equity (%)	26.39	36.03	9.60	5.27	13.78	13.23	
	Ratio of net income before tax to paid-in	66.61	73.17	16.87	10.11	20.69	16.93	
	Net profit margin (%)	8.91	12.39	2.25	0.96	2.53	5.71	
	Earnings per share	4.89	5.07	1.19	0.63	1.53	0.68	
Cash flow	Cash flow ratio (%)	31.42	140.37	70.34	(15.18)	13.42	(23.40)	
	Cash flow adequacy ratio (%)	255.40	552.16	382.58	187.87	79.86	-	
	Cash reinvestment	0.36	24.78	14.33	(4.92)	4.00	(3.34)	
Leverage	Operating leverage	1.41	1.51	3.89	6.32	3.38	1.94	
	Financial leverage	1.00	1.01	1.11	1.25	1.08	1.00	

Reasons for changes in financial ratios for the most recent two years: (Analysis is not be required if such changes are within 20%.)

The increase in the ratio of long-term capital to property, plant and equipment in 2021 was mainly due to the increase in total equity.

The increase in current ratio in 2021 was mainly due to the increase in accounts receivable at the end of the period.

The increase in interest coverage ratio in 2021 is mainly due to the decrease in interest expense.

The increase in receivables turnover ratio, the decrease in average collection days and the increase in property, plant and equipment turnover in 2021 were mainly due to the increase in net sales. The decrease in return on equity in 2021 years was mainly due to the increase in equity.

The decrease in net profit margin in 2021 was mainly due to the decrease in gross profit.

The decrease in cash flow ratio and cash reinvestment ratio in 2021 was mainly due to the decrease in net cash inflow from operating activities.

The decrease in cash flow adequacy ratio in 2021 was mainly due to the increase in average cash dividend in 5 years

Note: The Company began adopting IFRS since 2012. Consolidated financial statements for each year have been audited by CPAs.



(II) Financial Analysis - Parent Company Only Financial Statements

Analysis Item		Financial Analysis for the Most Recent Five Years				
		2021	2020	2019	2018	2017
Financial structure	Debt-to-assets ratio	27.67	29.45	38.99	46.12	48.13
	Ratio of long-term capital to property, plant and equipment	490.79	398.01	311.59	279.42	291.26
Solvency	Current ratio %	200.15	162.93	213.78	159.16	170.55
	Quick ratio %	150.86	130.03	167.97	123.33	117.69
	Interest coverage ratio	452.26	210.07	20.06	10.19	23.84
Operating ability	Receivables turnover ratio (times)	9.52	7.47	7.70	9.14	10.12
	Average collection days	38	49	47	40	36
	Inventory turnover ratio (times)	16.70	15.72	18.78	18.28	12.59
	Payables turnover ratio (times)	12.35	10.28	18.24	15.22	10.80
	Average days for sale	22	23	19	20	29
	Property, plant, and equipment turnover ratio (times)	9.02	6.08	6.48	7.70	6.76
	Total asset turnover ratio (times)	1.60	1.37	1.69	2.00	1.80
Profitability	Return on assets (%)	18.92	24.02	5.77	3.08	7.17
	Return on equity (%)	26.39	36.03	9.60	5.27	13.78
	Ratio of net income before tax to paid-in capital (%) (Note 7)	64.46	66.58	13.93	7.73	17.54
	Net profit margin (%)	11.76	17.46	3.26	1.39	3.82
	Earnings per share (NT\$)	4.89	5.58	1.19	0.63	1.53
Cash flow	Cash flow ratio (%)	27.88	115.44	60.98	(33.03)	18.40
	Cash flow adequacy ratio (%)	122.22	216.16	213.53	30.51	35.64
	Cash reinvestment ratio (%)	(0.62)	19.41	7.81	(7.31)	3.66
Leverage	Operating leverage	1.90	2.07	7.15	34.06	4.91
	Financial leverage	1.00	1.01	1.09	1.46	1.06

Reasons for changes in financial ratios for the most recent two years: (Analysis is not be required if such changes are within 20%.)

The increase in the ratio of long-term capital to property, plant and equipment in 2021 was mainly due to the increase in total equity.

The increase in current ratio in 2021 was mainly due to the increase in accounts receivable at the end of the period.

The increase in interest coverage ratio in 2021 is mainly due to the decrease in interest expense.

The increase in receivables turnover ratio, the decrease in average collection days and the increase in property, plant and equipment turnover in 2021 were mainly due to the increase in net sales.

The increase in payables turnover ratio in 2021 was mainly due to the increase in the cost of goods sold.

The decrease in return on assets in 2021 years was mainly due to the increase in total assets.

The decrease in return on equity in 2021 years was mainly due to the increase in equity.

The decrease in net profit margin in 2021 was mainly due to the increase in selling expenses.

The decrease in cash flow ratio and the negative cash reinvestment ratio in 2021 was mainly due to the decrease in net cash inflow from operating activities.

The decrease in cash flow adequacy ratio in 2021 was mainly due to the increase in average cash dividend in 5 years

* If the Company has prepared parent company only financial statements, parent company only financial ratio analysis shall also be prepared.

* Where financial information is prepared for less than five years using IFRS, financial information in Table 2 below shall also be prepared using the Accounting Standards for Enterprises of the Republic of China.

Note 1: The Company began adopting IFRS since 2012 and parent company only consolidated financial statements for each year have been audited by CPAs.

Note 2: Financial statements for years that are yet to be audited by CPAs shall be noted.

Note 3: As of the date of publication of the Annual Report, the Company whose shares are listed on the stock exchange or traded over the counter shall disclose its most recent financial information that has been audited or reviewed by CPAs.

Note 4: The following formulas shall be indicated at the end of the Annual Report:

1. Financial structure

(1) Debt-to-assets ratio = Total liabilities / Total assets.

(2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities) / Net property, plant and equipment.

2. Solvency

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.

(3) Interest coverage ratio = Income before tax and interest expenses / Interest expenses.

3. Operating ability

(1) Receivables (including accounts receivable and notes receivable due to business operations) turnover ratio = Net sales / Balance of average receivables (including accounts receivable and notes receivable due to business operations).

(2) Average collection days = 365 / Receivables turnover ratio.

(3) Inventory turnover ratio = Cost of goods sold / Average inventory.

(4) Payables (including accounts payable and notes payable due to business operations) turnover ratio = Cost of goods sold / Balance of average payables (including accounts payable and notes payable due to business operations).

(5) Average days for sale = 365 / Inventory turnover ratio.

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

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

4. Profitability

(1) Return on assets = [Net income after tax + Interest expenses x (1 - Tax rate)] / Average total assets.

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

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

(4) Earnings per share = (Net income attributable to owners of parent company - Dividends on preferred shares) / Weighted average number of shares issued. (Note 5)

5. Cash flow

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



(2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + Inventory increase + Cash dividends) for the most recent five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 6)

6. Leverage

(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income (Note 7).

(2) Financial leverage = Operating income / (Operating income - Interest expenses).

Note 5: Special attention shall be paid to the following matters when the above calculation formula for earnings per share is used:

1. Use the weighted average number of common shares, not the number of shares issued at the end of the year.
2. Capital increase for cash or treasury stock transactions shall be considered when the weighted average number of shares is calculated.
3. Capital increase from surplus earnings or capital reserve shall be retrospectively adjusted by the proportion of capital increase when earnings per share for previous annual and semi-annual periods are calculated. The issue period for capital increase does not have to be considered.
4. For preferred shares that are non-convertible accumulated preferred shares, dividends (regardless of whether they are distributed) shall be deducted from net income after tax or included as net loss after tax. If preferred shares are non-cumulative in nature, where net income after tax is available, dividends on preferred shares shall be deducted from net income after tax. No adjustment is required if the Company has loss after tax.

Note 6: Special attention shall be paid to the following in the process of cash flow analysis:

1. Net cash flow from operating activities refers to net cash flow generated from operating activities in the statement of cash flows.
2. Capital expenditures refer to the annual cash flow used in capital investment.
3. The increase in inventory is included only if the balance at the end of the year is greater than the balance at the beginning of the year. If it is the other way around, the number used should be zero.
4. Cash dividends include cash dividends on common shares and preferred shares.
5. Gross property, plant and equipment refers to the total value of property, plant and equipment minus accumulated depreciation.

Note 7: The issuer shall classify the operating costs and operating expenses as fixed or variable based on their nature. If it involves estimation or subjective judgment, attention shall be paid to its rationality and consistency.

Note 8: Where company shares have no par value or where the par value per share is not NT\$10, any calculation involving paid-in capital and its ratio shall be replaced with the calculation of ratio of equity attributable to owners of parent company in the balance sheet.

III. Supervisor's Review Report or Audit Committee's Audit Report in the Most Recent Fiscal Year

(I) Supervisor's Review Report: Not applicable.

(II) Audit Committee's Review Report

Audit Committee's Review Report, Taita Chemical Company, Ltd.

The Audit Committee has completed the review of the 2021 financial statements (including parent company only financial statements and consolidated financial statements) and the earnings distribution plan produced by the Board of Directors and audited by CPAs Huang, Hsiu-Chun and Chiu, Cheng-Chun from Deloitte Taiwan in accordance with the law, and found no inconsistencies. Please review the Report which has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely yours,

2022 Annual Shareholders' Meeting, Taita Chemical Company, Ltd.

Taita Chemical Company, Ltd.

Audit Committee

Independent Director: Chen, Tien-Wen

Independent Director: Wei, Yung-Tu

Independent Director: Li, Kuo-Hsiang

Independent Director: Juan, Chi-Yin

March 9th, 2022



IV. Financial Statement for the Most Recent Fiscal Year: Please refer to Page 242.

V. Parent Company Only Financial Statements for the Most Recent Year Audited and Attested by CPAs: Please refer to Page 310.

VI. Any Financial Difficulties Experienced by the Company and its Affiliated Companies During the Most Recent Year up to the Publication Date of this Annual Report, as well as the Impact of the Aforesaid Difficulties on the Financial Position of the Company shall be Listed: None.

Chapter 7 Review and Analysis of Financial Position and Financial Performance, and Risk Issues

I. Financial Position

Comparison Analysis of Financial Position

Unit: NT\$ thousand

Item \ Year	2021	2020	Differences	
			Amount	%
Current assets	7,290,336	5,942,120	1,348,216	23
Real property, plant and equipment	2,007,587	2,076,043	(68,456)	(3)
Intangible assets	4,094	5,406	(1,312)	(24)
Other assets	1,442,642	1,222,301	220,341	18
Total assets	10,744,659	9,245,870	1,498,789	16
Current liabilities	2,343,160	2,170,177	172,983	8
Non-current liabilities	739,686	719,887	19,799	3
Total liabilities	3,082,846	2,890,064	192,782	7
Share capital	3,786,541	3,442,310	344,231	10
Capital surplus	992	816	176	22
Retained earnings	3,524,977	2,716,694	808,283	30
Other equity	349,303	195,986	153,317	78
Total equity	7,661,813	6,355,806	1,306,007	21
<p>(I) Main reasons for material changes in assets, liabilities and equity in the most recent two years (by more than 20% and NT\$10 million):</p> <ol style="list-style-type: none"> 1. The increase in current assets was mainly due to the increase in accounts receivable. 2. The decrease in intangible assets was due to amortization by period. 3. The increase in capital reserves was mainly due to the increase in other interests. 4. The increase in retained earnings and total equity was mainly due to the profits gained in current year. 5. The increase in other equity is mainly due to the increase in unrealized valuation interest in equity investment. <p>(II) Impact: No material impact.</p> <p>(III) Future adaptation plan: N/A.</p>				



II. Financial Performance

(I) Comparative Analysis of Financial Performance

Unit: NT\$ thousand

Item	Year		Amount of increase (decrease)	Percentage of increase (decrease) (%)
	2021	2020		
Net revenue	20,771,165	15,498,381	5,272,784	34
Cost of goods sold	17,385,209	12,375,109	5,010,100	40
Gross profit	3,385,956	3,123,272	262,684	8
Total operating expenses	1,138,584	701,809	436,775	62
Profit from operations	2,247,372	2,421,463	(174,091)	(7)
Total non-operating income and expenses	160,072	60,526	99,546	164
Profit before income tax	2,407,444	2,481,989	(74,545)	(3)
Income tax expenses	557,512	562,171	(4,659)	(1)
Net profit for the year	1,849,932	1,919,818	(69,886)	(4)
<p>(一)(I) Main reasons for material changes (by more than 20%) in operating revenue, operating income and income before tax in the most recent two years (where gross profit changes by more than 20%, the following analysis of changes in gross profit (loss) shall be disclosed:)</p> <ol style="list-style-type: none"> 1. The increase in net revenue was mainly due to the rise in selling prices. 2. The increase in cost of goods sold was mainly due to the rising prices of raw materials 3. The increase in operating expenses was mainly due to the increase in marketing expenses. 4. The increase in non-operating income and expenses was mainly due to the decrease in other losses. <p>(II) Estimated sales volume and its basis According to market supply and demand in 2022, it is estimated that the sales volume of petrochemical products and glass wool products will be 449,000 MT and 13,200 MT respectively.</p> <p>(III) Potential impact on the Company's future financial operations: No material impact.</p> <p>(IV) Response plan: N/A.</p>				

(二) Analysis of Changes in Gross Profit (Loss): N/A

III. Cash Flows

(I) Analysis of Changes in Cash Flows in the Most Recent Year

Unit: NT\$ thousand

Year	Beginning cash balance	Net cash inflow (outflow) from operating activities for the year	Other net cash inflow (outflow) for the year (outflow) for the year	Cash excess (inadequacy)	Cash inadequacy improvement plan
2021	2,458,506	736,221	(596,444)	2,598,283	N/A

1. The net cash inflow from operating activities was mainly attributable to the increase in net profit for the year.

2. Other net cash outflows were mainly due to the payment of cash dividends.

(II) Cash Inadequacy Improvement Plan: N/A.

(III) Liquidity Analysis for the Coming Year

Unit: NT\$ thousand

Year	Beginning cash	Cash inflow for the year	Cash outflow for the year	Cash excess (inadequacy)	Cash inadequacy
2022	2,598,283	1,797,412	(2,079,192)	2,316,503	N/A



IV. Impact of Major Capital Expenditures on Financial Operations in the Most Recent Year

Use of significant capital expenditures and sources of funds: None.

V. Reinvestment Policy For The Most Recent Fiscal Year, The Main Reasons for The Profits/Losses Generated Thereby, the Plan for Improving Re-Investment Profitability, And Investment Plans for The Coming Year

(I) Investment Policies in the Most Recent Year

We have set up a company in Mainland China to produce and sell deployable polystyrene (EPS) so as to expand the Company's product development.

(II) Main Reasons for Profit or Loss: N/A.

(III) Improvement Plan: N/A.

(IV) Investment Plan for the Coming Year: Plan to invest RMB 314,000,000 in Mainland China to establish ZHANGZHOU TAITA CHEMICAL CO., LTD to produce and sell expandable polystyrene (EPS).

VI. Risk Analysis and Assessment

Risk Management Organization Structure

Key risk assessment items	Execution and responsible units	Supervision unit
1. Impact of interest rates and exchange rate fluctuations and inflation on the Company's profit and loss, and future response measures	Finance Division	Audit Office
2. Policies on engaging in high-risk and high-leverage investments, provision of loans to others, making of guarantees and endorsements, and derivatives trading, major reasons for profit or loss, and future response measures		
3. Future R&D projects and R&D expenditures to be invested	Research and Development Division	
4. Impact of changes in local and overseas policies and laws on the Company's financial operations, and response measures	Legal Division Accounting Division	
5. Impact of changes in technology (including information and communication security risk) and industry on the Company's financial operations, and response measures	Information Systems Division ABS/PS Operations Division GW/Cubic Business Division	
6. Impact of changes in corporate image on the Company's risk management, and response measures	Human Resources Division	
7. Expected benefits and possible risks of mergers and acquisitions, and response measures	Finance Division	
8. Expected benefits and possible risks of plant expansion, and response measures	ABS/PS Manufacturing Division GW/Cubic Business Division	

Review and Analysis of Financial Position and Financial Performance, and Risk Issues



9. Risks caused by concentration of purchases and sales, and response measures	Procurement and Logistics Division ABS/PS Operations Division GW/Cubic Business Division
10. Impact and risks arising from material equity transfer or replacement of Directors, Supervisors, or shareholders holding more than 10% of the Company's shares, and response measures	Finance Division
11. Impact and risks arising from any changes in management control over the Company, and response measures	Board of Directors
12. For any litigious or non-litigious matters, the Company and its Directors, Supervisors, General Managers, persons with actual responsibility in the Company, and major shareholders holding more than 10% of the Company's shares shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that has been finalized or has remained pending, the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case as of the date of publication of the Annual Report shall be disclosed	Legal Division
13. Climate change affects the Company's operations, finance, supply chain, policy and investment decisions, etc.	Corporate Social Responsibility Committee
14. Responding to risks in environmental, social, and corporate governance issues	Corporate Social Responsibility Committee

Risk Management Policy

(I) Impact of Interest Rates and Exchange Rate Fluctuations and Inflation on the Company's Profit and Loss, and Future Response Measures

Item	2021 (NT\$ thousands; %)
Net interest income (expenses)	36,690
Net currency exchange gain (loss)	(15,349)
Ratio of net interest income (expenses) to sales revenue	0.18%
Ratio of net interest income (expenses) to net income before tax	1.52%
Ratio of net currency exchange gain (loss) to sales revenue	(0.07%)
Ratio of net currency exchange gain (loss) to net profit before taxes	(0.64%)

1. Interest rate: Diversify idle funds into bank deposits, money-market fund beneficiary certificates, bond (note) transactions under repurchase agreement, and REITs (domestic real estate investment trusts) to reduce the risk of interest rate fluctuations.

Provide sufficient short-term funds for operating needs; For medium - and long-term funding needs, in the case of rising interest rates, issue ordinary corporate bonds when appropriate or obtain medium-term and long-term credit lines from financial institutions to lock in the cost of capital at a fixed interest rate, so as to avoid the risk of future interest rate increases and to maintain the longer-term financial stability.

2. Exchange rates: The Company hedges its net position of foreign currency generated by operation. In addition to closely following the trend of international foreign exchange market, it also seek to avoid the risks through spot selling in the market and undertaking forward foreign exchange contracts.

3. Inflation: No material impact on the Company.



3.1 Some countries (including Taiwan) have not experienced significant inflation. The current inflation level is moderate.

3.2 The main cost of the Company is the cost of raw materials. Product price move in the same direction as the raw material cost.

(II) Policies on Engaging in High-risk and High-leverage Investments, Provision of Loans to Others, Making of Guarantees and Endorsements, and Derivatives Trading, Major Reasons for Profit or Loss, and Future Response Measures

1. Engaging in high-risk and high-leverage investments, and provision of loans to others

The Company's Regulations Governing the Acquisition and Disposal of Assets stipulate that the Company shall not engage in high-risk and high-leverage investments. The Company has also established the Procedures for Loaning of Funds to Others. However, the Company has not engaged in such operations yet.

2. Making of guarantees and endorsements: Endorsements or guarantees are handled in accordance with the Company's Regulations Governing Endorsements and Guarantees, and evaluation before operation and follow-up are performed.

3. Derivatives trading: The Company engages in derivatives trading for the purpose of avoiding the risks arising from the Company's business operations. The Company mainly engages in trading commodities of undertaking forward foreign exchange, does not engage in speculative trading, and mainly focuses on trading with financial institutions with better conditions in order to avoid credit risks.

(III) Future R&D Projects and R&D Expenditures to be Invested

Type	R&D item	Current progress	R&D expenditure to be invested (NT\$ thousands)	Expected year of completion	Factors affecting R&D results in the future
ABS	Development of heat-resistant grade ABS (acrylonitrile-butadiene-styrene polymer).	80%	500	2022	Processing hardware Cost of raw materials Control of market demand
	Add extrusion dehydrator to improve productivity and cake VOC removal efficiency.	30%	400	2023	Evaluation and design of processing hardware
	Improvement of butadiene emulsion polymerization - reactor agitating vane	20%	4,000	2023	Evaluation and design of processing hardware
EPS	EPS efficiency improvement (Improve pellet concentration / Reduction in BA additives / Improvement in agglomerates)	50%	700	2022	Cost of raw materials Compound design Control of market demand
	Retention of EPS products	70%	600	2022	Processing hardware Polymerization compound design Control of market demand
Glass wool	Carry out the relevant CNS test of the sound insulation cotton board material for wooden floors, which can be used for marketing and development next year.	80%	300	2022	Control of market demand



(IV) Impact of Changes in Local and Overseas Policies and Laws on the Company's Financial Operations, and Response Measures

1. Refer to Paragraph (III) "The EU Restriction of Hazardous Substances Directive (RoHS) has no impact on the Company" under Section IV "Information on Environmental Protection Expenditure" of Chapter V "Operations Overview" of this Annual Report.
2. The Company continues to pay attention to the effect of the adoption of IFRSs, various tax incentives and other laws and regulations on corporate taxation.
3. The Company continues to assess the effects of the Anti-tax avoidance Clauses on taxation.

The Company has established the Legal Division to assess legal risks and formulate countermeasures, review important contracts in advance and provide legal advance to handle legal affairs where necessary. In addition, the Accounting Division evaluates the impacts of changes in accounting and tax-related laws and regulations on the financial operations of the Company at all times and come up with action plans. It would discuss with CPAs to make prior planning for the relevant changes.

(V) Impact of changes in technology (including information and communication security risk) and industry on the Company's financial operations, and response measures

1. Information technology security risks:

The core of the manufacturing industry is the maintenance and operation management of the plant. The production process or process of the plant is mainly managed and controlled by the Operation Technology (OT) system, such as Distributed Control System (DCS), Supervisory Control and Data Acquisition (SCADA), etc. Based on production stability and other requirements, these OT devices often become so-called Legacy systems with their operating systems or programs not being upgraded and updated for years. Their information security protection degree is obviously insufficient compared with general Information Technology (IT), such as ERP, CRM, OA and other hardware equipment.

2. Information technology security management measures:

- (1) Audits shall be carried out by the Audit Office and external professional information security consultant company on a regular basis. The Company has also entrusted British Standards Institution (BSI) Taiwan Branch to authenticate ISO 27001 every year. In addition to reviewing the information and communication security risk assessment management framework, we also provide assistance and prevention measures for internal and external issues and conduct information and communication security risk assessments and analyses.
- (2) Adopt Palo Alto Networks 3220 for the industrial control equipment (OT), improve the efficiency of filtering incoming and outgoing packeting and effectively reduce the risk of system vulnerability exposure with a new 7-layer firewall system.
- (3) Implement the management of OT, build the [Plant Equipment (OT) Management Platform], and comprehensively conduct asset management operations for OT equipment in all plants.
- (4) External consultants are engaged to conduct vulnerability scanning for operating systems, such as servers, every year to identify potential risks and modify systems or propose compensatory measures.
- (5) Enhance personnel information security management, prevent hacking or data leakage, and organize at least four hours of information security education and training for the information personnel conduct every year.

(VI) Impact of Changes in Corporate Image on the Company's Risk Management, and Response Measures

The Company always upholds the principles of professionalism and integrity. The Company pays close attention to corporate governance and fulfill corporate social responsibility. Therefore, there is no foreseeable risk associated with changes in corporate image.



(VII) Expected Benefits and Possible Risks of Mergers and Acquisitions, and Response Measures

There has been no merger and acquisition implemented by the Company in the most recent year up to the date of publication of the Annual Report.

(VIII) Expected Benefits and Possible Risks of Plant Expansion, and Response Measures: The Company had no plant expansion plan in the most recent fiscal year up to the publication date of this Annual Report

In order to expand the product development of the Company, after careful evaluation, the subsidiary TAITA (BVI) Holding Co., Ltd will invest and set up the company ZHANGZHOU TAITA CHEMICAL CO., LTD in Gulei Port Economic Development Zone, Zhangzhou, Fujian Province to engage in EPS business.

(IX) Risks Caused by Concentration of Purchases and Sales, and Response Measures

The Company had no customers whose sales of goods accounted for more than 10% of the total sales of goods in 2021.

Furthermore, the sources for purchasing bulk raw materials are scattered, while it is easy to purchase bulk raw materials in the spot market. Therefore, there has been no concentration risk.

(X) Impact and Risks Arising from Material Equity Transfer or Replacement of Directors, Supervisors, or Shareholders Holding More than 10% of the Company's Shares, and Response Measures: No impact.

(XI) Impact and Risks Arising from Any Changes in Management Control over the Company, and Response Measures

There has been no change in management control over the Company in the most recent year up to the date of publication of the Annual Report.

(XII) For Any Litigious or Non-litigious Matters, the Company and Its Directors, Supervisors, General Managers, Persons with Actual Responsibility in the Company, and Major Shareholders Holding

More than 10% of the Company's Shares Shall Be Disclosed. If There Has Been Any Substantial Impact upon Shareholders' Equity or Prices for the Company's Securities as a Result of Any Litigation, Non-litigious Proceeding, or Administrative Dispute Involving the Company that Has Been Finalized or Has Remained Pending, the Facts in Dispute, Amount in Dispute, Commencement Date, Main Parties Involved, and Current Status of the Case as of the Date of Publication of the Annual Report Shall Be Disclosed

Concluded or pending litigious, non-litigious or administrative litigation event in the most recent year and as of the date of report:

- (1) The Company: None.
- (2) Directors, Supervisors, General Managers, person with actual responsibility in the Company, and major shareholders holding more than 10% of the Company's shares: None.
- (3) Investee companies using equity method:

Regarding the associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), who was commissioned to operate the LCY Chemical Corp.'s propylene pipeline resulting in a gas explosion on July 31st, 2014, the appeal was dismissed by the Supreme Court on September 15th, 2021, and all three employees of CGTD were innocent.

CGTD reached an agreement with Kaohsiung City Government on February 12th, 2015 and pledged a term deposit NT\$227,540 thousand (including interest) to the Government as a guarantee for losses caused by the gas explosions. Kaohsiung City Government has also filed civil lawsuits against LCY, CGTD and CPC Corporation. Taiwan Power Company applied for provisional attachment against CGTD's property on August 27th and November 26th, 2015. CGTD had deposited cash of NT\$ 99,207 thousand to the court to avoid provisional attachment. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3rd and March 2nd, 2017. As of March 31st 2022, the value of the seized property of CGTD



is about NT\$13,230 thousand.

For the deceased, CGTD, LCY and Kaohsiung City Government signed a tripartite agreement on July 17th, 2015 agreeing to negotiate the compensation first with the 32 deceased's successors and persons entitled to the claims ("family of the deceased"). Each family was entitled to NT\$12,000 thousand and the total compensation was NT\$384,000 thousand. LCY paid the compensation first and also represented the three parties in the settlement negotiation and the signing of settlement agreements with the family of the deceased.

For the severely injured, CGTD, LCY and Kaohsiung City Government signed a tripartite agreement for severe injuries on October 25th, 2017 agreeing to negotiate the compensation first with the 65 severely injured victims. The compensation was first paid by CGTD and Kaohsiung City Government. CGTD also represented the three parties in negotiating settlements with victims who suffered from severe injuries in the incident. It has signed settlement agreements with the 64 severely injured victims.

As of March 31st, 2022, victims and their families have filed civil (including supplementary civil action) lawsuits against LCY Chemical Corp., CGTD and CPC Corporation for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim of NT\$46,677 thousand, and the amount of the settlement was NT\$4,519 thousand. Along with the case still under litigation and the above-mentioned compensation, the accumulated amount of compensation is NT\$3,856,447 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately \$1,341,128 thousand) have been gradually announced, starting from June 22nd, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4 : 3 : 3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay

is around NT\$401,979 thousand. (In particular, CGTD was exempted to pay NT\$6,194 thousand according to the court's judgment.) For the civil cases that have been sentenced but not settled, CGTD has filed an appeal and has started the second trial procedure one after another. The remaining cases are still pending in the Court of First Instance (the amount claimed is approximately NT\$2,012,493 thousand). CGTD has signed a claim settlement agreement with the insurance company in accordance with the proportion of fault liability determined in the first-instance judgment to estimate the amount of settlement for victims and seriously injured and the civil litigation compensation amount (including settled cases). The maximum amount of the insurance compensation was deducted to calculate the amount payable by CGTD and the NT\$136,375 thousand has been included in the estimate on the account. However, the actual settlement and compensation amount described above can only be verified after the proportion of fault liability is determined in the civil judgments.

(XIII) Climate Change Affects the Company's Operations, Finance, Supply Chain, Policy and Investment Decisions, etc.

1. Identification of climate change risks and opportunities

The Company carefully evaluates all possible climate change risks and pursues new potential business opportunities. TTC has actively pursued energy conservation and carbon emissions reduction improvement plans and increased productivity and efficiency. We also spared no efforts in phasing out old equipment and replacing them with more effective and energy-efficient equipment. We adopted the TCFD methodology to assess the transformation risks and physical risks in the operation process in 2019 and identified 5 major risks and 5 major emerging opportunities brought forth by climate change. In 2020, we divided the risks and opportunities into the category of short-term,



medium-term and long-term according to their occurrence time. The identification results are shown in the table below:

	Short-term (< 3 years)	Medium-term (3~5 years)	Long-term (> 5 years)
Transformation Risks	<ul style="list-style-type: none"> Strengthened emissions reporting obligations 	<ul style="list-style-type: none"> Increased pricing of Greenhouse gas emissions 	-
Physical Risks	-	<ul style="list-style-type: none"> Increased severity of typhoons, floods, and other extreme weather events 	<ul style="list-style-type: none"> Extreme changes in rain patterns and climate models Rising average temperatures
Opportunities	<ul style="list-style-type: none"> Reduced water utilization and consumption 	<ul style="list-style-type: none"> Participation in renewable energy programs and adoption energy conservation measures Usage of more efficient production and distribution processes Recycling Use of low-carbon energy sources 	-

We will evaluate response measures every year and establish a resilient climate change culture. TTC's climate change opportunities and risks based on the statistics of the matrix analysis results are shown in the table below. In addition to continuous implementation of energy conservation and carbon emissions reduction measures, we will also promote the ISO 50001 system to implement energy management and reduce waste in energy use. We will promote ISO 14064-1 greenhouse gas inventory to understand our own carbon emissions, so as to achieve low-carbon consumption and emission reduction, and reduce our impact on the environment.

Potential financial impact of risks and opportunities

Climate-Related Items	Potential Financial Impact	Response Measures
Increased pricing of Greenhouse gas emissions	Increased operating costs	<ul style="list-style-type: none"> • Promote water conservation and energy conservation measures to recycle and reuse water. • Work with the public sector by participating in incentives and partnership programs. • Enhance inspections and clear the drainage system during heavy rains to ensure the normal functions of the drainage system. • Strengthen response measures for typhoons to ensure stable production when natural disasters occur. • Promote energy conservation and carbon reduction measures, implement the 140641-1 system, conduct greenhouse gas inventory (The third-party certification is expected to be completed in September 2022). • Implement resource consumption reduction, recycling, and reuse measures. • Implement the ISO-50001 system. • Cooperate with the Company's policies for full production and full sales. Gradually phase out old equipment and reduce energy consumption to improve production efficiency. • Purchase green energy.
Strengthened emissions reporting obligations	Increased operating costs	
Extreme changes in rain patterns and climate models	Reduced revenue	
Increased severity of typhoons, floods, and other extreme weather events	Reduced revenue	
Rising average temperatures	Increased operating costs	
Recycling	Reduced operating costs	
Reduced water utilization and consumption	Reduced operating costs	
Usage of more efficient production and distribution processes	Increased revenue	
Use of low-carbon energy sources	Increased operating costs	
Participation in renewable energy programs and adoption energy conservation measures	Reduced operating costs	



(XIV) Responding to Risks in Environmental, Social, and Corporate Governance Issues

Material Issue	Assessment Item	Risk Management Policy or Strategy
Environment	Management of the environment	Establish environmental protection impact and grievance channels
	Environmental protection	Respond to clean production and green environment initiatives
	Climate change	Establish an energy conservation and carbon emissions reduction team to establish and promote various energy conservation and carbon emissions reduction programs
Society	Employee welfare	Provide employees with welfare measures and a safe and healthy work environment
	Social responsibility	Sponsor and participate community welfare activities
	Product responsibility	Establish MSDS for products as guidance for customers' use Require suppliers to jointly abide by environmental protection and occupational safety and health policies
Corporate Governance	Shareholder equity	The Company assigns dedicated personnel to handle its shares-related affairs to ensure quality and efficiency.
	Stakeholders	Set up stakeholder areas and respond to issues of concern to stakeholders
	Information disclosure	Appoint a spokesperson system to disclose financial and non-financial information on the Company's website

VII. Other Important Issues

The Company's Key Performance Indicators

(I) Disaster-free Working Hours

Cumulative disaster-free working hours at each plant as of December 31st, 2021:

Qianzhen Plant: 2,136,489 hours; Linyuan Plant: 1,060,803 hours

Toufen Plant: 876,294 hours; Zhongshan Plant: 1,744,071 hours.

(II) Equipment Operating Rate

Equipment operating rate for products in 2021:

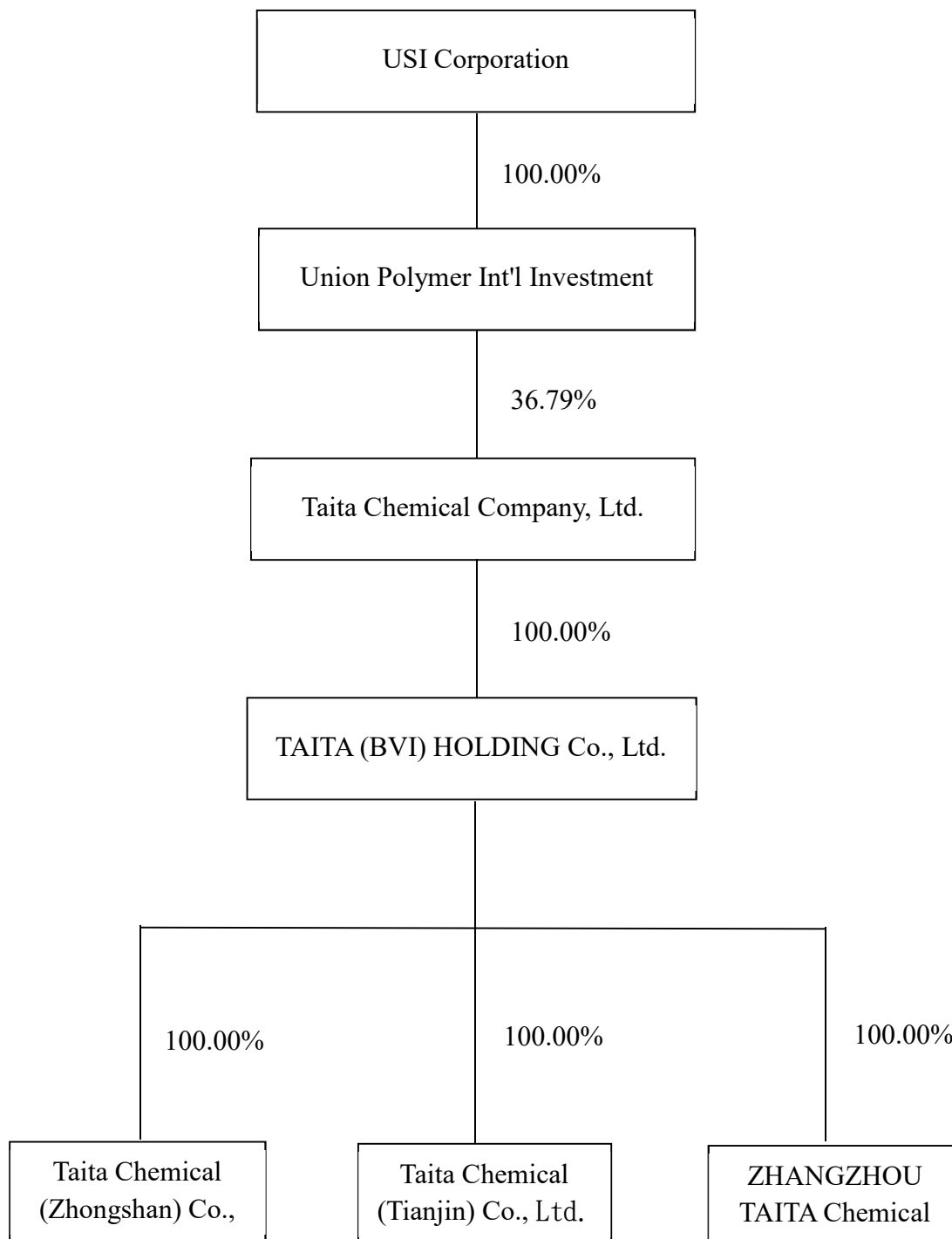
ABS 90%, SAN 92%, GPS 93.7%, EPS 96.2% Glass wool 95.1%, CUBIC 17%, Zhongshan Plant 87.7%.

Chapter 8 Special Notes

I. Information on Affiliated Companies

(I) Consolidated Business Report of Affiliated Companies

1. Organizational Structure of Affiliated Companies





2. Basic Information of Affiliated Companies

Unit: NT\$ thousand

Name of company	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
1. TAITA (BVI) HOLDING Co., Ltd. Taita (BVI) Holding Co., Ltd.	1997.4.10	CITCO Building, Wickhams CAY.P.O Box 662 Road Town, Tortola, British Virgin Island	2,483,948 (US\$89,738,000)	Investment holding company
2. Taita Chemical (Zhongshan) Co., Ltd.	1999.03.24	Along Jiangdong 2nd Road, Zhongshan Torch Hi-Tech Industrial Development Zone, Zhongshan City, Guangdong Province, China	1,280,200 (US\$46,250,000)	Production and sale of expanded polystyrene (EPS) polymer derivatives
3. Taita Chemical (Tianjin) Co., Ltd.	2003.11.27	No. 8, Hengshan Road, Tianjin Economic- Technological Development Area, Tianjin, China	757,048 (US\$27,350,000)	Production and sale of expanded polystyrene (EPS) polymer derivatives
4. ZHANGZHOU TAITA CHEMICAL CO., LTD	2021.06.28	No.569, South Shugang Avenue, Gulei Town, Guleigang Economic Development Zone, Zhangzhou City, Fujian Province	0	Production and sale of expanded polystyrene (EPS) polymer derivatives

3. Information on Shareholders with Controlling Power or Subordination Relationship while Working in the Company: N/A.

4. Businesses Engaged by Affiliated Companies and Their Relationships

Industry	Name of Affiliates	Business Relationship with Other Affiliated Companies
Holding company	TAITA (BVI) HOLDING Co., Ltd.	None
Petrochemical industry	Taita Chemical (Zhongshan) Co., Ltd.	None
Petrochemical industry	Taita Chemical (Tianjin) Co., Ltd.	None
Petrochemical industry	ZHANGZHOU TAITA CHEMICAL CO., LTD	None

5. Information on Directors, Supervisors, and General Managers of Affiliated Companies

Unit: Share; %

Name of company	Title	Name or Representative	Number of shares held by the person / Shareholding percentage	Number of shares held by juristic persons represented
TAITA (BVI) HOLDING Co., Ltd.	Director	Wu, Yi-Gui	0/0	—
	Director	Ko, I-Shao	0/0	—
	Director	Wu, Pei-Chi	0/0	—
	Director	Yang, Wen-Li	0/0	—
Taita Chemical (Zhongshan) Co., Ltd.	Chairman	Wu, Pei-Chi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	Capital contribution USD46,250,000/100
	Director	Chang, Te-Wei (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Yang, Wen-Li (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Kan, Lin (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Yen, Tai-Ming (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Huang, Ya-Yi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	General Manager	Yen, Tai-Ming	0/0	—
Taita Chemical (Tianjin) Co., Ltd.	Chairman	Wu, Pei-Chi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	Capital contribution USD27,350,000/100
	Director	Yen, Tai-Ming (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Kan, Lin (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Huang, Ya-Yi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	General Manager	Yen, Tai-Ming	0/0	—
ZHANGZHOU TAITA CHEMICAL CO., LTD	Chairman	Wu, Pei-Chi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	Capital injection yet to be completed
	Director	Yen, Tai-Ming (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Yang, Wen-Li (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Huang, Ya-Yi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	



6. Operating Status of Affiliated Companies

Unit: NT\$ thousand

Name of company	Capital contribution	Total assets	Total liabilities	Net value	Net revenue	Profit from operations	Income for the year (after tax) (after tax)	Earnings (loss) per share (NT\$)
TAITA (BVI) HOLDING Co., Ltd.	2,483,948	3,145,017	2,396	3,142,621	---	(4,864)	211,285	2.35
Taita Chemical (Zhongshan) Co., Ltd.	1,280,200	3,299,054	1,481,475	1,817,579	6,094,087	252,220	218,742	-
Taita Chemical (Tianjin) Co., Ltd.	757,048	145,743	259,887	(114,144)	---	(25,208)	(10,135)	-

(II) Consolidated Financial Statements of Affiliated Companies

Statement of Consolidated Financial Statements of Affiliated Companies

It is hereby declared that for the year 2021 (from January 1st, 2021 to December 31st, 2021), the affiliated companies of the Company to be included in accordance with the Criteria Governing Preparation of Affiliation Reports, the Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are similar to those included in the consolidated financial statements of the parent company and its subsidiaries in accordance with the International Financial Reporting Standards No. 10 (IFRS 10). All the information to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Hence, the consolidated financial statements of affiliated companies are not reported separately.

Hereby declare

Company Name: Taita Chemical Co., Ltd.

Chairman of the Board: Wu, Yi-Gui

March 9th, 2022

(III) Affiliation Report

1. Statement of Affiliation Report

Statement of Affiliation Report

It is hereby declared that the Company's 2021 Affiliation Report (from January 1st, 2021 to December 31st, 2021) has been prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises. No material inconsistency has been found between the information disclosed and the relevant information disclosed in the notes to the financial statements for the aforementioned period.

Hereby declare

Company Name: Taita Chemical Co., Ltd.

Chairman: Wu, Yi-Gui

March 9th, 2022

2. CPA Opinion on Affiliation Report

Chin Shen 11102244 dated March 16th, 2022

Attn: Taita Chemical Company, Ltd.

Subject: CPA opinion on the 2021 Statement of Affiliation Report prepared by Taita Chemical Co., Ltd., in which no material inconsistency has been found.

Explanation:

- I. Taita Chemical Co., Ltd. has issued the Statement of the 2021 Affiliation Report (from January 1st, 2021 to December 31st, 2021) prepared by Taita Chemical Co., Ltd. on March 9th, 2021 in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises. No material inconsistency has been found between the information disclosed and the relevant information disclosed in the notes to the financial statements for the aforementioned period. The statement is attached to this letter.
- II. We have compared the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises" and the Notes to Financial Statements in the Company's 2021 Financial Statements against the Company's Affiliation Report, and have not found any material inconsistencies in the aforementioned statement.

Deloitte, Taiwan

CPA Hsiu-Chun Huang

CPA Cheng-Chun Chiu



3. Overview of Relationships between Affiliated Companies and Controlling Companies

Unit: Share; %

Name of Controlling Company	Reasons for Control	Shares Held and Pledged by Controlling Company			Appointment of Personnel by the Holding Company as Directors, Supervisors or Managerial Officers	
		Number of Shares Held	Percentage of Shares Held	Number of Shares Pledged	Title	Name
Shing Lee Enterprise (Hong Kong) Limited	The major shareholder and representative of USI was elected as chairman	0	0%	0	-	None
USI Corporation	The major shareholder has the same parent company and chairman as the Company	0	0%	0	-	None
Union Polymer Int'l Investment Corp.	Substantial shareholder	139,298,343	36.79%	0	Chairman Director	Wu, Yi-Gui Wu, Pei-Chi

4. Purchases and Sales

Unit: NT\$ thousand; %

Name of Controlling Company	Transactions With Controlling Company				Transaction Terms with Controlling Company		Normal Transaction Terms		Reason for difference	Accounts and Notes Receivable (Payable)		Overdue Accounts Receivable			Notes
	Purchase (Sale)	Amount	Percentage of Total Purchases (Sales)	Sales Margin	Unit Price (NT\$)	Payment Terms	Unit Price (NT\$)	Payment Terms		Balance	Percentage of Total Accounts and Notes Receivable (Payable)	Amount	Action Taken	Allowance for Doubtful Accounts	
USI Corporation	Sales	4,576	0.02%	322	33-40	30 days after closing day	26-40	30 days after closing day	None	0	0%	-	-	-	-
USI Corporation	Purchases	679	0.00%	-	32.5	30 days after closing day	23-45	30 days after closing day	None	0	0%	-	-	-	-

5. Property transactions

The Company has appointed USI to carry out rust removal, paint and corrosion prevention projects such as resin channel steel structure in all plants in 2021 to strengthen work safety and improve the working environment.

6. Financing: None.



7. Asset Leasing:

Unit: NT\$ thousand

Name of Controlling Company	Type of Transaction (Lessor or Lessee)	Subject		Lease Term	Nature of Lease	Basis for Determining Rent	Collection (Payment) Method	Comparison with General Rent Levels	Total Rent for the Year	Payment for the Year	Other Agreements
		Name	Location								
USI Corporation	Lessor	Office and equipment	No. 5, Gongye 1st Road, Linyuan District, Kaohsiung City	2020.9~2022.9	Operating lease	Market price	Payment every six months	Comparable	1,649	Normal	None
USI Corporation	Lessee	Office and parking spaces	6th to 12th Floor, No. 37 and No.39, Jihu Road, Taipei City	2020.5~2022.4	Operating lease	Market price	Monthly payment	Comparable	4,722	Normal	None

8. Endorsements and Guarantees: None.

II. Private Placement of Securities of the Most Recent Year up to the Publication Date of the Annual Report: None.

III. Subsidiary Companies Holding or Disposal of the Company's Stock List in the Most Recent Year up to the Publication Date of this Annual Report: None.

IV. Other Matters that Require Additional Description: None.

V. Any Event which has a Material Impact on Shareholders' Rights and Interests or the Company's Securities Price as Prescribed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, that Have Occurred in the Most Recent Fiscal Year up to the Publication Date of this Annual Report: None.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Taita Chemical Co., Ltd. as of and for the year ended December 31, 2021, under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements of affiliates is included in the consolidated financial statements of Taita Chemical Co., Ltd. and subsidiaries. Consequently, we did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

TAITA CHEMICAL CO., LTD.

Chairman: Wu, Yi-Gui

March 9, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taita Chemical Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Taita Chemical Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Authenticity of the Recognition of Sales Revenue from Customers of Specific Products

Due to the market demand and the fluctuation of international crude oil price, the sales revenue of the Group has increased significantly in 2021, compared to 2020. However, the sales revenue of 2021 was mainly from specific products, and the sales revenue from some customers has increased significantly in great amounts. Whether these sales revenues are recognized when the contractual obligations are actually met will have a significant impact on the consolidated financial statements and is therefore the key audit matter for the year.

For relevant accounting policies and disclosures of the recognition of sales revenue, please refer to Notes 4 and 24 of the consolidated financial statements.

We performed the corresponding audit procedures, for the authenticity of the recognition of sales revenue, as follows:

1. We understand and test the Group's internal control procedures on the recognition of sales revenue and its effectiveness. Also, we evaluate the appropriateness of the accounting policies used by management for the recognition of sales revenue.
2. We verify the authenticity of the recognition of sales revenue by examining the certificate of sales transactions, including purchase orders, shipping orders, export documents and collection information.
3. We review any occurrence of sales returns, discounts and allowances, and whether there are any abnormalities in the collections after the balance sheet date.

Other Matter

We have also audited the financial statements of Taita Chemical Co., Ltd. for the years ended December 31, 2021 and 2020 on which we have issued an unmodified report.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsiu-Chun Huang and Cheng-Chun Chiu.

Deloitte & Touche

Taipei, Taiwan, Republic of China

March 9, 2022

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 2,598,283	24	\$ 2,458,506	26
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	695,975	7	361,424	4
1140	Financial assets at amortized cost - current (Notes 4, 9 and 31)	3,809	-	3,000	-
1150	Notes receivable (Notes 4 and 10)	255,365	2	342,964	4
1170	Accounts receivable (Notes 4, 5 and 10)	2,213,149	21	1,875,137	20
1180	Accounts receivable from related parties (Notes 4, 5, 10 and 30)	-	-	27	-
1200	Other receivables (Notes 4 and 10)	112,786	1	65,473	1
1210	Other receivables from related parties (Notes 4, 10 and 30)	3,536	-	1,748	-
130X	Inventories (Notes 4, 5 and 11)	1,185,759	11	740,852	8
1410	Prepayments and other current assets	221,674	2	92,989	1
11XX	Total current assets	<u>7,290,336</u>	<u>68</u>	<u>5,942,120</u>	<u>64</u>
	NON-CURRENT ASSETS				
1520	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	476,731	4	341,497	4
1550	Investments accounted for using the equity method (Notes 4, 5, and 13)	693,810	6	604,638	7
1600	Property, plant and equipment (Notes 4, 14, 18, 30 and 31)	2,007,587	19	2,076,043	22
1755	Right-of-use assets (Notes 4, 15, 18, 30 and 31)	73,370	1	79,351	1
1760	Investment properties, net (Notes 4, 16, 18 and 31)	108,178	1	108,178	1
1780	Intangible assets (Notes 4 and 17)	4,094	-	5,406	-
1840	Deferred tax assets (Notes 4 and 26)	65,703	1	64,582	1
1990	Other non-current assets (Note 31)	24,850	-	24,055	-
15XX	Total non-current assets	<u>3,454,323</u>	<u>32</u>	<u>3,303,750</u>	<u>36</u>
1XXX	TOTAL	<u>\$ 10,744,659</u>	<u>100</u>	<u>\$ 9,245,870</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 14, 15, 18 and 31)	\$ 350,000	3	\$ 150,000	2
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	434	-
2170	Accounts payable (Note 19)	1,029,476	10	1,179,603	13
2180	Accounts payable from related parties (Notes 19 and 30)	28	-	498	-
2200	Other payables (Note 20)	429,580	4	408,773	4
2220	Other payables from related parties (Note 30)	6,795	-	4,178	-
2230	Current tax liabilities (Notes 4 and 26)	456,961	4	392,544	4
2280	Lease liabilities - current (Note 4, 15 and 30)	4,564	-	4,514	-
2365	Refund liabilities - current (Note 21)	897	-	879	-
2399	Other current liabilities	64,859	1	28,754	-
21XX	Total current liabilities	<u>2,343,160</u>	<u>22</u>	<u>2,170,177</u>	<u>23</u>
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 14, 16, 18 and 31)	300,000	3	300,000	3
2570	Deferred tax liabilities (Notes 4 and 26)	209,012	2	170,735	2
2580	Lease liabilities - non-current (Note 4, 15 and 30)	38,374	-	42,938	1
2640	Net defined benefit liabilities - non-current (Note 22)	186,419	2	201,796	2
2670	Other non-current liabilities	5,881	-	4,418	-
25XX	Total non-current liabilities	<u>739,686</u>	<u>7</u>	<u>719,887</u>	<u>8</u>
2XXX	Total liabilities	<u>3,082,846</u>	<u>29</u>	<u>2,890,064</u>	<u>31</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 13 and 23)				
	Share capital				
3110	Common stock	3,786,541	35	3,442,310	37
3200	Capital surplus	992	-	816	-
	Retained earnings				
3310	Legal reserve	273,706	3	81,781	1
3320	Special reserve	308,061	3	308,061	4
3350	Unappropriated earnings	2,943,210	27	2,326,852	25
3300	Total retained earnings	<u>3,524,977</u>	<u>33</u>	<u>2,716,694</u>	<u>30</u>
3400	Other equity	349,303	3	195,986	2
3XXX	Total equity	<u>7,661,813</u>	<u>71</u>	<u>6,355,806</u>	<u>69</u>
	TOTAL	<u>\$ 10,744,659</u>	<u>100</u>	<u>\$ 9,245,870</u>	<u>100</u>

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

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2021		2020	
		Amount	%	Amount	%
4100	NET REVENUE (Notes 4, 21, 24 and 30)	\$ 20,771,165	100	\$ 15,498,381	100
5110	COST OF GOODS SOLD (Notes 11, 22, 25 and 30)	<u>17,385,209</u>	<u>84</u>	<u>12,375,109</u>	<u>80</u>
5900	GROSS PROFIT	<u>3,385,956</u>	<u>16</u>	<u>3,123,272</u>	<u>20</u>
	OPERATING EXPENSES (Notes 10, 22, 25 and 30)				
6100	Selling and marketing expenses	953,213	4	514,070	3
6200	General and administrative expenses	166,825	1	167,216	1
6300	Research and development expenses	<u>18,546</u>	<u>-</u>	<u>20,523</u>	<u>-</u>
6000	Total operating expenses	<u>1,138,584</u>	<u>5</u>	<u>701,809</u>	<u>4</u>
6900	PROFIT FROM OPERATIONS	<u>2,247,372</u>	<u>11</u>	<u>2,421,463</u>	<u>16</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 7, 9, 13, 25 and 30)				
7100	Interest income	41,853	-	33,052	-
7010	Other income	71,396	-	54,889	-
7020	Other gains and losses	(22,902)	-	(63,253)	-
7060	Share of profit of associates	74,888	1	56,841	-
7510	Finance costs	(<u>5,163</u>)	<u>-</u>	(<u>21,003</u>)	<u>-</u>
7000	Total non-operating income and expenses	<u>160,072</u>	<u>1</u>	<u>60,526</u>	<u>-</u>

(Continued)

Code		2021		2020	
		Amount	%	Amount	%
7900	PROFIT BEFORE INCOME TAX	\$ 2,407,444	12	\$ 2,481,989	16
7950	INCOME TAX EXPENSE (Notes 4 and 26)	<u>557,512</u>	<u>3</u>	<u>562,171</u>	<u>4</u>
8200	NET PROFIT FOR THE YEAR	<u>1,849,932</u>	<u>9</u>	<u>1,919,818</u>	<u>12</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 8, 13, 22, 23 and 26)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(10,886)	-	(1,500)	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	135,234	1	132,192	1
8320	Share of the other comprehensive income (loss) of associates accounted for using the equity method - unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	36,974	-	36,175	-
8330	Share of the other comprehensive income (loss) of associates accounted for using the equity method - remeasurement of defined benefit plans	(247)	-	628	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>2,177</u>	<u>-</u>	<u>300</u>	<u>-</u>
		<u>163,252</u>	<u>1</u>	<u>167,795</u>	<u>1</u>

(Continued)

(Continued from the previous page)

Code		2021		2020	
		Amount	%	Amount	%
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(\$ 20,716)	-	\$ 85,673	1
8371	Share of the other comprehensive loss of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	(2,734)	-	160	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	4,559	-	(17,148)	-
		(18,891)	-	68,685	1
8300	Other comprehensive income for the year, net of income tax	144,361	1	236,480	2
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,994,293</u>	<u>10</u>	<u>\$ 2,156,298</u>	<u>14</u>
	EARNINGS PER SHARE (Note 27)				
9710	Basic	<u>\$ 4.89</u>		<u>\$ 5.07</u>	
9810	Diluted	<u>\$ 4.88</u>		<u>\$ 5.06</u>	

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

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

Equity attributable to owners of the company (Notes 13 and 23)														
Code		Share capital		Capital surplus		Retained earnings				Other equity		Total	Total equity	
		Shares (In Thousands)	Amount	Long-term equity investment	Other capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income			
A1	BALANCE AT JANUARY 1, 2020	334,205	\$ 3,342,048	\$ 514	\$ 296	\$ 810	\$ 42,017	\$ 308,061	\$ 647,893	\$ 997,971	(\$ 194,326)	\$ 153,260	(\$ 41,066)	\$ 4,299,763
B1	Appropriation of 2019 earnings													
B5	Legal reserve	-	-	-	-	-	39,764	-	(39,764)	-	-	-	-	-
B9	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(100,261)	(100,261)	-	-	-	(100,261)
B9	Share dividends distributed by the Company	10,026	100,262	-	-	-	-	-	(100,262)	(100,262)	-	-	-	-
T1	Changes in capital surplus	-	-	6	-	6	-	-	-	-	-	-	-	6
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	1,919,818	1,919,818	-	-	-	1,919,818
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	(572)	(572)	68,685	168,367	237,052	236,480
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	1,919,246	1,919,246	68,685	168,367	237,052	2,156,298
Z1	BALANCE AT DECEMBER 31, 2020	344,231	3,442,310	520	296	816	81,781	308,061	2,326,852	2,716,694	(125,641)	321,627	195,986	6,355,806
B1	Appropriation of 2020 earnings													
B5	Legal reserve	-	-	-	-	-	191,925	-	(191,925)	-	-	-	-	-
B9	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(688,462)	(688,462)	-	-	-	(688,462)
B9	Share dividends distributed by the Company	34,423	344,231	-	-	-	-	-	(344,231)	(344,231)	-	-	-	-
T1	Changes in capital surplus	-	-	33	143	176	-	-	-	-	-	-	-	176
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	1,849,932	1,849,932	-	-	-	1,849,932
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	(8,956)	(8,956)	(18,891)	172,208	153,317	144,361
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	1,840,976	1,840,976	(18,891)	172,208	153,317	1,994,293
Z1	BALANCE AT DECEMBER 31, 2021	378,654	\$ 3,786,541	\$ 553	\$ 439	\$ 992	\$ 273,706	\$ 308,061	\$ 2,943,210	\$ 3,524,977	(\$ 144,532)	\$ 493,835	\$ 349,303	\$ 7,661,813

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

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

Code		2021	2020
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	\$ 2,407,444	\$ 2,481,989
A20010	Adjustments for:		
A20100	Depreciation expenses	199,749	203,757
A20200	Amortization expenses	1,752	2,042
A20300	Gain on reversal of expected credit loss	(1,697)	(5,334)
A20400	Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(1,254)	(22,139)
A20900	Finance costs	5,163	21,003
A21200	Interest income	(41,853)	(33,052)
A21300	Dividend income	(19,077)	(7,555)
A22300	Share of profit of associates	(74,888)	(56,841)
A22500	Loss on disposal of property, plant and equipment	729	19,635
A23200	Loss on disposal on investments accounted for using the equity method	(153)	173
A23700	(Reversal of) write-down of inventories	2,005	(359)
A23800	Impairment loss recognized on property, plant and equipment	39	22,078
A29900	Recognition of refund liabilities	6,944	7,576
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	(333,731)	(32,379)
A31130	Notes receivable	85,307	(51,664)
A31150	Accounts receivable	(344,733)	62,381
A31160	Accounts receivable from related parties	27	9,367
A31180	Other receivables	(45,298)	12,190
A31190	Other receivables from related parties	(1,789)	5,989
A31200	Inventories	(518,345)	6,595
A31230	Prepayments and other current assets	(58,214)	36,980
A32150	Accounts payable	(149,859)	495,096
A32160	Accounts payable from related parties	(470)	(324)
A32180	Other payables	20,675	103,812
A32190	Other payables from related parties	2,617	(3,883)
A32230	Other current liabilities	\$ 35,947	\$ 2,297
A32240	Net defined benefit liabilities	(26,263)	(29,618)
A33000	Cash generated from operations	1,150,774	3,249,812
A33100	Interest received	39,736	23,484
A33300	Interest paid	(5,224)	(21,835)
A33500	Income tax paid	(449,065)	(205,187)
AAAA	NET CASH GENERATED FROM OPERATING ACTIVITIES	736,221	3,046,274

(Continued)

(Continued from the previous page)

Code		2021	2020
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Purchase of financial assets at amortized cost	(811)	(149,263)
B00050	Proceeds from disposal of financial assets at amortized cost	-	149,826
B02700	Payments for property, plant and equipment	(128,203)	(136,966)
B02800	Proceeds from disposal of property, plant and equipment	-	2,381
B03700	Increase in refundable deposits	(796)	(254)
B04500	Payments for intangible assets	(440)	-
B07600	Dividends received	38,819	12,778
B09900	Proceeds from liquidation of investments accounted for using equity method	<u>153</u>	<u>1,274</u>
BBBB	Net cash used in investing activities	(<u>91,278</u>)	(<u>120,224</u>)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	350,000	-
C00200	Decrease in short-term borrowings	(150,000)	(1,014,593)
C01600	Proceeds from long-term borrowings	1,600,000	1,000,000
C01700	Repayments of long-term borrowings	(1,600,000)	(1,700,000)
C04020	Repayments of the principal portion of lease liabilities	(4,514)	(4,463)
C04300	Increase in other non-current liabilities	1,481	418
C04500	Cash dividends	(688,462)	(99,946)
C04400	Refund of unclaimed overdue cash dividends	552	-
C09900	Claim for disgorgement	<u>143</u>	<u>-</u>
CCCC	Cash used in financing activities	(<u>490,800</u>)	(<u>1,818,584</u>)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(<u>14,366</u>)	<u>39,022</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	139,777	1,146,488
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,458,506</u>	<u>1,312,018</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,598,283</u>	<u>\$ 2,458,506</u>

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

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taita Chemical Co., Ltd. (the "Company") was established and began operations in April 1960. The Company designs, develops, and sells chemical products like EPS, ABS and PS plastic resins. Other products include SAN resins, glasswool and cubic printing, all of which are widely used in consumer-oriented and industrial applications. The ordinary shares of the Company has been listed on the Taiwan Stock Exchange since 1986. The Company's parent company is USI Corporation, which held indirectly 36.79% of the ordinary shares of the Company as of December 31, 2021. USI Corporation has operational control over the Company.

The functional currency of the Company is the New Taiwan dollar, and the consolidated financial statements of the Company and its subsidiaries, collectively referred to as the "Group", are presented in the Company's functional currency.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 9, 2022.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the 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. FSC-endorsed IFRSs that are applicable from 2022 onward

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB</u>
Annual Improvements to IFRSs 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 apply 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" apply 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" apply retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2. The amendments apply to the business combination of which the acquisition date falls on the annual reporting periods beginning on or after January 1, 2022.

Note 3. The amendments apply 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 apply to contracts that will not have been completely fulfilled in the annual period beginning after January 1, 2022.

As of the date of authorization of the consolidated financial statements, the Group's assessment of the effects of amendments to other standards and interpretations should not cause material effects on the consolidated financial conditions and performance.

c.	Standards issued by the IASB but not yet endorsed and issued into effect by the FSC	Effective Date of Issuance by the IASB (Note 1)
	<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB (Note 1)</u>
	Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined
	IFRS 17 "Insurance Contracts"	January 1, 2023
	Amendments to IFRS 17	January 1, 2023
	Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 — Comparative Information"	January 1, 2023
	Amendments to IAS 1 "Classify 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 otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2. The amendments prospectively apply to the annual reporting periods beginning on or after January 1, 2023.

Note 3. The amendments apply to changes in accounting estimates and in accounting policies which take place in the annual reporting periods beginning on or after January 1, 2023.

Note 4. Except for the temporary differences arising from leases and decommissioning obligations on January 1, 2022 are recognized in deferred income tax, the amendment applies to transactions occurring after January 1, 2022.

As of the date of authorization of the consolidated financial statements, the Group has continued to assess the effects of amendments to other standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

4. Summary of Significant Accounting Policies

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less 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 on the measurement date.
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. deduced from prices).
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate any the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 12 and Tables 7 and 8 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange

differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, production supplies, finished goods, and work in progress. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to Group.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the amount of ownership interests in associates and joint ventures is not subscribed for or obtained in proportion to the shareholding ratio, the amount of the related assets or liabilities shall be recognized in other comprehensive income. The basis of the accounting treatment is the same as that of the associates and joint ventures. The difference in the balance of the capital reserve accounted for using the equity method shall be recognized in retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group shall cease the use of equity method from the date when its investment is no longer an associate. Its retained interest in the associate is measured at fair value, and the difference between the fair value and the carrying amount of the investment and the carrying amount of the investment at the date of acquisition of the equity method is included in profit or loss for the current period.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost and include transaction costs for land. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant, and equipment as well as right-of-use assets, investment property, and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant, and equipment as well as right-of-use assets, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at fair value through profit or loss

Financial asset is classified as at FVTPL when such a financial asset is mandatorily classified. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and derivatives and mutual fund that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at fair value through profit or loss are measured at fair value. Dividends and interest accrued are recognized in other income and interest income respectively, and profits or losses accrued from remeasurement are recognized in other gains and losses. Fair value is determined in the manner described in Note 29.

ii. FINANCIAL ASSETS AT AMORTIZED COST

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, pledged financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A credit-impaired financial asset refers to the situation where the issuer or debtor has experienced significant financial difficulties or defaults and therefore the debtor is likely to file for bankruptcy or declare financial restructuring, or the disappearance of an active market for that financial asset due to financial difficulties has occurred.

Cash equivalents include highly liquid time deposits and reverse repurchase agreements collateralized by bonds that can be readily converted into fixed amount of cash with limited risk of change in value. Cash equivalents are held to meet short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purpose, if any internal or external information shows that the debtor is unlikely to pay its creditors, the Group will determine that a financial asset is in default (without taking into account any collateral held by the Group).

The impairment loss of financial assets is recognized in profit or loss by a reduction in their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Derivative instruments

The Group enters into a variety of derivative instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from sale of goods

Revenue from the sale of goods comes from sales of PS, ABS, SAN, glasswool products, plastic raw materials and the related processed products. The sale of goods above is recognized as revenue when goods are delivered to a customer because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

q. Income tax

Income tax expense represents the sum of the tax currently payables and deferred tax.

1) Current tax

The Group determines the income (loss) of the current year in accordance with the laws and regulations in each income tax declaration jurisdiction, and calculates the income tax payable (recoverable) accordingly.

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profit against which to utilize the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group takes into account recent development of COVID-19 pandemic in Taiwan and its potential impacts on the economy, including cash flow projections, growth rates, discount rates, profitability, etc. in Group's critical accounting estimates and the management will continue to review the estimates and underlying assumptions. 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.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial accounts receivable

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

c. Estimation of damage compensation for associate's gas explosion incidents

The Company's associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), recognized a provision for civil damages due to gas explosion. The management considered the progress of the relevant civil and criminal procedures, settlements achieved, and legal advice to estimate the amount of the provision. However, the actual amount might differ from the current estimation.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and petty cash	\$ 484	\$ 1,084
Checking accounts and demand deposits	502,207	782,819
Cash equivalents		
Time deposits	<u>2,095,592</u>	<u>1,674,603</u>
	<u>\$ 2,598,283</u>	<u>\$ 2,458,506</u>

The market rate or interval of market rates of cash equivalents at the end of the reporting period were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Time deposits	0.08%~2.30%	0.10%~2.30%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial liabilities (not under hedge accounting)		
— Foreign exchange forward contracts	\$ <u>1,037</u>	\$ <u>431</u>
Non-derivative financial assets		
— Domestic listed shares	73,438	-
— Foreign unlisted shares	-	-
— Mutual funds	562,034	300,185
— Beneficiary securities	<u>59,466</u>	<u>60,808</u>
Subtotal	<u>694,938</u>	<u>360,993</u>
	<u>\$695,975</u>	<u>\$361,424</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
— Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>434</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
<u>December 31, 2021</u>			
Sell	USD/NTD	2022.01. 13- 2022.03.21	USD 7,340 /TWD 204,227
<u>December 31, 2020</u>			
Sell	USD/NTD	2021.01. 18- 2021.02.22	USD 6,000 /TWD 170,073

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. As these contracts did not meet the criteria of hedge accounting, and therefore, the Group did not apply hedge accounting treatments for these derivative contracts.

The net gain arising from financial assets at FVTPL for the years ended December 31, 2021 and 2020 was \$8,818 thousand and \$27,750 thousand, respectively. The net loss arising from financial liabilities at FVTPL for the years ended December 31, 2021 and 2020 was \$2,499 thousand and \$4,299 thousand, respectively.

8. Financial assets at fair value through other comprehensive income - non-current

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Investments in equity instruments</u>		
Domestic investments		
Listed ordinary shares		
- USI Corporation	\$476,718	\$341,484
Unlisted ordinary shares		
- Harbinger Venture Capital Corp.	<u>7</u>	<u>7</u>
Subtotal	476,725	341,491
Foreign investments		
Unlisted ordinary shares		
— Budworth Investment Ltd	<u>6</u>	<u>6</u>
	<u>\$476,731</u>	<u>\$341,497</u>

These investments in equity instruments 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 – CURRENT

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Pledged deposits (a)	\$ 3,000	\$ 3,000
Pledged time deposits (b)	<u>809</u>	<u>-</u>
	<u>\$ 3,809</u>	<u>\$ 3,000</u>

- a. As of December 31, 2021 and 2020, the market interest rate of pledged deposits were both 0.37% to 0.69% per annum.
- b. As of December 31, 2021, the range of market interest rates on the pledged time deposits was 0.35% per annum.
- c. Refer to Note 31 for information related to the pledged financial assets at amortized cost.

10. Notes Receivable, Accounts Receivable, and Other Receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable (a)		
Notes receivable - operating	<u>\$ 255,365</u>	<u>\$ 342,964</u>
Accounts receivable (a)		
Amortized cost		
Gross carrying amount	\$ 2,268,566	\$ 1,932,281
Less: Allowance for impairment loss	(<u>55,417</u>)	(<u>57,144</u>)
	<u>\$ 2,213,149</u>	<u>\$ 1,875,137</u>
Accounts receivable from related parties		
(a) (Note 30)	<u>\$ -</u>	<u>\$ 27</u>
Other receivables (b)		
VAT refund receivables	\$ 88,943	\$ 48,661
Interest receivable	18,334	16,300
Others	<u>5,509</u>	<u>512</u>
	<u>\$ 112,786</u>	<u>\$ 65,473</u>
Other receivables from related parties		
(Note 31)	<u>\$ 3,536</u>	<u>\$ 1,748</u>

- a. Notes receivable and accounts receivable

The average credit period of sales of goods is 30-180 days. No interest is charged on receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. For part of the accounts receivable, the Group entered into a credit insurance contract or obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Before accepting new customers, the Group takes customer evaluation results generated by the internal system into consideration to measure the potential customer's credit quality and define the customer's credit limit. Customer

credit limits and ratings are reviewed periodically. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the 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 forecast direction of economic conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2021

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$ 2,148	\$ 478,933	\$ 76,787	\$ 1,966,063	\$ 2,523,931
Loss allowance (Lifetime ECL)	-	-	(220)	(55,197)	(55,417)
Amortized cost	<u>\$ 2,148</u>	<u>\$ 478,933</u>	<u>\$ 76,567</u>	<u>\$ 1,910,866</u>	<u>\$ 2,468,514</u>

December 31, 2020

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$ -	\$ 674,241	\$ 122,001	\$ 1,479,030	\$ 2,275,272
Loss allowance (Lifetime ECL)	-	-	(122)	(57,022)	(57,144)
Amortized cost	<u>\$ -</u>	<u>\$ 674,241</u>	<u>\$ 121,879</u>	<u>\$ 1,422,008</u>	<u>\$ 2,218,128</u>

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

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Balance at January 1	\$ 57,144	\$ 63,625
Remeasurement of loss allowance	(1,697)	(5,334)
Amounts written off	-	(1,170)
Foreign exchange gains and losses	(30)	23
Balance at December 31	<u>\$ 55,417</u>	<u>\$ 57,144</u>

The aging of receivables (including related parties) was as follows:

	December 31, 2021	December 31, 2020
Not Past Due	\$ 2,423,669	\$ 2,197,025
Past due within 60 days	45,448	23,121
Past due over 60 days	54,814	55,126
Total	<u>\$ 2,523,931</u>	<u>\$ 2,275,272</u>

The above aging schedule was based on the number of days past due from the end of the credit term.

As of December 31, 2021 and 2020, except for specific customer's accounts receivable exceeded 16% of the total amount of all receivables, none of other customer's receivables exceeded 10% of the total amount of all receivables. The concentration of credit risk is limited because the Group's customer base is vast and unrelated to each other.

b. Other receivables

As of December 31, 2021 and 2020, the Group assessed the impairment loss of other receivables using expected credit losses.

11. Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Finished goods	\$ 354,900	\$ 265,382
Work in process	105,084	62,258
Raw materials	507,441	233,411
Production supplies	38,133	31,609
Inventory in transit	<u>180,201</u>	<u>148,192</u>
	<u>\$ 1,185,759</u>	<u>\$ 740,852</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$17,385,170 thousand and \$12,353,031 thousand, respectively.

The cost of goods sold included write-down of \$2,005 thousand and reversal of inventory write-down of \$359 thousand, which resulted from inventory closeout, for the years ended December 31, 2021 and 2020, respectively.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The entities included in the consolidated financial statements:

Investor Company	Name of Subsidiary	Nature of Activities	% of Ownership		Remarks
			December 31, 2021	December 31, 2020	
The Company	TAITA (BVI) Holding Co., Ltd. (TAITA(BVI))	Reinvestment	100%	100%	1.
TAITA (BVI)	Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	Production and marketing of polystyrene derivatives	100%	100%	2.
	Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)")	Production and marketing of polystyrene derivatives	100%	100%	3.

- a. In order to strengthen the operational capital of TAITA (BVI) and improve its financial structure, on November 3, 2020, the Board of Directors of the Company resolved to increase the Company's investment in TAITA (BVI) by US\$28,000 thousand in cash, and as of December 31, 2021, the Company's accumulated investment in TAITA (BVI) amounted to US\$89,738 thousand.
- b. As of December 31, 2021, the amount invested in TTC (ZS) was US\$43,000 thousand. TTC (ZS) distributed share dividends of US\$3,250 thousand from retained earnings in 2007. As of December 31, 2021, the capital of TTC (ZS) was US\$46,250 thousand. TTC (ZS) has resolved the earnings distribution from 2007 to 2020 in the amount to RMB 306,950 thousand at the board meeting held on October 14, 2021 and all the earnings have been distributed on March 8, 2022.
- c. As of December 31, 2021, the amount invested in TTC (TJ) was US\$26,000 thousand. TTC (TJ) distributed share dividends of US\$1,350 thousand from retained earnings in 2012. As of December 31, 2021, the capital of TTC (TJ) was US\$27,350 thousand. Due to the shrinking demand in the local market, the management decided to suspend TTC (TJ)'s production in from April 2019.
- d. On December 3, 2020, the Board of Directors of the Company resolved to establish Zhangzhou Taita Chemical Company Ltd. (TTC (ZZ)) with a capital contribution of RMB314,000 thousand from TAITA (BVI). The main business of TTC (ZZ) is the production and sale of EPS. The establishment of TTC (ZZ) was registered on June 28, 2021 and TAITA (BVI) injected RMB306,950 thousand into TTC (ZZ) on March 8, 2022.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Associates that are not individually material</u>		
Listed company		
China General Plastics Corporation (“CGPC”)	\$ 221,245	\$ 192,320
Acme Electronics Corporation (“ACME”)	32,429	31,514
Unlisted company		
China General Terminal & Distribution Corporation (“CGTD”)	373,731	315,711
ACME Electronics (Cayman) Corp. (ACME (Cayman))	<u>66,405</u>	<u>65,093</u>
	<u>\$ 693,810</u>	<u>\$ 604,638</u>

Aggregate information of associates that are not individually material

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
The Group’s share of:		
Profit from continuing operations	\$ 74,888	\$ 56,841
Other comprehensive gain (loss)	<u>33,993</u>	<u>36,963</u>
Total comprehensive (loss) income for the year	<u>\$108,881</u>	<u>\$ 93,804</u>

The group’s ownership interest and percentage of voting right in associate at the end of the reporting period were as follows:

<u>Name of Associates</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
CGPC	1.98%	1.98%
ACME	2.43%	2.43%
CGTD	33.33%	33.33%
ACME (Cayman)	5.39%	5.39%

Refer to Table 6 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the associates.

The Group with its affiliates jointly held more than 20% of the shareholdings of CGPC, ACME, ACME (Cayman) had significant influence over each entity. Therefore, the Group adopted the equity method to evaluate the above investments.

The Group formerly held 10% of shares of Thintec Materials Corporation (“TMC”) Since the Group and its affiliates jointly owned 95.8% of TMC’s shares, the Group adopted the equity method to evaluate the above investments. As TMC essentially has no production and sales business in recent years, the Board of Directors of TMC resolved on April 12, 2019 to conduct dissolution and liquidation starting from May 25, 2019 (dissolution date). The Group has recovered \$1,274 thousand in May 2020 from the remaining property and recognized the investment disposal loss of of \$173 thousand after TMC has completed dissolution and liquidation procedures in July, 2020. In February 2021, TMC received a refund of tax from the Taipei Bureau of Internal Revenue, Ministry of Finance, and in April 2021, the Group recovered

\$153 thousand in proportion to its shareholding before liquidation and recognized it as other income.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

Name of Associates	December 31, 2021	December 31, 2020
CGPC	<u>\$399,611</u>	<u>\$279,130</u>
ACME	<u>\$237,809</u>	<u>\$ 84,011</u>

Except ACME and ACME (Cayman) whose financial statements were not audited by CPAs, the profit or loss of associates and joint ventures using the equity method and the share of other comprehensive income were recognized based on associates' financial statements audited by CPAs in the same period. However, the Group's management considered that there was no material impact arising from ACME and ACME (Cayman)'s unaudited financial statements.

14. Property, plant and equipment

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>							
BALANCE AT JANUARY 1, 2020	\$ 634,432	\$ 1,301,954	\$ 4,806,079	\$ 47,870	\$ 359,701	\$ 24,306	\$ 7,174,342
Additions	-	-	4,657	-	1,075	133,074	138,806
Disposals	-	(10,624)	(393,223)	(5,727)	(22,834)	-	(432,408)
Internal transfers	-	1,817	57,999	96	11,021	(70,933)	-
Effect of foreign currency exchange differences	-	6,529	3,237	300	452	484	11,002
Balance at December 31, 2020	<u>\$ 634,432</u>	<u>\$ 1,299,676</u>	<u>\$ 4,478,749</u>	<u>\$ 42,539</u>	<u>\$ 349,415</u>	<u>\$ 86,931</u>	<u>\$ 6,891,742</u>
<u>Accumulated depreciation and impairment</u>							
BALANCE AT JANUARY 1, 2020	\$ -	\$ 905,030	\$ 3,726,138	\$ 35,390	\$ 332,892	\$ 33	\$ 4,999,483
Disposals	-	(9,573)	(374,178)	(4,773)	(21,868)	-	(410,392)
Depreciation expenses	-	41,553	144,091	2,803	9,522	-	197,969
Impairment losses	-	-	19,891	-	568	1,619	22,078
Effect of foreign currency exchange differences	-	4,628	1,456	179	289	9	6,561
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 941,638</u>	<u>\$ 3,517,398</u>	<u>\$ 33,599</u>	<u>\$ 321,403</u>	<u>\$ 1,661</u>	<u>\$ 4,815,699</u>
Carrying amounts at December 31, 2020	<u>\$ 634,432</u>	<u>\$ 358,038</u>	<u>\$ 961,351</u>	<u>\$ 8,940</u>	<u>\$ 28,012</u>	<u>\$ 85,270</u>	<u>\$ 2,076,043</u>
<u>Cost</u>							
Balance at January 1, 2021	\$ 634,432	\$ 1,299,676	\$ 4,478,749	\$ 42,539	\$ 349,415	\$ 86,931	\$ 6,891,742
Additions	-	-	5,623	12	1,091	121,127	127,853
Disposals	-	(2,456)	(122,109)	(700)	(6,443)	-	(131,708)
Internal transfers	-	6,012	107,960	141	10,417	(124,530)	-
Effect of foreign currency exchange differences	-	(2,312)	(3,328)	(96)	(268)	(152)	(6,156)
Balance at December 31, 2021	<u>\$ 634,432</u>	<u>\$ 1,300,920</u>	<u>\$ 4,466,895</u>	<u>\$ 41,896</u>	<u>\$ 354,212</u>	<u>\$ 83,376</u>	<u>\$ 6,881,731</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2021	\$ -	\$ 941,638	\$ 3,517,398	\$ 33,599	\$ 321,403	\$ 1,661	\$ 4,815,699
Disposals	-	(2,317)	(121,895)	(700)	(6,067)	-	(130,979)
Depreciation expenses	-	38,398	145,351	2,666	7,531	-	193,946
Impairment losses	-	-	39	-	-	-	39
Effect of foreign currency exchange differences	-	(1,625)	(2,675)	(52)	(200)	(9)	(4,561)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 976,094</u>	<u>\$ 3,538,218</u>	<u>\$ 35,513</u>	<u>\$ 322,667</u>	<u>\$ 1,652</u>	<u>\$ 4,874,144</u>
Carrying amounts at December 31, 2021	<u>\$ 634,432</u>	<u>\$ 324,826</u>	<u>\$ 928,677</u>	<u>\$ 6,383</u>	<u>\$ 31,545</u>	<u>\$ 81,724</u>	<u>\$ 2,007,587</u>

The management stopped the production of TAITA (TJ) in April 2019 as a result of the reduction in demand of EPS, which is the main product of Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)") in the local market. TAITA (TJ) determined the recoverable amount of the property, plant and equipment, including right-of-use assets, on the basis of their fair value less cost of disposal and the fair value was measured by a third-party valuation expert with Level 3 inputs for the years ended December 31, 2021 and 2020. The valuation was based on the revaluation of the replacement cost and useful lives of each item of the above items of property, plant and equipment and results showed that the recoverable amount was lower than the carrying amount. The valuation led TAITA (TJ) to recognize impairment losses of \$39 thousand and \$22,078 thousand, which were recognized in operating costs for the year ended December 31, 2021 and 2020. Fair value from valuation are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Factories and right-of-use assets	\$ <u>266,579</u>	\$ <u>275,409</u>
Equipment	\$ <u>2,086</u>	\$ <u>2,689</u>

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

Buildings	20, 30, 35, 40 and 55
Factories	years
Offices and laboratories	26-35 Years
Storage rooms	20-25 Years
Storage tank rooms	8-20 Years
Others	2-9 Years
Machinery and equipment	
Environmental protection equipment	15-20 Years
Monitoring equipment	11-15 Years
Storage tank and pipeline systems	10-15 Years
Production and packaging equipment	8-15 Years
Power systems	7-15 Years
Others	2-8 Years
Transportation equipment	5-15 Years
Other equipment	2-15 Years

Part of the property, plant and equipment pledged as collateral for bank borrowing are set out in Notes 18 and 31.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amounts		
Land	\$ <u>73,370</u>	\$ <u>79,351</u>
	<u>For the Year Ended</u>	<u>For the Year Ended</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Depreciation charge for right-of-use assets		
Land	\$ <u>5,803</u>	\$ <u>5,788</u>

Except for the recognition of depreciation expenses, there was no significant increase, sublease or impairment of the Group's right-of-use assets for the years ended December 31, 2021 and 2020. Part of the land use rights pledged as collateral for bank borrowing are set out in Notes 18 and 31.

b. Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amounts		
Current	\$ <u>4,564</u>	\$ <u>4,514</u>
Non-current	\$ <u>38,374</u>	\$ <u>42,938</u>

The discount rate for lease liabilities was as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land	1.10%	1.10%

The Group leases land in Linyuan to build factories from related party. When rental period ends, the Group has no bargain purchase price option for the land leased. Transactions with related parties are set out in Notes 30.

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment are set out in Note 16.

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Expenses relating to short-term leases	<u>\$ 15,336</u>	<u>\$ 15,666</u>
Expenses relating to low-value asset leases	<u>\$ 17</u>	<u>\$ 153</u>
Total cash outflow for leases	<u>\$ 20,366</u>	<u>\$ 20,832</u>

The Group leases certain office equipment, machinery equipment, transportation equipment which qualify as short-term leases and certain other equipment which qualify as 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.

16. INVESTMENT PROPERTIES, NET

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land	<u>\$108,178</u>	<u>\$108,178</u>

Management was unable to reliably measure the fair value of investment properties located in Qianzhen District, Xingbang Section and Linyuan Industrial Park, because the fair value for comparable properties is inactive and alternative reliable measurements of fair value are not available. Therefore, the Group concluded that the fair value of the investment properties is not reliably measurable.

The property located in Qianzhan District has been leased to CGTD. The rental was \$1,628 thousand per month, which is based on the actual usable area. Refer to Notes 25 and 30.

Part of above investment properties pledged as collateral for bank borrowing are set out in Notes 18 and 31.

17. INTANGIBLE ASSETS

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Carrying amount by function</u>		
Information systems	\$ 493	\$ 205
Design expenses for factories	<u>3,601</u>	<u>5,201</u>
	<u>\$ 4,094</u>	<u>\$ 5,406</u>

Intangible assets are amortized on a straight-line over their estimated useful lives as follows:

Information systems	3-5 Years
Design expenses for factories	10 years

18. BORROWINGS

a. Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 350,000</u>	<u>\$ 150,000</u>

The range of interest rates on line of credit borrowings was 0.52%-0.74% and 0.52% per annum as of December 31, 2021 and 2020, respectively.

TTC (ZS) entered into a short-term financing contract with Bank of China Limited to increase working capital. The credit limit was RMB100,000 thousand and matured on April 30, 2019. The contract was extended to April 30, 2022. Refer to property, plant and equipment and land use rights pledged as collateral in Notes 14, 15 and 31. As of December 31, 2021 and 2020, TTC (ZS) has not borrowed from the bank.

b. Long-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Unsecured borrowings</u>		
Credit loans	<u>\$ 300,000</u>	<u>\$ 300,000</u>

The range of interest rates on long-term borrowings were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Credit loans	0.81%	0.90%

In order to fund medium to long-term working capital needs, the Group signed medium to long-term loan agreements with banks with total lines of credit of \$2,000,000 thousand. The loan agreements will subsequently expire before August 2024 and these lines of credit are used cyclically during the validity period. As of December 31, 2021, \$300,000 thousand has been utilized. The Group provided lands and factories pledged as collateral for some long-term loan agreements (refer to Notes 14, 16 and 31).

Some of the Group's loan agreements stipulate that the current ratio and debt ratio as stated on the financial statements shall not be less than a specified percentage, and that if such a percentage fails to be met, the Group shall propose improvement measures to the banks concerned. As of December 31, 2021, the Group did not violate these financial ratios and terms.

19. Accounts payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Accounts payable (including related parties)</u>		
Arising from operation (Note 30)	<u>\$ 1,029,504</u>	<u>\$ 1,180,101</u>

The average payment period for the Group's accounts payable is between 30 and 45 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER PAYABLES

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Payables for salaries or bonuses	\$219,918	\$234,239
Payables for freight fees	113,422	65,583
Payables for utilities	29,337	27,271
Payables for professional service expenses	9,651	11,709
Payables for equipment	9,607	9,957
Payables for insurance	8,922	9,491
Payables for taxes	3,613	12,671
Others	35,110	37,852
	<u>\$429,580</u>	<u>\$408,773</u>

21. REFUND PROVISIONS

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Customer returns and rebates	\$ 897	\$ 879
	<u>For the Year Ended</u>	<u>For the Year Ended</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Balance at January 1, 2020	\$ 879	\$ 909
Provision for the current period	6,944	7,576
Returns and rebates for the current period	(6,926)	(7,606)
Balance at December 31, 2020	<u>\$ 897</u>	<u>\$ 879</u>

The refund provision is based on management's judgments and other known reasons for which estimated product returns and rebates may occur for the year ended. The provision is recognized as a reduction of operating income in the periods in which the related goods are sold.

22. RETIREMENT BENEFIT PLANS**a. Defined contribution plans**

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary, TTC (ZS), in mainland China is the member of a state-managed retirement benefit plans operated by the government of mainland China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit plans is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. Since November 1986, the Company contributed a specific rate (currently 12%) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry

of Labor (the “Bureau”); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group’s defined benefit plans were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present Value of Defined Benefit Obligation	\$543,761	\$593,645
Fair Value of Plan Assets	(357,342)	(391,849)
Net defined benefit liabilities	<u>\$186,419</u>	<u>\$201,796</u>

Movements in net defined benefit liabilities were as follows:

	<u>Present Value of Defined Benefit Obligation</u>	<u>Fair Value of Plan Assets</u>	<u>Net defined benefit liabilities</u>
BALANCE AT JANUARY 1, 2020	<u>\$ 632,201</u>	<u>(\$ 402,287)</u>	<u>\$ 229,914</u>
Service cost			
Current service cost	4,609	-	4,609
Net interest expense (income)	<u>3,826</u>	<u>(2,461)</u>	<u>1,365</u>
Recognized in Profit or Loss	<u>8,435</u>	<u>(2,461)</u>	<u>5,974</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	(\$ 14,814)	(\$ 14,814)
Actuarial loss			
– Changes in financial assumptions	10,288	-	10,288
– Experience adjustments	<u>6,026</u>	<u>-</u>	<u>6,026</u>
Recognized in other comprehensive income	<u>16,314</u>	<u>(14,814)</u>	<u>1,500</u>
Contributions from the employer	-	(35,592)	(35,592)
Benefits paid on plan assets	<u>(63,305)</u>	<u>63,305</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 593,645</u>	<u>(\$ 391,849)</u>	<u>\$ 201,796</u>
Balance at January 1, 2021	<u>\$ 593,645</u>	<u>(\$ 391,849)</u>	<u>\$ 201,796</u>
Service cost			
Current service cost	3,949	-	3,949
Net interest expense (income)	<u>2,184</u>	<u>(1,476)</u>	<u>708</u>
Recognized in Profit or Loss	<u>6,133</u>	<u>(1,476)</u>	<u>4,657</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,646)	(5,646)
Actuarial loss			
– Changes in demographic assumptions	12,124	-	12,124
– Changes in financial assumptions	<u>(4,379)</u>	<u>-</u>	<u>(4,379)</u>
– Experience adjustments	<u>8,787</u>	<u>-</u>	<u>8,787</u>
Recognized in Other Comprehensive Income	<u>16,532</u>	<u>(5,646)</u>	<u>10,886</u>
Contributions from the employer	-	(29,142)	(29,142)

Benefits paid on plan assets	(70,771)	70,771	-
Provisions	(1,778)	-	(1,778)
Balance at December 31, 2021	<u>\$ 543,761</u>	<u>(\$ 357,342)</u>	<u>\$ 186,419</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Cost of goods sold	\$ 3,925	\$ 4,841
Selling and marketing expenses	261	461
General and administrative expenses	346	495
Research and development expenses	<u>125</u>	<u>177</u>
	<u>\$ 4,657</u>	<u>\$ 5,974</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in government bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.500%	0.375%
Expected rate of salary increase	2.250%	2.250%

If possible reasonable changes in each of the significant actuarial assumptions were to occur and all other assumptions were to remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate		
0.25% increase	(\$ 8,781)	(\$ 10,289)
0.25% decrease	<u>\$ 9,027</u>	<u>\$ 10,585</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 8,718</u>	<u>\$ 10,208</u>
0.25% decrease	(\$ 8,526)	(\$ 9,975)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Company expects to make contributions of \$20,000 thousand and \$25,900 thousand to the defined benefit plans in the next year starting from December 31, 2021 and 2020, respectively. The weighted average duration of the defined benefit obligation are 6.6 and 7.1 years, respectively.

23. **EQUITY**

a. Ordinary shares

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Number of shares authorized (in thousands)	<u>400,000</u>	<u>400,000</u>
Shares authorized	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>378,654</u>	<u>344,231</u>
Shares issued	<u>\$ 3,786,541</u>	<u>\$ 3,442,310</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

Capital surplus which arises from the consideration received from issuance of shares (including consideration from issuance of ordinary shares) and donations may be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Capital surplus arising from unpaid dividends due to overdue may be used to offset a deficit only. Capital surplus arising from investments in subsidiaries and associates accounted for using the equity method may not be used for any purpose.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 26-h.

According to the provisions of the Company's Articles, the Company in order to take R&D needs and diversification of operations into consideration, dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable retained earnings per share of the current year are less than \$0.1, the retained earnings are not to be distributed.

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

Items referred to under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 approved in the shareholders' meetings on July 26, 2021 and June 18, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Legal reserve	\$ 191,925	\$ 39,764		
Cash dividends	688,462	100,261	\$ 2.0	\$ 0.3
Share dividends	344,231	100,262	1.0	0.3

The appropriation of earnings for 2021 had been proposed by the Company's board of directors on March 9, 2022 were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$184,098	\$ -
Cash dividends	757,308	2.0
Share dividends	189,327	0.5

The appropriation of earnings for 2021 is subject to resolution in the shareholders' meeting to be held on May 27, 2022.

d. Special reserve

The Company reserved a special reserve on the first-time adoption of IFRSs as follows:

	December 31, 2021	December 31, 2020
Special reserve	<u>\$308,061</u>	<u>\$308,061</u>

The Company's amount of unrealized revaluation gain and cumulative adjustments transferred into retained earnings were \$279,270 thousand and \$160,233 thousand, respectively. The increase in retained earnings arising from the first-time adoption of IFRSs was not sufficient for the special reserve appropriation; thus, the Company appropriated a special reserve in the amount of \$308,061 thousand which was the net increase of retained earnings arising from the first-time adoption of IFRSs. December 31, 2021, there was no change in the special reserve.

e. Other equity items

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
1) Exchange differences on translating the financial statements of foreign operations		
Balance at January 1, 2020	(\$125,641)	(\$194,326)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(20,716)	85,673
Share from associates accounted for using the equity method	(2,734)	160
Related income tax	<u>4,559</u>	<u>(17,148)</u>
Balance at December 31, 2020	<u>(\$144,532)</u>	<u>(\$125,641)</u>

Exchange differences on translating net assets of foreign operations are translated into the presentation currency, the New Taiwan dollar. The resulting currency translation differences are recognized in other comprehensive income as exchange differences on translating the financial statements of foreign operations in the respective period.

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
2) Unrealized gain (loss) on financial assets at FVTOCI		
Balance at January 1, 2020	\$321,627	\$153,260
Recognized for the year		
Unrealized Gain (Loss)		
Equity instruments	135,234	132,192
Share from associates accounted for using the equity method	<u>36,974</u>	<u>36,175</u>
Balance at December 31, 2020	<u>\$493,835</u>	<u>\$321,627</u>

24. REVENUE

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 20,771,165</u>	<u>\$ 15,498,381</u>

Refer to Note 4 for description related to contracts with customers. Refer to Note 35 for revenue of major products and operation results.

25. PROFIT BEFORE INCOME TAX

Net profit before income tax includes the following:

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
a. Interest income		
Cash and cash equivalents	\$ 40,611	\$ 30,725
Financial assets at FVTPL (Note 7)	1,098	1,312
Financial assets at amortized cost (Note 9)	17	835
Others	<u>127</u>	<u>180</u>
	<u>\$ 41,853</u>	<u>\$ 33,052</u>

b. Other income		
	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Rental income - operating lease (Notes 16 and 30)	\$ 44,356	\$ 37,695
Dividend income	19,077	7,555
Others	<u>7,963</u>	<u>9,639</u>
	<u>\$ 71,396</u>	<u>\$ 54,889</u>
c. Other gains and losses		
	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Gain on financial assets at FVTPL (Note 7)	\$ 3,753	\$ 26,438
Loss on financial assets at FVTPL (Note 7)	(2,499)	(4,299)
Net foreign exchange losses	(15,349)	(55,673)
Loss on disposal and retirement of property, plant and equipment (Note 14)	(729)	(19,635)
Expenses from rental assets	(6,484)	(8,458)
Others	<u>(1,594)</u>	<u>(1,626)</u>
	<u>(\$ 22,902)</u>	<u>(\$ 63,253)</u>
d. Foreign exchange losses		
	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Total foreign exchange gains	\$ 115,211	\$ 41,354
Total foreign exchange losses	(130,560)	(97,027)
Net loss	<u>(\$ 15,349)</u>	<u>(\$ 55,673)</u>
e. Finance costs		
	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Interest on bank loans	\$ 4,785	\$ 20,570
Interest on lease liabilities (Note 30)	499	550
Less: Capitalized interest (included in construction in progress)	<u>(121)</u>	<u>(117)</u>
	<u>\$ 5,163</u>	<u>\$ 21,003</u>
Information about capitalized interest is as follows:		
	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Capitalized interest	\$ 121	\$ 117
Capitalization rate	0.80%~0.90%	0.90%~1.05%

f. Depreciation and amortization

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Property, plant and equipment (Note 14)	\$ 193,946	\$ 197,969
Right-of-use assets (Note 15)	5,803	5,788
Intangible assets (Note 17)	<u>1,752</u>	<u>2,042</u>
Total	<u>\$ 201,501</u>	<u>\$ 205,799</u>
An analysis of depreciation by function		
Cost of goods sold	\$ 188,773	\$ 190,556
Operating expenses	7,604	7,857
Other gains and losses	<u>3,372</u>	<u>5,344</u>
	<u>\$ 199,749</u>	<u>\$ 203,757</u>
An analysis of amortization by function		
Cost of goods sold	\$ 1,600	\$ 1,600
General and administrative expenses	<u>152</u>	<u>442</u>
	<u>\$ 1,752</u>	<u>\$ 2,042</u>

g. Employee benefits expense

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Post-employment benefits (Note 22)		
Defined contribution plans	\$ 21,443	\$ 14,835
Defined benefit plans	<u>4,657</u>	<u>5,974</u>
	26,100	20,809
Insurance expenses	36,111	32,798
Other employee benefits	<u>633,917</u>	<u>647,015</u>
Total employee benefits expense	<u>\$ 696,128</u>	<u>\$ 700,622</u>
An analysis of employee benefits expense by function		
Cost of goods sold	\$ 565,078	\$ 561,807
Operating expenses	<u>131,050</u>	<u>138,815</u>
	<u>\$ 696,128</u>	<u>\$ 700,622</u>

Due to the impact of COVID-19, TTC (ZS)'s contributions of pension, unemployment and work injury insurance were exempted from February to December 2020 in accordance with the local government's announcement.

h. Employees' compensation and remuneration of directors

According to Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at the rates of no less than 1% and no higher than 1%, respectively. However, the Company's accumulated deficits should be offset in advance. The employees' compensation can be distributed in the form of shares or cash. When the employees of the Company's subsidiaries meet specific requirements they are

also entitled to receive compensation in shares or cash. These requirements are set by the board of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 9, 2022 and March 5, 2021, respectively, were as follows:

	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	1%	<u>\$ 23,534</u>	1%	<u>\$ 22,812</u>
Remuneration of directors	-	<u>\$ -</u>	-	<u>\$ -</u>

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. Income Tax

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

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Current tax		
In respect of the current year	\$ 480,192	\$ 534,917
Income tax on unappropriated earnings	34,731	7,867
Adjustments for prior years	(<u>1,287</u>)	(<u>2,536</u>)
	<u>513,636</u>	<u>540,248</u>
Deferred tax		
In respect of the current year	43,538	22,101
Adjustments for prior years	<u>338</u>	(<u>178</u>)
	<u>43,876</u>	<u>21,923</u>
Income tax expense recognized in profit or loss	<u>\$ 557,512</u>	<u>\$ 562,171</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Profit before income tax	<u>\$ 2,407,444</u>	<u>\$ 2,481,989</u>
Income tax expense calculated at the statutory rate	\$ 537,520	\$ 664,968
Nondeductible expenses in determining taxable income	909	1,103
Tax-exempt income	(<u>17,235</u>)	(<u>14,974</u>)

Income tax on unappropriated earnings	34,731	7,867
Unrecognized deductible temporary differences	(2,546)	(80,505)
Unrecognized loss carryforwards	5,080	(12,794)
Adjustments for prior years	(949)	(2,714)
Others	<u>2</u>	(<u>780</u>)
Income tax expense recognized in profit or loss	<u>\$ 557,512</u>	<u>\$ 562,171</u>

b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
<u>Deferred tax</u>		
In respect of the current year		
– Exchange differences on translating the financial statements of foreign operations	\$ 4,559	(\$ 17,148)
– Remeasurement of defined benefit plans	<u>2,177</u>	<u>300</u>
Income tax recognized in other comprehensive income	<u>\$ 6,736</u>	(<u>\$ 16,848</u>)

c. Current income tax assets and liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current tax liabilities		
Income tax payable	<u>\$456,961</u>	<u>\$392,544</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the Year Ended December 31, 2021

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensi ve Income</u>	<u>Exchange Differences</u>	<u>Closing Balance</u>
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for inventory valuation	\$ 896	\$ 449	\$ -	\$ 2	\$ 1,347
Allowance for impaired receivables	11,018	(1,413)	-	(18)	9,587
Unrealized foreign exchange losses	7,070	(328)	-	-	6,742
Defined benefit plans	40,012	(5,252)	2,177	-	36,937
Payables for annual leave	4,024	(118)	-	-	3,906
Unrealized net gain on sale of goods	-	5,628	-	-	5,628
Others	<u>1,562</u>	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>1,556</u>
	<u>\$ 64,582</u>	<u>(\$ 1,040)</u>	<u>\$ 2,177</u>	<u>(\$ 16)</u>	<u>\$ 65,703</u>

<u>Deferred tax liabilities</u>					
<u>Temporary differences</u>					
Exchange differences on translating the financial statements of foreign operations	\$ 9,055	\$ -	(\$ 4,559)	\$ -	\$ 4,496
Share of profit of foreign subsidiaries accounted for using the equity method	17,472	42,257	-	-	59,729
Differences on depreciation between finance and tax	348	(65)	-	-	283
Reserve for land revaluation increment tax	143,860	-	-	-	143,860
Others	-	644	-	-	644
	<u>\$ 170,735</u>	<u>\$ 42,836</u>	<u>(\$ 4,559)</u>	<u>\$ -</u>	<u>\$ 209,012</u>

For the Year Ended December 31, 2020

	Balance at January 1, 2020	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance at December 31, 2020
<u>Deferred tax assets</u>					
<u>Temporary differences</u>					
Allowance for inventory valuation	\$ 968	(\$ 73)	\$ -	\$ 1	\$ 896
Allowance for impaired receivables	11,287	(317)	-	48	11,018
Unrealized foreign exchange losses	5,869	1,201	-	-	7,070
Defined benefit plans	45,635	(5,923)	300	-	40,012
Payables for annual leave	4,293	(269)	-	-	4,024
Exchange differences on translating the financial statements of foreign operations	8,093	-	(8,093)	-	-
Others	1,397	165	-	-	1,562
	<u>\$ 77,542</u>	<u>(\$ 5,216)</u>	<u>(\$ 7,793)</u>	<u>\$ 49</u>	<u>\$ 64,582</u>
<u>Deferred tax liabilities</u>					
<u>Temporary differences</u>					
Exchange differences on translating the financial statements of foreign operations	\$ -	\$ -	\$ 9,055	\$ -	\$ 9,055
Share of profit of foreign subsidiaries accounted for using the equity method	-	17,472	-	-	17,472
Differences on depreciation between finance and tax	504	(156)	-	-	348
Reserve for land revaluation increment tax	143,860	-	-	-	143,860
Others	609	(609)	-	-	-
	<u>\$ 144,973</u>	<u>\$ 16,707</u>	<u>\$ 9,055</u>	<u>\$ -</u>	<u>\$ 170,735</u>

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Loss carryforwards</u>		
Expiry in 2021	\$ -	\$ 139,745
Expiry in 2022	62,532	62,532
Expiry in 2023	124,213	124,213
Expiry in 2024	124,333	124,333
Expiry in 2026	20,327	-
	<u>\$ 331,405</u>	<u>\$ 450,823</u>

Deductible temporary differences		
– Impairment losses from accounts receivable	\$ 65,123	\$ 68,236
– Impairment loss of property, plant and equipment	84,735	95,126
– Others	1,296	1,609
	<u>\$ 151,154</u>	<u>\$ 164,971</u>

f. Income tax assessments

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

g. Income tax related to subsidiaries were as follows:

- 1) TTC (BVI) had no income tax expense due to the relevant tax exemptions in compliance with the regulations of the location where it was established for the years ended December 31, 2021 and 2020.
- 2) TTC (ZS) and TTC (TJ), both located in mainland China, use the applicable income tax rate of 25%.

27. EARNINGS PER SHARE

	For the Year Ended December 31, 2021	Unit: NT\$ Per Share For the Year Ended December 31, 2020
Basic earnings per share	<u>\$ 4.89</u>	<u>\$ 5.07</u>
Diluted earnings per share	<u>\$ 4.88</u>	<u>\$ 5.06</u>

In calculating earnings per share, the impact of share dividend distribution has been adjusted retrospectively. The record date of new share issuance is set on September 10, 2021. Due to retrospective adjustment, the changes in basic and diluted earnings per share are as follows:

	Before Retrospective Adjustment	Unit: NT\$ Per Share After Retrospective Adjustment
Basic earnings per share	<u>\$ 5.58</u>	<u>\$ 5.07</u>
Diluted earnings per share	<u>\$ 5.57</u>	<u>\$ 5.06</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

NET PROFIT FOR THE YEAR

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 1,849,932</u>	<u>\$ 1,919,818</u>

Number of Shares

	For the Year Ended December 31, 2021	Unit: In Thousand Shares For the Year Ended December 31, 2020
Weighted average number of ordinary shares in computation of basic earnings per share	378,654	378,654
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>793</u>	<u>674</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>379,447</u>	<u>379,328</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would 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, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from the past year.

The capital structure of the Group consists of net debt and equity.

The senior management of the Group regularly reviews the Group's capital structure. The review includes the consideration of the cost of various types of capital and related risks. The Group balances its overall capital structure by paying dividends, borrowing new debt or repaying old debt, based on the recommendations of the senior management.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management believes that the carrying amount of financial assets and financial liabilities that are not measured at fair value approximates their fair value. Otherwise, the fair value cannot be measured appropriately.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative instruments	\$ -	\$ 1,037	\$ -	\$ 1,037
Investments in equity instruments		-	-	
— Domestic listed shares	73,438	-	-	73,438
— Foreign unlisted shares	-	-	-	-
Mutual funds	562,034	-	-	562,034
Beneficiary securities	<u>59,466</u>	-	-	<u>59,466</u>
Total	<u>\$ 694,938</u>	<u>\$ 1,037</u>	<u>\$ -</u>	<u>\$ 695,975</u>

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
— Domestic listed shares	\$ 476,718	\$ -	\$ -	\$ 476,718
— Domestic unlisted shares	-	-	7	7
— Foreign unlisted shares	-	-	6	6
Total	<u>\$ 476,718</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 476,731</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative instruments	\$ -	\$ 431	\$ -	\$ 431
Investments in equity instruments				
— Foreign unlisted shares	-	-	-	-
Mutual funds	300,185	-	-	300,185
Beneficiary securities	60,808	-	-	60,808
Total	<u>\$ 360,993</u>	<u>\$ 431</u>	<u>\$ -</u>	<u>\$ 361,424</u>

Financial assets at FVTOCI

Investments in equity instruments				
— Domestic listed shares	\$ 341,484	\$ -	\$ -	\$ 341,484
— Domestic unlisted shares	-	-	7	7
— Foreign unlisted shares	-	-	6	6
Total	<u>\$ 341,484</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 341,497</u>

Financial liabilities at FVTPL

Derivative instruments	<u>\$ -</u>	<u>\$ 434</u>	<u>\$ -</u>	<u>\$ 434</u>
------------------------	-------------	---------------	-------------	---------------

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at FVTOCI - equity instruments

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Balance at January 1	\$ 13	\$ 33
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	-	(20)
Balance at December 31	<u>\$ 13</u>	<u>\$ 13</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

To determine the fair value for Level 3 financial instruments, the Group's investment department conducts independent fair value verification using external resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. For unlisted domestic equity investments, the Group utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value. The unobservable input used was a discount for the lack of marketability of 15% on December 31, 2021 and 2020.

c. Categories of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at FVTPL —		
Mandatorily classified as at FVTPL	\$ 695,975	\$ 361,424
Financial assets at amortized cost (Note 1)	5,122,835	4,722,248
Financial assets at FVTOCI - Equity instruments	476,731	341,497
<u>Financial liabilities</u>		
Financial liabilities at FVTPL —		
Held for trading	-	434
Financial liabilities at amortized cost (Note 2)	1,891,220	1,795,576

Note 1. The balance includes financial assets at amortized cost, which includes cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties and excluding VAT refund receivables) and pledged deposits.

Note 2. The balance includes financial liabilities at amortized cost, which includes short-term and long-term loans, short-term bills payable, accounts payable (including related parties) and other payables (including related parties and excluding payables for taxes).

d. Financial risk management objectives and policies

The Group's risk control and hedging strategy are influenced by its operational environment. The Group properly monitors and manages the risks related to business nature and according to the principle of risk diversification. 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 main financial risks the Group is exposed to in the business activities are foreign exchange risk, interest rate risk, and other price risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group conducted foreign currency sales and purchases, which exposed the Group to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Group used foreign exchange forward contracts to eliminate foreign currency exposure and thus mitigate the impact of the risk. The use of foreign exchange forward contracts was governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Group did not enter into or trade foreign exchange forward contracts for speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 33. The derivatives exposing the Group to foreign currency risk are set out in Note 7.

Sensitivity analysis

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency against U.S. dollars, the net income before tax for the years ended December 31, 2021 and 2020 would have decreased/increased by \$39,622 thousand and \$29,125 thousand, respectively.

In management's opinion, this sensitivity analysis is unrepresentative of the Group's inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Group was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Group's management regularly monitors the fluctuations on market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Group's interest rates more closely approach market rates in response to the interest rate risk.

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:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair value interest rate risk		
– Financial assets	\$ 2,114,020	\$ 1,692,108
– Financial liabilities	542,938	347,452
Cash flow interest rate risk		
– Financial assets	502,512	781,793
– Financial liabilities	150,000	150,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rate risk of cash flow for both financial assets and liabilities at the end of the reporting period. The fixed-rate financial assets and liabilities held by the Group are not included in the analysis as they are all measured at amortized cost. A 50 point fluctuation in interest rate 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 pre-tax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by \$1,763 thousand and \$3,159 thousand, respectively.

c) Other price risk

The Group was exposed to price risk through its investments in domestic listed shares, foreign and domestic unlisted shares, beneficiary securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor price risk.

Sensitivity analysis

The following sensitivity analysis was based on the prices of securities as of the balance sheet date. However, in the financial assets at fair value through profit or loss in which the Group invested, the risk of price fluctuation of money market funds was very limited, so it was not included in the analysis.

If the equity price increases / decreases by 5%, the net profit before tax for the years ended December 31, 2021 and 2020 would increase / decrease by \$6,645 thousand and \$3,040 thousand respectively due to the increase / decrease in the fair value of financial assets (excluding investment in money market funds) at FVTPL. Other comprehensive income before tax for the years ended December 31, 2021 and 2020 would increase / decrease by \$23,837 thousand and \$17,075 thousand respectively due to the increase / decrease in the fair value of financial assets at FVTOCI, respectively.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to 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's exposure and the credit ratings of its counterparties are continuously monitored.

As of December 31, 2021, except for specific customer's accounts and notes receivable exceeded 16% of the total amount of all receivables, and the rest of the Group's accounts receivable included numerous customers distributed over a variety of areas, and were not centered on a single customer or location. Furthermore, the Group mitigates credit concentration risk by obtaining letters of credit issued by financial institutions prior to shipment for the sales transactions to the aforementioned specific customers and continuously assesses the financial condition of its customers, and then the Group's credit risk was limited. As at the end of the reporting period, the Group's largest exposure of credit risk approximates to the carrying amount of financial assets.

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.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the

probable earliest repayment dates. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

December 31, 2021

	<u>Weighted Average Interest Rate</u>	<u>On Demand or Less than 1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$1,243,885	\$ 2,743	\$ -
Lease liabilities	1.1000	5,013	20,052	20,052
Floating interest rate liabilities	0.5167	150,000	-	-
Fixed interest rate liabilities	0.7820	<u>200,000</u>	<u>300,000</u>	<u>-</u>
		<u>\$1,598,898</u>	<u>\$ 322,795</u>	<u>\$ 20,052</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>
Lease liabilities	<u>\$ 5,013</u>	<u>\$ 20,052</u>	<u>\$ 20,052</u>

December 31, 2020

	<u>Weighted Average Interest Rate</u>	<u>On Demand or Less than 1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$1,348,276	\$ 2,700	\$ -
Lease liabilities	1.1000	5,013	20,052	25,065
Floating interest rate liabilities	0.5158	150,000	-	-
Fixed interest rate liabilities	0.9000	-	<u>300,000</u>	<u>-</u>
		<u>\$1,503,289</u>	<u>\$ 322,752</u>	<u>\$ 25,065</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>
Lease liabilities	<u>\$ 5,013</u>	<u>\$ 20,052</u>	<u>\$ 25,065</u>

b) Financing facilities

Bank loans are an essential source of liquidity for the Group. The table below details the unused amount of bank loans at the end of the reporting period.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bank loan facilities		
— Amount unused	<u>\$ 5,432,374</u>	<u>\$ 7,077,492</u>

30. TRANSACTIONS WITH RELATED PARTIES

The Company's ultimate parent is USI Corporation, which held 36.79% of the ordinary shares of the Company as of December 31, 2021 and 2020.

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Names and relations of related parties

<u>Related Party Name</u>	<u>Relationship with the Group</u>
USI Corporation ("USI")	Ultimate parent company
China General Plastics Corporation	Associate
Continental General Plastics (Zhongshan) Co., Ltd.	Associate
CGPC Consumer Products Corporation	Associate
CGPC Polymer Corporation	Associate
Taiwan VCM Corporation ("TVCM")	Associate
China General Terminal & Distribution Corporation ("CGTD")	Associate
Acme Electronics Corporation	Associate
Asia Polymer Corporation ("APC")	Fellow subsidiary
USI Trading (Shanghai) Co., Ltd	Fellow subsidiary
Swanson Plastics Corporation	Fellow subsidiary
Swanson Plastics (Kunshan) Co., Ltd.	Fellow subsidiary
USI Management Consulting Corp. ("UM")	Fellow subsidiary
Taiwan United Venture Management Corporation	Fellow subsidiary
USI Education Foundation ("USIF")	Substantial related party

b. Sales of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Ultimate parent company	\$ 4,576	\$ 9,068
Fellow subsidiary	-	10,970
	<u>\$ 4,576</u>	<u>\$ 20,038</u>

The Group's credit period of sales of goods to related parties was from 30 days to 90 days after delivering the products. The sales of goods between the Group and its related parties had no material differences from those of general sales transactions.

c. Purchase of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Associate	\$ 2,338	\$ 2,370
Ultimate parent company	679	-
Fellow subsidiary	242	203
	<u>\$ 3,259</u>	<u>\$ 2,573</u>

The Group's credit period of purchase of goods from related parties was from 30 days after acceptance. The purchase of goods between the Group and its related parties had no material differences from those of general purchase transactions.

d. Receivables from related parties (excluding loans to related parties)

<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Ultimate parent company	<u>\$ -</u>	<u>\$ 27</u>

The outstanding accounts receivable from related parties were unsecured. No impairment loss was recognized.

e. Payables to related parties (excluding loans from related parties)

<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary	\$ 28	\$ 11
Associate	-	487
	<u>\$ 28</u>	<u>\$ 498</u>

The outstanding accounts payable from related parties are not overdue and not guaranteed.

f. Other transactions with related parties

1) Rental income (classified as other income, see Notes 16 and 25)

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Associate		
CGTD	\$ 23,379	\$ 24,082
TVCM	<u>9,635</u>	<u>9,635</u>
	33,014	33,717
Ultimate parent company	1,649	1,666
Fellow subsidiary	<u>257</u>	<u>253</u>
	<u>\$ 34,920</u>	<u>\$ 35,636</u>

2) Rental expenses (classified as operating costs, selling and marketing expenses and general and administrative expenses)

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Ultimate parent company		
USI	\$ 4,722	\$ 5,535
Fellow subsidiary		
APC	1,891	1,672
Associate	<u>1,413</u>	<u>266</u>
	<u>\$ 8,026</u>	<u>\$ 7,473</u>

The Group leased offices and parking spaces in Neihu from USI and APC. The rentals were set according to the actual rental area and paid on a monthly basis.

3) Lease arrangements

<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Lease liabilities - current</u>		
Fellow subsidiary		
APC	<u>\$ 4,564</u>	<u>\$ 4,514</u>
<u>Lease liabilities - non-current</u>		
Fellow subsidiary		
APC	<u>\$ 38,374</u>	<u>\$ 42,938</u>

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
<u>Lease expense</u>		

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Fellow subsidiary		
APC	<u>\$ 5,013</u>	<u>\$ 5,013</u>
<u>Interest expense</u>		
Fellow subsidiary		
APC	<u>\$ 499</u>	<u>\$ 550</u>

The Group leased land in Linyuan from APC. The rental was paid on a monthly basis.

4) Storage tank operating expenses (classified as operating costs)

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Associate		
CGTD	<u>\$ 18,784</u>	<u>\$ 13,210</u>

The Group appointed CGTD to handle the storage tank operating procedures of styrene monomer and butadiene, such as transportation, storage and loading. The storage tank operating expenses were paid on a monthly basis.

5) Management service income (classified as other income)

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Ultimate parent company		
USI	<u>\$ 2,211</u>	<u>\$ 2,122</u>

6) Management service expenses (classified as general and administrative expenses and other gains and losses)

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Fellow subsidiary		
UM	\$ 48,067	\$ 49,647
Others	-	60
	<u>\$ 48,067</u>	<u>\$ 49,707</u>

The related contracts stated that the fellow subsidiary and parent company should provide labor support, equipment and other related services to the Group, and the service expenses were based on the actual quarterly expenses.

7) Donation (classified as general and administrative expenses)

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Substantial related party		
USIF	<u>\$ 4,000</u>	<u>\$ 1,000</u>

8) Other expenses (classified as operating costs)

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Associate	<u>\$ 1,627</u>	<u>\$ 1,467</u>

9) Payments for property, plant and equipment		
	For the Year Ended	For the Year Ended
<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Ultimate parent company	\$ 390	\$ 1,583

10) Commission expense		
	For the Year Ended	For the Year Ended
<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary	\$ 388	\$ 827

11) Other receivables		
	December 31, 2021	December 31, 2020
<u>Related Party Category/Name</u>		
Associate	\$ 2,862	\$ 976
Ultimate parent company	599	623
Fellow subsidiary	75	149
	<u>\$ 3,536</u>	<u>\$ 1,748</u>

Other receivables included disbursement fee, management service receivables and office rentals.

12) Other payables		
	December 31, 2021	December 31, 2020
<u>Related Party Category/Name</u>		
Associate	\$ 4,639	\$ 2,227
Fellow subsidiary	1,523	867
Ultimate parent company	633	1,084
	<u>\$ 6,795</u>	<u>\$ 4,178</u>

Other payables included storage tank operating expense payables, rental expense payable and the allocation of service department costs payables.

g. Remuneration of key management personnel

Total remuneration for directors and other key management in 2021 and 2020 is as follows:

	For the Year Ended	For the Year Ended
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries and others	\$ 25,354	\$ 22,136
Retirement benefits	216	216
	<u>\$ 25,570</u>	<u>\$ 22,352</u>

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

31. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as collateral for line of credit borrowings, the tariffs of imported raw materials and good guarantees and borrowing credit amounts (Notes 9, 14, 15, 16 and 18):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Pledged deposits		
– Classified as financial assets at amortized cost - current	\$ 809	\$ -
Pledged time deposits		
– Classified as financial assets at amortized cost - current	3,000	3,000
– Classified as other assets - non-current	16,619	16,505
Property, plant and equipment, net	17,433	462,792
Land use rights		
– Classified right-of-use assets	20,578	21,482
Investment properties, net	-	108,178
	<u>\$ 58,439</u>	<u>\$ 611,957</u>

32. 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 December 31, 2021 and 2020, unused letters of credit amounted to approximately \$64,509 thousand and \$252,996 thousand, respectively.
- b. Explanation for the gas explosion in Kaohsiung:

Regarding the gas explosion of the propylene pipeline of Lee Chang Yung Chemical Industry Corporation (“Lee Chang Yung Chemical”) on the night of July 31, 2014 operated by the invested company by the equity method, China General Terminal & Distribution Corporation (“CGTD”), the criminal case of the gas explosion incident was dismissed by the Supreme Court on September 15, 2021 and all three employees of CGTD were acquitted.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of \$227,540 thousand, interests included, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan (“CPC”). Taiwan Power Company applied to the court for sequestration of CGTD's property on August 27 and November 26, 2015 and CGTD has deposited cash of \$99,207 thousand to the court to avoid sequestration. Taiwan Water Corporation also applied to the court for false seizure of CGTD's property on February 3 and March 2, 2017 respectively. At the end of February 2022, the provisionally attached property was worth \$12,472 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims’ families on July 17, 2015. Each victim’s family received \$12,000 thousand, and the total compensation was \$384,000 thousand. The compensation was advanced by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims’ families and signing the settlement agreement on behalf of the three parties.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims’ families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation

with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victims' families.

As of February 28, 2022, the victims and victims' families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim for \$46,677 thousand, and the amount of the settlement was \$4,519 thousand. Along with the case still in litigation and the above-mentioned compensation, the accumulated amount of compensation is \$3,856,447 thousand. The first instance verdict of some of these civil cases (indemnity amount of \$1,341,128 thousand) have been convicted since June 22, 2018 and most cases determined that the negligence liability ratio of Kaohsiun Municipal Government, Lee Chang Yung Chemical and CGTD was 4:3:3, and that CGTD, Lee Chang Yung Chemical and other defendants should pay compensation of about \$401,979 thousand (of which \$6,194 thousand was exempted from liability by the court). Currently CGTD has filed an appeal for the adjudicated but unsettled civil cases and proceeded with the second instance procedure successively. The rest of the cases are still under trial in the Court of First Instance (the amount of compensation requested is approximately \$2,012,493 thousand). CGTD signed a claim agreement with an insurance company, according to the negligence liability ratio determined by the judgment of first instance, it is estimated the settlement amount of victims and seriously injured, the compensation amount of civil litigation cases (including the settled cases), and estimated amount to be borne by itself after deducting the upper limit of insurance claim was \$136,375 thousand, which had been included into the account. However, the actual amount of such settlement and compensation shall not be confirmed until the proportion of liability to be shared by CGTD is determined in accordance with the civil action.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following summary is presented in foreign currencies other than the functional currency. The exchange rate disclosed in the summary refers to the exchange rate of a foreign currency to the functional currency. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

December 31, 2021

	Foreign Currency	Exchange Rate	Functional Currency	NTD
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 83,753	27.6800 (USD:NTD)	\$2,318,279	\$ 2,318,279
HKD	1,345	3.5490 (HKD:NTD)	4,773	4,773
RMB	287	0.1568 (RMB:USD)	45	1,247
				<u>\$ 2,324,299</u>
<u>Non-monetary items</u>				
<u>Derivative instruments</u>				
USD	7,340	27.6800 (USD:NTD)	1,037	<u>\$ 1,037</u>
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	26,790	27.6800 (USD:NTD)	741,536	\$ 741,536
USD	9,249	6.3757 (USD: RMB)	58,969	256,014
				<u>\$ 997,550</u>

December 31, 2020

	Foreign Currency	Exchange Rate	Functional Currency	NTD
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 67,321	28.4800 (USD:NTD)	\$1,917,291	\$ 1,917,291
RMB	894	4.3648 (RMB:NTD)	3,902	3,902
HKD	586	3.6730 (HKD:NTD)	2,153	2,153
RMB	287	0.1533 (RMB:USD)	44	<u>1,252</u>
				<u>\$ 1,924,598</u>
<u>Non-monetary items</u>				
<u>Derivative instruments</u>				
USD	3,000	28.4800 (USD:NTD)	431	<u>\$ 431</u>
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	\$ 23,983	28.4800 (USD:NTD)	683,038	\$ 683,038
USD	9,249	6.5249 (USD: RMB)	60,349	<u>263,412</u>
				<u>\$ 946,450</u>
<u>Non-monetary items</u>				
<u>Derivative instruments</u>				
USD	3,000	28.4800 (USD:NTD)	434	<u>\$ 434</u>

The unrealized and realized foreign exchange gains and losses were a loss of \$15,349 thousand and a gain of \$55,673 thousand for the years ended December 31, 2021 and 2020, respectively. Due to the numerous foreign currency transactions and functional currencies of each individual entity of the Group, foreign exchange gains and losses cannot be disclosed on the respective significant foreign currency.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries and associates). (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 3)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposals 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. (Note 7)
- 10) Others: Intercompany relationships and significant intercompany transactions. (Table 8)

b. Information about 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 year, 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:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (Notes 4, 5 and 8)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 1)
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. (None)
- d. Information on major shareholders (names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held). (Table 9)

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. According to IFRS 8 “Operating Segments”, the Group should disclose the segment information of styrenic products and glasswool products (including cubic printing products).

a. Segment revenue and results

The following was an analysis of the Group’s revenue and results from continuing operations by reportable segments.

	Segment revenue		Segment income	
	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Styrenic products	\$20,235,524	\$15,006,638	\$ 2,214,542	\$ 2,390,306
Glasswool products (including cubic printing products).	<u>535,641</u>	<u>491,743</u>	<u>32,830</u>	<u>31,157</u>
Total amount from continuing operations	<u>\$20,771,165</u>	<u>\$15,498,381</u>	2,247,372	2,421,463
Interest income			41,853	33,052
Other income			71,396	54,889
Other gains and losses			(22,902)	(63,253)
Share of profit of associates			74,888	56,841
Finance costs			(<u>5,163</u>)	(<u>21,003</u>)
Profit before tax from continuing operations			<u>\$ 2,407,444</u>	<u>\$ 2,481,989</u>

The above of revenue reported is generated by trading with external customers. There were no inter-departmental transactions in 2021 and 2020.

Segment profit represents the profit before tax earned by each segment, excluding interest income, other income, other gains and losses, share of profit or loss of associates and finance costs, etc. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Because the segment information reported to the chief operating decision maker didn't include assets and liabilities of individual segments, the operating segment assets and liabilities are not disclosed.

b. Other segment information

	<u>Depreciation and Amortization</u>	
	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Styrenic products	\$176,540	\$181,702
Glasswool products (including cubic printing products).	<u>24,961</u>	<u>24,097</u>
	<u>\$201,501</u>	<u>\$205,799</u>

c. Revenue from major products

The following is an analysis of the Group's revenue from continuing operations from its major products.

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
EPS	\$ 8,793,820	\$ 6,892,805
ABS	7,435,425	5,176,305
GPS	3,990,846	2,924,936
Glasswool products	494,522	438,240
Cubic printing products	41,119	53,503
IPS	<u>15,433</u>	<u>12,590</u>
	<u>\$ 20,771,165</u>	<u>\$ 15,498,381</u>

d. Geographical information

The amounts of the Group's revenue from continuing operations from external customers and non-current assets by location are detailed below.

	<u>Revenue from External Customers</u>		<u>NON-CURRENT ASSETS</u>	
	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>	<u>2021 December 31</u>	<u>2020 December 31</u>
	Asia	\$17,891,441	\$14,070,125	\$ 2,193,229
America	1,514,051	807,086	-	-
Africa	1,027,291	385,410	-	-
Europe	116,773	49,519	-	-
Others	<u>221,609</u>	<u>186,241</u>	-	-
	<u>\$20,771,165</u>	<u>\$15,498,381</u>	<u>\$ 2,193,229</u>	<u>\$ 2,268,978</u>

Non-current assets included property, plant and equipment, right of use assets, investment assets, intangible assets, and prepayments for leases.

e. Major customers

No single customer contributed 10% or more to the Group's revenue for both 2021 and 2020.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Period (Note 1)	Outstanding Endorsement/Guarantee at the End of the Period (Note 1)	Actual Borrowing Amount	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/Guarantee Limit (Note 2)	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
		Name of Associates	Relationship										
0	Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	100% voting shares directly owned by the Company	\$ 7,661,813	\$ 876,800 (US\$ 10,000 thousand) (NT\$ 600,000 thousand)	\$ 166,080 (US\$ 6,000 thousand)	\$ -	\$ -	2.17%	\$ 11,492,720	Yes	No	No
0	Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares directly owned by the Company's subsidiary	7,661,813	564,395 (RMB 130,000 thousand)	564,395 (RMB 130,000 thousand)	-	-	7.37%	11,492,720	Yes	No	Yes

Note 1. The foreign currency amount is calculated based on the spot exchange rate as of December 31, 2021.

Note 2. The maximum total endorsement/guarantee shall not exceed 150% of the equity attributable to owners of the Company. The endorsement/guarantee on behalf of other company shall not exceed 100% of the equity attributable to owners of the Company.
The maximum total endorsement/guarantee shall not exceed 200% of the equity attributable to owners of the Group. The endorsement/guarantee on behalf of other company shall not exceed 150% of the equity attributable to owners of the Group.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
 DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taita Chemical Co., Ltd.	<u>Ordinary shares</u> USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	15,109,901	\$ 476,718	1.27%	\$ 476,718	Note 1
	Harbinger Venture Capital Corp.	—	"	990	7	0.50%	7	Note 3
	UPC Technology Corporation	—	Financial assets at FVTPL - current	700,000	15,120	0.05%	15,120	Note 1
	China Steel Corporation	—	"	650,000	22,978	-	22,978	Note 1
	Tung Ho Steel Enterprise Corp.	—	"	167,500	11,239	0.02%	11,239	Note 1
	United Microelectronics Corp.	—	"	120,000	7,800	-	7,800	Note 1
	Quanta Computer Inc.	—	"	125,000	11,837	-	11,837	Note 1
	ShunSin Technology Holdings Limited	—	"	48,000	4,464	0.04%	4,464	Note 1
	<u>Mutual funds</u>							
	FSITC Money Market Fund	—	Financial assets at FVTPL - current	554,887	100,000	-	100,000	Note 2
	UPAMC James Bond Money Market Fund	—	"	2,963,490	50,001	-	50,001	Note 2
	Hua Nan Phoenix Money Market Fund	—	"	3,777,217	62,020	-	62,020	Note 2
	Yuanta De-Li Money Market Fund	—	"	3,036,468	50,012	-	50,012	Note 2
	Capital Money Market Fund	—	"	6,136,099	100,001	-	100,001	Note 2
	Taishin 1699 Money Market Fund	—	"	7,310,690	100,000	-	100,000	Note 2
	KGI Victory Money Market Fund	—	"	8,552,784	100,000	-	100,000	Note 2
	<u>Beneficiary securities</u>							
	Cathay No. 1 Real Estate Investment Trust Fund	—	Financial assets at FVTPL - current	3,280,000	59,466	-	59,466	Note 1
	TAITA (BVI) Holding Co., Ltd.	<u>Ordinary shares</u> Budworth Investment Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	20,219	6 (US\$ thousand)	2.22%	6 (US\$ thousand)
Teratech Corporation		—	Financial assets at FVTPL - non-current	112,000	-	0.73%	-	Note 4
Sohoware Inc. - preference shares		—	-	100,000	-	-	-	Note 4

Note 1. The fair value is calculated based on the closing prices at TWSE on the last trading day of December 2021.

Note 2. The fair value is calculated based on the net assets value of each fund on the last trading day of December 2021.

Note 3. The Group utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value.

Note 4. As of December 31, 2021, the Group evaluates the fair value of the equity instrument as \$0.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal				Ending Balance (Note)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Taita Chemical Co., Ltd.	<u>Mutual funds</u>													
	Hua Nan Phoenix Money Market Fund	Financial assets at FVTPL - current	—	—	5,248,671	\$ 86,000	36,399,248	\$ 597,000	37,870,702	\$ 621,110	\$ 621,000	\$ 110	3,777,217	\$ 62,000
	Hua Nan Kirin Money Market Fund	"	—	—	6,962,057	84,000	37,264,857	450,000	44,226,914	534,088	534,000	88	-	-
	Capital Money Market Fund	"	—	—	5,225,881	85,000	18,423,866	300,000	17,513,648	285,109	285,000	109	6,136,099	100,000
	CTBC Hwa-win Money Market Fund	"	—	—	-	-	33,288,910	370,000	33,288,910	370,034	370,000	34	-	-
	UPAMC James Bond Money Market Fund	"	—	—	-	-	21,822,997	368,000	18,859,507	318,049	318,000	49	2,963,490	50,000

Note: The ending balance of mutual funds is the original purchase cost.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total	
Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	Sub-subsidiary	Sale	(\$ 1,049,003) (US\$ 37,578 thousand)	(6.67%)	30 days	No significant difference	No significant difference	Accounts receivable from related parties \$ 542 (US\$ 20 thousand)	0.03%	—

Note: The amount was eliminated upon consolidation and based on audited financial statements.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Relationship	Ending Balance (Note 3)	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
Taita Chemical Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Sub-subsidiary	Other receivables from related parties \$ 256,014 (US\$ 9,249 thousand) (Note 1)	-	\$ 256,014	Keep collecting the outstanding payment	\$ -	\$ -

Note 1. The total amount of Taita Chemical Co., Ltd. from selling raw materials to Taita Chemical (Tianjin) Co., Ltd. Was reclassified to other receivables owing to it was over due for a normal crediting period.

Note 2. There was no amount received in the subsequent period as of March 9, 2022.

Note 3. The amount was eliminated upon consolidation and based on audited financial statements.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note (Note 1)
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 2,483,948 (US\$89,738 thousand)	\$ 2,483,948 (US\$89,738 thousand)	89,738,000	100.00%	\$ 3,142,621 (US\$113,455 thousand)	\$ 211,285 (Gain US\$7,532 thousand)	\$ 211,285 (Gain US\$7,352 thousand)	Subsidiary
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	11,516,174	1.98%	221,245	2,468,676	48,928	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petrochemical raw materials	41,082	41,082	22,009,592	33.33%	373,731	63,389	21,130	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	44,771	44,771	4,445,019	2.43%	32,429	59,329	1,441	Investments accounted for using the equity method
TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	47,057 (US\$1,700 thousand)	47,057 (US\$1,700 thousand)	2,695,619	5.39%	66,405 (US\$2,399 thousand)	62,808 (Gain US\$2,252 thousand)	-	Investments accounted for using the equity method

Note 1. Except for the calculation of ACME and ACME (Cayman) was based on the unaudited financial statements for the year ended December 31, 2021, the calculation of the rest investees was based on their audited financial statements for the same period.

Note 2. The amount was eliminated upon consolidation and based on audited financial statements.

Note 3. Investments in mainland China are included in Table 7.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method and Medium 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 December 31, 2021	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of December 31, 2021 (Note 5)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)") (Note 7)	Production and marketing of polystyrene derivatives	\$ 1,280,200 (US\$ 46,250 thousand)	Investments through a holding company registered in a third region	\$ 1,190,240 (US\$ 43,000 thousand)	\$ -	\$ -	\$ 1,190,240 (US\$ 43,000 thousand)	\$ 218,742 (Gain US\$7,795 thousand)	100.00%	\$ 218,742 (Gain US\$7,795 thousand)	\$ 1,817,579 (US\$ 65,664 thousand)	\$ -
Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)") (Note 8)	Production and marketing of polystyrene derivatives	757,048 (US\$ 27,350 thousand)	Investments through a holding company registered in a third region	719,680 (US\$ 26,000 thousand)	-	-	719,680 (US\$ 26,000 thousand)	(10,135) (Loss US\$ 361 thousand)	100.00%	(10,135) (Loss US\$ 361 thousand)	(114,144) (US\$ 4,124 thousand)	-
ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	850,468 (US\$ 30,725 thousand)	Investments through ACME Electronics (Cayman) Corp. registered in a third region	37,479 (US\$ 1,354 thousand)	-	-	37,479 (US\$ 1,354 thousand)	45,024 (Gain US\$1,616 thousand)	5.39%	(Note 6) 2,429 (Gain US\$ 87 thousand)	(Note 6) 44,556 (US\$ 1,610 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,947,399 (US\$ 70,354 thousand)	\$2,098,623 (US\$ 75,817 thousand) (Note 3)	\$ - (Note 4)

Note 1. TTC (ZS) resolved to issue share dividends of US\$3,250 thousand in 2007.

Note 2. TTC (TJ) resolved to issue share dividends of US\$1,350 thousand in 2012.

Note 3. The amount distributed from share dividends included US\$3,250 thousand from TTC (ZS), US\$1,350 thousand from TTC (TJ) and US\$802 thousand from ACME (KS).

Note 4. According to the Letter No. 10820415160 issued by the Ministry of Economic Affairs on June 6, 2019, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note 5. The basis for investment income (loss) recognition is from financial statements audited and attested by the parent company's ROC-based CPA.

Note 6. The amount was eliminated upon consolidation and based on audited financial statements.

Note 7. TTC (ZS) has resolved the earnings distribution from 2007 to 2020 in the amount to RMB 306,950 thousand at the board meeting held on October 14, 2021 and the earnings have been distributed to Zhangzhou Taita Chemical Co., Ltd. on March 8, 2022.

Note 8. The Company's management decided to suspend TTC (TJ)'s production in from April 2019, please refer to Note 12 for details.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transactions Details			
				Financial Statement Account	Amount (Note 2)	Transaction Details	% of Total Sales or Assets (Note 1)
0	Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co.,Ltd.	The parent company to subsidiaries	Other receivables from related parties	\$ 201	No significant difference with non-related parties	-
		Taita Chemical (Zhongshan) Co., Ltd.	The parent company to sub-subsidiaries	Sales revenue	1,049,003	No significant difference with non-related parties	5.05%
				Accounts receivable from related parties	542	No significant difference with non-related parties	0.01%
		Taita Chemical (Tianjin) Co., Ltd.	The parent company to sub-subsidiaries	Other receivables from related parties	256,014	No significant difference with non-related parties	2.38%
1	TAITA (BVI) Holding Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	The parent company to subsidiaries	Other payables from related parties	4,152	No significant difference with non-related parties	0.04%

Note 1. For the calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, if it is an asset-liability account, it is calculated as the closing balance of the transaction amount to the consolidated total assets; if it is a profit and loss account, it is calculated as the accumulated amount at the end of the period to the consolidated total revenue.

Note 2. The amount was eliminated upon consolidation and based on audited financial statements.

TABLE 9**TAITA CHEMICAL CO., LTD.****INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS****DECEMBER 31, 2021**

Name of substantial shareholders	Shares	
	Number of shares held	%
Union Polymer International Investment Corporation	139,298,343	36.79%

Note: The information of major shareholders in this attachment refers to the information calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the current quarter of which the total number of common stocks and special stocks of the Company held, amounting to more than 5%, by the shareholder has been delivered without physical registration (including treasury shares). The capital stock recorded in the consolidated financial statements of the Company and the actual number of shares delivered without physical registration may be different or discrepant due to different compilation and calculation basis.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Taita Chemical Co., Ltd.

Opinion

We have audited the accompanying financial statements of Taita Chemical Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2021 are stated as follows:

Authenticity of the Recognition of Sales Revenue from Customers of Specific Products

Due to the market demand and the fluctuation of international crude oil price, the sales revenue of the Company has increased significantly in 2021, compared to 2020. However, the sales revenue of 2021 was mainly from specific products, and the sales revenue from some customers has increased significantly in great amounts. Whether these sales revenues are recognized when the contractual obligations are actually met will have a significant impact on the financial statements and is therefore the key audit matter for the year.

For relevant accounting policies and disclosures of the recognition of sales revenue, please refer to Notes 4 and 23 of the financial statements.

We performed the corresponding audit procedures, for the authenticity of the recognition of sales revenue, as follows:

1. We understood and test the Company's internal control procedures on the recognition of sales revenue and its effectiveness. Also, we evaluate the appropriateness of the accounting policies used by management for the recognition of sales revenue.
2. We verify the authenticity of the recognition of sales revenue by examining the certificate of sales transactions, including purchase orders, shipping orders, export documents and collection information.
3. We review any occurrence of sales returns, discounts and allowances, and whether there are any abnormalities in the collections after the balance sheet date.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in

our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsiu-Chun Huang and Cheng-Chun Chiu.

Deloitte & Touche

Taipei, Taiwan, Republic of China

March 9, 2022

Notice to Readers:

The financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD.

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

DECEMBER 31, 2021 AND 2020

Code	ASSETS	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 425,875	4	\$ 365,769	4
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	695,975	7	361,424	4
1136	Financial assets at amortized cost - current (Notes 4, 9 and 30)	3,000	-	3,000	-
1150	Notes receivable (Notes 4 and 10)	44,729	-	41,267	-
1170	Accounts receivable (Notes 4, 5 and 10)	1,787,984	17	1,427,481	16
1180	Accounts receivable from related parties (Notes 4, 5, 10 and 29)	542	-	2,845	-
1200	Other receivables (Notes 4 and 10)	94,017	1	48,732	1
1210	Other receivables from related parties (Notes 4, 10 and 29)	259,271	2	266,680	3
130X	Inventories (Notes 4, 5 and 11)	943,406	9	572,238	6
1410	Prepayments and other current assets	138,507	1	64,686	1
11XX	Total current assets	<u>4,393,306</u>	<u>41</u>	<u>3,154,122</u>	<u>35</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	476,725	5	341,491	4
1550	Investments accounted for using the equity method (Notes 4, 5, and 12)	3,770,026	36	3,491,198	39
1600	Property, plant and equipment (Notes 4, 13, 17, 29 and 30)	1,710,988	16	1,777,067	20
1755	Right-of-use assets (Notes 4, 14 and 29)	41,574	-	46,194	-
1760	Investment properties, net (Notes 4, 15, 17 and 30)	108,178	1	108,178	1
1780	Intangible assets (Notes 4 and 16)	4,094	-	5,406	-
1840	Deferred tax assets (Notes 4 and 25)	62,723	1	61,139	1
1900	Other non-current assets (Note 30)	24,786	-	23,999	-
15XX	Total non-current assets	<u>6,199,094</u>	<u>59</u>	<u>5,854,672</u>	<u>65</u>
1XXX	TOTAL	<u>\$ 10,592,400</u>	<u>100</u>	<u>\$ 9,008,794</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Note 17)	\$ 350,000	3	\$ 150,000	2
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	434	-
2170	Accounts payable (Note 18)	947,229	9	1,101,978	12
2180	Accounts payable to related parties (Notes 18 and 29)	28	-	498	-
2200	Other payables (Note 19)	387,449	4	331,379	4
2220	Other payables from related parties (Note 29)	6,795	-	4,178	-
2230	Current tax liabilities (Notes 4 and 25)	443,684	4	321,203	3
2280	Lease liabilities - current (Note 4, 14 and 29)	4,564	-	4,514	-
2365	Refund liabilities - current (Note 20)	897	-	879	-
2399	Other current liabilities	54,332	1	20,827	-
21XX	Total current liabilities	<u>2,194,978</u>	<u>21</u>	<u>1,935,890</u>	<u>21</u>
	NON-CURRENT LIABILITIES				
2540	Short-term borrowings (Notes 13, 15, 17 and 30)	300,000	3	300,000	3
2570	Deferred tax liabilities (Notes 4 and 25)	209,012	2	170,735	2
2580	Lease liabilities - non-current (Note 4, 14 and 29)	38,374	-	42,938	1
2640	Net defined benefit liabilities - non-current (Note 21)	186,419	2	201,796	2
2670	Other non-current liabilities	1,804	-	1,629	-
25XX	Total non-current liabilities	<u>735,609</u>	<u>7</u>	<u>717,098</u>	<u>8</u>
2XXX	Total liabilities	<u>2,930,587</u>	<u>28</u>	<u>2,652,988</u>	<u>29</u>
	Equity (Notes 12 and 22)				
	Share capital				
3110	Common stock	3,786,541	36	3,442,310	39
3200	Capital surplus	992	-	816	-
	Retained earnings				
3310	Legal reserve	273,706	2	81,781	1
3320	Special reserve	308,061	3	308,061	3
3350	Unappropriated earnings	2,943,210	28	2,326,852	26
3300	Total retained earnings	<u>3,524,977</u>	<u>33</u>	<u>2,716,694</u>	<u>30</u>
3400	Other equity	349,303	3	195,986	2
3XXX	Total equity	<u>7,661,813</u>	<u>72</u>	<u>6,355,806</u>	<u>71</u>
	TOTAL	<u>\$ 10,592,400</u>	<u>100</u>	<u>\$ 9,008,794</u>	<u>100</u>

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

Notice to Readers:

The financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2021		2020	
		Amount	%	Amount	%
4100	NET REVENUE (Notes 4, 20, 23 and 29)	\$ 15,726,081	100	\$ 10,993,555	100
5110	COST OF GOODS SOLD (Notes 11, 13, 14, 21, 24 and 29)	<u>12,656,293</u>	<u>80</u>	<u>8,789,022</u>	<u>80</u>
5900	GROSS PROFIT	3,069,788	20	2,204,533	20
5910	UNREALIZED (GAIN) LOSS ON TRANSACTIONS WITH SUBSIDIARIES	<u>2,476</u>	<u>-</u>	(<u>419</u>)	<u>-</u>
	OPERATING EXPENSES (Notes 10, 14, 21, 24 and 29)				
6100	Selling and marketing expenses	910,610	6	459,939	4
6200	General and administrative expenses	117,884	1	113,464	1
6300	Research and development expenses	<u>18,546</u>	<u>-</u>	<u>20,523</u>	<u>-</u>
6000	Total operating expenses	<u>1,047,040</u>	<u>7</u>	<u>593,926</u>	<u>5</u>
6900	PROFIT FROM OPERATIONS	<u>2,025,224</u>	<u>13</u>	<u>1,610,188</u>	<u>15</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 7, 12, 15, 24 and 29)				
7100	Interest income	1,463	-	1,755	-
7010	Other income	61,833	-	50,813	1
7020	Other gains and losses	(36,283)	-	(63,928)	(1)
7070	Share of profit of subsidiaries and associates	282,784	2	670,387	6
7510	Finance costs	(<u>5,163</u>)	<u>-</u>	(<u>10,802</u>)	<u>-</u>
7000	Total non-operating income and expenses	<u>304,634</u>	<u>2</u>	<u>648,225</u>	<u>6</u>
7900	PROFIT BEFORE INCOME TAX	2,329,858	15	2,258,413	21
7950	INCOME TAX EXPENSE (Notes 4 and 25)	<u>479,926</u>	<u>3</u>	<u>338,595</u>	<u>3</u>
8200	NET PROFIT FOR THE YEAR	<u>1,849,932</u>	<u>12</u>	<u>1,919,818</u>	<u>18</u>

(Continued on the next page)

(Continued from the previous page)

Code		2021		2020	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 8, 12, 21, 22 and 25)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(\$ 10,886)	-	(\$ 1,500)	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	135,234	1	132,192	1
8320	Share of the other comprehensive income (loss) of associates accounted for using the equity method - unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	36,974	-	36,175	-
8330	Share of the other comprehensive income (loss) of associates accounted for using the equity method - remeasurement of defined benefit plans	(247)	-	628	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>2,177</u>	<u>-</u>	<u>300</u>	<u>-</u>
		<u>163,252</u>	<u>1</u>	<u>167,795</u>	<u>1</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(22,793)	-	85,738	1
8371	Share of the other comprehensive loss of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	(657)	-	95	-

(Continued on the next page)

(Continued from the previous page)

Code		2021		2020	
		Amount	%	Amount	%
8390	Income tax relating to items that may be reclassified subsequently to profit or loss	\$ 4,559 (18,891)	- -	(\$ 17,148) 68,685	- 1
8300	Other comprehensive loss for the year, net of income tax	144,361	1	236,480	2
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 1,994,293	13	\$ 2,156,298	20
	EARNINGS PER SHARE (Note 26)				
9710	Basic	\$ 4.89		\$ 5.07	
9810	Diluted	\$ 4.88		\$ 5.06	

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

Notice to Readers:

The financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD.
**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

Code		Share capital (Note 22)		Capital surplus (Note 22)			Retained earnings (Note 22)				Other equity (Notes 12 and 22)		Total equity	
		Shares (In Thousands)	Amount	Long-term equity investment	Other capital surplus	Total	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income		Total
A1	BALANCE AT JANUARY 1, 2020	334,205	\$ 3,342,048	\$ 514	\$ 296	\$ 810	\$ 42,017	\$ 308,061	\$ 647,893	\$ 997,971	(\$ 194,326)	\$ 153,260	(\$ 41,066)	\$ 4,299,763
	Appropriation of 2019 earnings													
B1	Legal reserve	-	-	-	-	-	39,764	-	(39,764)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(100,261)	(100,261)	-	-	-	(100,261)
B9	Share dividends distributed by the Company	10,026	100,262	-	-	-	-	-	(100,262)	(100,262)	-	-	-	-
T1	Changes in capital surplus	-	-	6	-	6	-	-	-	-	-	-	-	6
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	1,919,818	1,919,818	-	-	-	1,919,818
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	(572)	(572)	68,685	168,367	237,052	236,480
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	1,919,246	1,919,246	68,685	168,367	237,052	2,156,298
Z1	BALANCE AT DECEMBER 31, 2020	344,231	3,442,310	520	296	816	81,781	308,061	2,326,852	2,716,694	(125,641)	321,627	195,986	6,355,806
	Appropriation of 2020 earnings													
B1	Legal reserve	-	-	-	-	-	191,925	-	(191,925)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(688,462)	(688,462)	-	-	-	(688,462)
B9	Share dividends distributed by the Company	34,423	344,231	-	-	-	-	-	(344,231)	(344,231)	-	-	-	-
T1	Changes in capital surplus	-	-	33	143	176	-	-	-	-	-	-	-	176
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	1,849,932	1,849,932	-	-	-	1,849,932
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	(8,956)	(8,956)	(18,891)	172,208	153,317	144,361
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	1,840,976	1,840,976	(18,891)	172,208	153,317	1,994,293
Z1	BALANCE AT DECEMBER 31, 2021	378,654	\$ 3,786,541	\$ 553	\$ 439	\$ 992	\$ 273,706	\$ 308,061	\$ 2,943,210	\$ 3,524,977	(\$ 144,532)	\$ 493,835	\$ 349,303	\$ 7,661,813

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

Notice to Readers:

The financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

Code		2021	2020
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	\$ 2,329,858	\$ 2,258,413
	Adjustments for:		
A20100	Depreciation expenses	167,620	166,325
A20200	Amortization expenses	1,752	2,042
A20300	(Reversal of) expected credit loss	2	(238)
A20400	Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(1,254)	(22,139)
A20900	Finance costs	5,163	10,802
A21200	Interest income	(1,463)	(1,755)
A21300	Dividend income	(19,077)	(7,555)
A22300	Share of profit of subsidiaries and associates	(282,784)	(670,387)
A22500	Loss on disposal of property, plant and equipment	139	51
A23200	Loss on disposal on investments accounted for using the equity method	(153)	173
A23700	(Reversal of) write-down of inventories	1,030	(326)
A23900	Unrealized gain (loss) on the transactions with subsidiaries	(2,476)	419
A29900	Recognition of refund liabilities	6,944	7,576
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	(333,731)	(32,379)
A31130	Notes receivable	(3,462)	(12,408)
A31150	Accounts receivable	(367,431)	(57,188)
A31160	Accounts receivable from related parties	2,303	64,164
A31180	Other receivables	(45,282)	12,465
A31190	Other receivables from related parties	7,409	20,517
A31200	Inventories	(442,288)	(25,829)
A31230	Prepayments and other current assets	(3,731)	(4,192)
A32150	Accounts payable	(154,749)	495,078
A32160	Accounts payable from related parties	(470)	(324)
A32180	Other payables	\$ 55,929	\$ 99,861
A32190	Other payables from related parties	2,617	(3,881)

(Continued on the next page)

(Continued from the previous page)

Code		2021	2020
A32230	Other current liabilities	33,505	2,132
A32240	Net defined benefit liabilities	(26,263)	(29,618)
A33000	Cash generated from operations	929,657	2,271,799
A33100	Interest received	1,460	1,753
A33300	Interest paid	(5,224)	(11,029)
A33500	Income tax paid	(314,016)	(27,658)
AAAA	NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>611,877</u>	<u>2,234,865</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B02700	Payments for property, plant and equipment	(97,410)	(100,046)
B03700	Increase in refundable deposits	(787)	(261)
B04500	Payments for intangible assets	(440)	-
B07600	Dividends received	38,819	12,778
B09900	Proceeds from liquidation of investments accounted for using equity method	<u>153</u>	<u>1,274</u>
BBBB	Net cash used in investing activities	<u>(59,665)</u>	<u>(86,255)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	350,000	-
C00200	Decrease in short-term borrowings	(150,000)	(270,000)
C01600	Proceeds from long-term borrowings	1,600,000	1,000,000
C01700	Repayments of long-term borrowings	(1,600,000)	(1,700,000)
C04020	Repayments of the principal portion of lease liabilities	(4,514)	(4,463)
C04300	Increase in other non-current liabilities	175	-
C04500	Cash dividends	(688,462)	(99,946)
C04400	Refund of unclaimed overdue cash dividends	552	-
C05400	Acquisition of subsidiaries	-	(798,162)
C09900	Claim for disgorgement	<u>143</u>	<u>-</u>
CCCC	Cash used in financing activities	<u>(492,106)</u>	<u>(1,872,571)</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	60,106	276,039
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>365,769</u>	<u>89,730</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 425,875</u>	<u>\$ 365,769</u>

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

Notice to Readers:

The financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD.

Notes to Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taita Chemical Co., Ltd. (the "Company") was established and began operations in April 1960. The Company designs, develops, and sells chemical products like EPS, ABS and PS plastic resins. Other products include SAN resins, glasswool and cubic printing, all of which are widely used in consumer-oriented and industrial applications. The ordinary shares of the Company has been listed on the Taiwan Stock Exchange since 1986. The Company's parent company is USI Corporation, which held indirectly 36.79% of the ordinary shares of the Company as of December 31, 2021. USI Corporation has operational control over the Company.

The functional currency of the Company is the New Taiwan dollar, and the financial statements of the Company are presented in the Company's functional currency.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 9, 2022.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC.

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

- b. FSC-endorsed IFRSs that are applicable from 2022 onward

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB</u>
Annual Improvements to IFRSs 2018-2020	January 1, 2022
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022

Note 1. The amendments to IFRS 9 apply 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" apply 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" apply retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2. The amendments apply to the business combination of which the acquisition date falls on the annual reporting periods beginning on or after January 1, 2022.

Note 3. The amendments apply 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 apply to contracts that will not have been completely fulfilled in the annual period beginning after January 1, 2022.

As of the date of authorization of the financial statements, the Company's assessment of the effects of amendments to other standards and interpretations should not cause material effects on the financial conditions and performance.

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

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 — Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classify 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 otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2. The amendments prospectively apply to the annual reporting periods beginning on or after January 1, 2023.

Note 3. The amendments apply to changes in accounting estimates and in accounting policies which take place in the annual reporting periods beginning on or after January 1, 2023.

Note 4. Except for the temporary differences arising from leases and decommissioning obligations on January 1, 2022 are recognized in deferred income tax, the amendment applies to transactions occurring after January 1, 2022.

As of the date of authorization of the financial statements, the Company has continued to assess the effects of amendments to other standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

4. Summary of Significant Accounting Policies

a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less 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 on the measurement date.
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. deduced from prices).
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these financial statements, the Company uses the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange

differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, production supplies, finished goods, and work in progress. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent

company's financial statements only to the extent of the interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and that is not a subsidiary.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates attributable to Company.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company shall cease the use of equity method from the date when its investment is no longer an associate or a joint venture. Its retained interest in the associate and the joint venture is measured at fair value, and the difference between the fair value and the carrying amount of the investment and the carrying amount of the investment at the date of acquisition of the equity method is included in profit or loss for the current period.

The Company shall cease the use of equity method from the date when its investment is no longer an associate. Its retained interest in the associate is measured at fair value, and the difference between the fair value and the carrying amount of the investment and the carrying amount of the investment at the date of acquisition of the equity method is included in profit or loss for the current period.

When a Company entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent that the interests in the associate are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost and include transaction costs for land. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant, and equipment as well as right-of-use assets, investment property, and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant, and equipment as well as right-of-use assets, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial asset is classified as at FVTPL when such a financial asset is mandatorily classified. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and derivatives and mutual fund that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at fair value through profit or loss are measured at fair value. Dividends and interest accrued are recognized in other income and interest income respectively, and profits or losses accrued from remeasurement are recognized in other gains and losses. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, pledged financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A credit-impaired financial asset refers to the situation where the issuer or debtor has experienced significant financial difficulties or defaults and therefore the debtor is likely to file for bankruptcy or declare financial restructuring, or the disappearance of an active market for that financial asset due to financial difficulties has occurred.

Cash equivalents include highly liquid time deposits and reverse repurchase agreements collateralized by bonds that can be readily converted into fixed amount of cash with limited risk of change in value. Cash equivalents are held to meet short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the

portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purpose, if any internal or external information shows that the debtor is unlikely to pay its creditors, the Company will determine that a financial asset is in default (without taking into account any collateral held by the Company).

The impairment loss of financial assets is recognized in profit or loss by a reduction in their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Derivative instruments

The Company enters into a variety of derivative instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from sale of goods

Revenue from the sale of goods comes from sales of PS, ABS, SAN, glasswool products, plastic raw materials and the related processed products. The sale of goods above is recognized as revenue when goods are delivered to a customer because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans.

q. Income tax

Income tax expense represents the sum of the tax currently payables and deferred tax.

1) Current tax

The Company determines the income (loss) of the current year in accordance with the laws and regulations in each income tax declaration jurisdiction, and calculates the income tax payable (recoverable) accordingly.

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences

and unused loss carryforwards to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profit against which to utilize the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

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

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company takes into account recent development of COVID-19 pandemic in Taiwan and its potential impacts on the economy, including cash flow projections, growth rates, discount rates, profitability, etc. in Company's critical accounting estimates and the management will continue to review the estimates and underlying assumptions. 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.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial accounts receivable

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end

of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

c. Estimation of damage compensation for associate's gas explosion incidents

The Company's associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), recognized a provision for civil damages due to gas explosion. The management considered the progress of the relevant civil and criminal procedures, settlements achieved, and legal advice to estimate the amount of the provision. However, the actual amount might differ from the current estimation.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and petty cash	\$ 441	\$ 1,041
Checking accounts and demand deposits	120,722	60,846
Cash equivalents		
Time deposits	<u>304,712</u>	<u>303,882</u>
	<u>\$425,875</u>	<u>\$365,769</u>

The market rate or interval of market rates of cash equivalents at the end of the reporting period were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Time deposits	0.08%~0.77%	0.10%~0.18%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial liabilities (not under hedge accounting)		
— Foreign exchange forward contracts	<u>\$ 1,037</u>	<u>\$ 431</u>
Non-derivative financial assets		
— Domestic listed shares	73,438	-
— Mutual funds	562,034	300,185
— Beneficiary securities	<u>59,466</u>	<u>60,808</u>
Subtotal	<u>694,938</u>	<u>360,993</u>
	<u>\$695,975</u>	<u>\$361,424</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
— Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 434</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)		
<u>December 31, 2021</u>					
Sell	USD/NTD	2022.01.13- 2022.03.21	USD	7,340 /TWD	204,227
 <u>December 31, 2020</u>					
Sell	USD/NTD	2021.01.18- 2021.02.22	USD	6,000 /TWD	170,073

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. As these contracts did not meet the criteria of hedge accounting, and therefore, the Company did not apply hedge accounting treatments for these derivative contracts.

The net gain arising from financial assets at FVTPL for the years ended December 31, 2021 and 2020 was \$8,818 thousand and \$27,750 thousand, respectively. The net loss arising from financial liabilities at FVTPL for the years ended December 31, 2021 and 2020 was \$2,499 thousand and \$4,299 thousand, respectively.

8. Financial assets at FVTOCI - non-current

	December 31, 2021	December 31, 2020
<u>Investments in equity instruments</u>		
Domestic investments		
Listed ordinary shares		
- USI Corporation	\$476,718	\$341,484
Unlisted ordinary shares		
- Harbinger Venture Capital Corp. ("HARBINGER")	<u>7</u>	<u>7</u>
	<u>\$476,725</u>	<u>\$341,491</u>

These investments in equity instruments 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 Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST – CURRENT

	December 31, 2021	December 31, 2020
Pledged time deposits	<u>\$ 3,000</u>	<u>\$ 3,000</u>

As of December 31, 2021 and 2020, the market interest rate of pledged deposits were both 0.37% to 0.69% per annum.

Refer to Note 30 for information related to the pledged financial assets at amortized cost.

10. Notes Receivable, Accounts Receivable, and Other Receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable (a)		
Notes receivable - operating	<u>\$ 44,729</u>	<u>\$ 41,267</u>
Accounts receivable (a)		
Amortized cost		
Gross carrying amount	\$ 1,841,717	\$ 1,481,212
Less: Allowance for impairment loss	(<u>53,733</u>)	(<u>53,731</u>)
	<u>\$ 1,787,984</u>	<u>\$ 1,427,481</u>
Accounts receivable from related parties (a) (Note 29)	<u>\$ 542</u>	<u>\$ 2,845</u>
Other receivables (b)		
VAT refund receivables	\$ 88,943	\$ 48,661
Others	<u>5,074</u>	<u>71</u>
	<u>\$ 94,017</u>	<u>\$ 48,732</u>
Other receivables from related parties (Note 29)	<u>\$ 259,271</u>	<u>\$ 266,680</u>

a. Notes receivable and accounts receivable

The average credit period of sales of goods is 30-180 days. No interest is charged on receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. For part of the accounts receivable, the Company entered into a credit insurance contract or obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Before accepting new customers, the Company takes customer evaluation results generated by the internal system into consideration to measure the potential customer's credit quality and define the customer's credit limit. Customer credit limits and ratings are reviewed periodically. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the 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 forecast direction of economic conditions at the reporting date.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 2021

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$ 2,148	\$ 186,333	\$ 76,787	\$ 1,621,720	\$ 1,886,988
Loss allowance (Lifetime ECL)	-	-	(220)	(53,513)	(53,733)
Amortized cost	<u>\$ 2,148</u>	<u>\$ 186,333</u>	<u>\$ 76,567</u>	<u>\$ 1,568,207</u>	<u>\$ 1,833,255</u>

December 31, 2020

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$ -	\$ 178,495	\$ 122,001	\$ 1,224,828	\$ 1,525,324
Loss allowance (Lifetime ECL)	-	-	-	(53,731)	(53,731)
Amortized cost	<u>\$ -</u>	<u>\$ 178,495</u>	<u>\$ 122,001</u>	<u>\$ 1,171,097</u>	<u>\$ 1,471,593</u>

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

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Balance at January 1	\$ 53,731	\$ 53,969
Net remeasurement of loss allowance (reversal)	2	(238)
Balance at December 31	<u>\$ 53,733</u>	<u>\$ 53,731</u>

The aging of receivables (including related parties) was as follows:

	December 31, 2021	December 31, 2020
Not Past Due	\$ 1,788,022	\$ 1,448,686
Past due within 60 days	45,448	23,121
Past due over 60 days	53,518	53,517
Total	<u>\$ 1,886,988</u>	<u>\$ 1,525,324</u>

The above aging schedule was based on the number of days past due from the end of the credit term.

As of December 31, 2021 and 2020, except for specific customer's accounts receivable exceeded 22% of the total amount of all receivables, none of other customer's receivables exceeded 10% of the total amount of all receivables. The concentration of credit risk is limited because the Company's customer base is vast and unrelated to each other.

b. Other receivables

As of December 31, 2021 and 2020, the Company assessed the impairment loss of other receivables using expected credit losses.

11. Inventories

	December 31, 2021	December 31, 2020
Finished goods	\$ 267,199	\$ 207,255
Work in process	105,084	62,258
Raw materials	370,705	139,362
Production supplies	20,758	15,815
Inventory in transit	179,660	147,548
	<u>\$ 943,406</u>	<u>\$ 572,238</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$12,656,293 thousand and \$8,789,022 thousand, respectively.

The cost of goods sold included write-down of \$1,030 thousand and reversal of inventory write-down of \$326 thousand, which resulted from inventory closeout, for the years ended December 31, 2021 and 2020, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investments in subsidiaries	\$ 3,142,621	\$ 2,951,653
Investments in associates	<u>627,405</u>	<u>539,545</u>
	<u>\$ 3,770,026</u>	<u>\$ 3,491,198</u>

a. Investments in subsidiaries

	<u>December 31, 2021</u>	<u>December 31, 2020</u>		
Unlisted company				
TAITA (BVI) Holding Co., Ltd.(TAITA (BVI))	<u>\$ 3,142,621</u>	<u>\$ 2,951,653</u>		
		<u>Proportion of Ownership</u>		
		December 31, December 31,		
<u>Investor Company</u>	<u>Name of Subsidiary</u>	<u>Nature of Activities</u>	<u>2021</u>	<u>2020</u>
The Company	TAITA (BVI)	Reinvestment	100%	100%

Through TAITA (BVI), the Company indirectly invested in Taita Chemical (Tianjin) Co., Ltd. (“TAITA (TJ)”). The management stopped the production of TAITA (TJ) in April 2019 as a result of the reduction in demand of EPS, which is the main product of TAITA (TJ) in the local market. TAITA (TJ) determined the recoverable amount of the property, plant and equipment, including right-of-use assets, on the basis of their fair values less costs of disposal. The review led TAITA (TJ) to recognize an impairment loss of \$39 thousand and \$22,078 thousand, which was recognized in the share of profit or loss of subsidiaries for the year ended December 31, 2021 and 2020, respectively.

In order to strengthen the operational capital of TAITA (BVI) and improve its financial structure, on November 3, 2020, the Board of Directors of the Company resolved to increase the Company's investment in TAITA (BVI) by US\$28,000 thousand in cash, and as of December 31, 2021, the Company's accumulated investment in TAITA (BVI) amounted to US\$89,738 thousand.

On December 3, 2020, the Board of Directors of the Company resolved to establish Zhangzhou Taita Chemical Company Ltd. (TTC (ZZ)) with a capital contribution of RMB314,000 thousand from TAITA (BVI). The main business of TTC (ZZ) is the production and sale of EPS. The establishment of TTC (ZZ) was registered on June 28, 2021 and TAITA (BVI) injected RMB306,950 thousand into TTC (ZZ) on March 8, 2022.

The investments in subsidiaries accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 were based on the subsidiaries' financial statements audited by auditors for the same years.

b. Investments in associates

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Associates that are not individually material</u>		
Listed company		
China General Plastics Corporation (“CGPC”)	\$221,245	\$192,320
Acme Electronics Corporation (“ACME”)	32,429	31,514
Unlisted company		
China General Terminal & Distribution Corporation (“CGTD”)	<u>373,731</u>	<u>315,711</u>
	<u>\$627,405</u>	<u>\$539,545</u>

Aggregate information of associates that are not individually material

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
The Company's share of:		
Profit from continuing operations	\$ 71,499	\$ 56,330
Other comprehensive gain (loss)	<u>36,070</u>	<u>36,898</u>
Total comprehensive (loss) income for the year	<u>\$107,569</u>	<u>\$ 93,228</u>

The Company's ownership interest and percentage of voting right in associate at the end of the reporting period were as follows:

<u>Name of Associates</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
CGPC	1.98%	1.98%
ACME	2.43%	2.43%
CGTD	33.33%	33.33%

Refer to Table 6 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the associates.

The Company with its affiliates jointly held more than 20% of the shareholdings of CGPC and ACME, and had significant influence over each entity. Therefore, the Company adopted the equity method to evaluate the above investments.

The Company formerly held 10% of shares of Thintec Materials Corporation ("TMC") Since the Company and its affiliates jointly owned 95.8% of TMC's shares, the Company adopted the equity method to evaluate the above investments. As TMC essentially has no production and sales business in recent years, the Board of Directors of TMC resolved on April 12, 2019 to conduct dissolution and liquidation starting from May 25, 2019 (dissolution date). The Company has recovered \$1,274 thousand in May 2020 from the remaining property and recognized the investment disposal loss of of \$173 thousand after TMC has completed dissolution and liquidation procedures in July, 2020. In February 2021, TMC received a refund of tax from the Taipei Bureau of Internal Revenue, Ministry of Finance, and in April 2021, the Company recovered \$153 thousand in proportion to its shareholding before liquidation and recognized it as other income.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

<u>Name of Associates</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
CGPC	<u>\$399,611</u>	<u>\$279,130</u>
ACME	<u>\$237,809</u>	<u>\$ 84,011</u>

The investments above were accounted for using the equity method.

Except ACME's financial statements for the year ended December 31, 2021 were not audited by CPAs, the share of profit or loss of associates using the equity method and other comprehensive income were recognized based on associates' financial statements audited by CPAs in the same period. However, the Company's management considered that there was no material impact arising from ACME's unaudited financial statements.

13. Property, plant and equipment

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2020	\$ 634,432	\$ 865,080	\$ 3,773,449	\$ 24,754	\$ 298,577	\$ 18,481	\$ 5,614,773
Additions	-	-	-	-	-	101,885	101,885
Disposals	-	(423)	(13,391)	(96)	(1,298)	-	(15,208)
Internal transfers	-	1,817	54,645	96	6,112	(62,670)	-
Balance at December 31, 2020	<u>\$ 634,432</u>	<u>\$ 866,474</u>	<u>\$ 3,814,703</u>	<u>\$ 24,754</u>	<u>\$ 303,391</u>	<u>\$ 57,696</u>	<u>\$ 5,701,450</u>
Accumulated depreciation							
Balance at January 1, 2020	\$ -	\$ 614,864	\$ 2,858,061	\$ 23,479	\$ 281,430	\$ -	\$ 3,777,834
Disposals	-	(392)	(13,391)	(96)	(1,278)	-	(15,157)
Depreciation expenses	-	22,819	131,231	413	7,243	-	161,706
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 637,291</u>	<u>\$ 2,975,901</u>	<u>\$ 23,796</u>	<u>\$ 287,395</u>	<u>\$ -</u>	<u>\$ 3,924,383</u>
Carrying amounts at December 31, 2020	<u>\$ 634,432</u>	<u>\$ 229,183</u>	<u>\$ 838,802</u>	<u>\$ 958</u>	<u>\$ 15,996</u>	<u>\$ 57,696</u>	<u>\$ 1,777,067</u>
Cost							
Balance at January 1, 2021	\$ 634,432	\$ 866,474	\$ 3,814,703	\$ 24,754	\$ 303,391	\$ 57,696	\$ 5,701,450
Additions	-	-	-	-	-	97,060	97,060
Disposals	-	(2,456)	(34,217)	(700)	(2,547)	-	(39,920)
Internal transfers	-	6,012	103,926	141	10,417	(120,496)	-
Balance at December 31, 2021	<u>\$ 634,432</u>	<u>\$ 870,030</u>	<u>\$ 3,884,412</u>	<u>\$ 24,195</u>	<u>\$ 311,261</u>	<u>\$ 34,260</u>	<u>\$ 5,758,590</u>
Accumulated depreciation							
Balance at January 1, 2021	\$ -	\$ 637,291	\$ 2,975,901	\$ 23,796	\$ 287,395	\$ -	\$ 3,924,383
Disposals	-	(2,317)	(34,217)	(700)	(2,547)	-	(39,781)
Depreciation expenses	-	21,893	135,435	436	5,236	-	163,000
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 656,867</u>	<u>\$ 3,077,119</u>	<u>\$ 23,532</u>	<u>\$ 290,084</u>	<u>\$ -</u>	<u>\$ 4,047,602</u>
Carrying amounts at December 31, 2021	<u>\$ 634,432</u>	<u>\$ 213,163</u>	<u>\$ 807,293</u>	<u>\$ 663</u>	<u>\$ 21,177</u>	<u>\$ 34,260</u>	<u>\$ 1,710,988</u>

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

Buildings

Factories	20, 30, 35, 40 and 55 years
Offices and laboratories	26-35 Years
Storage rooms	20-25 Years
Storage tank rooms	8-20 Years
Others	2-9 Years

Machinery and equipment

Environmental protection equipment	15-20 Years
Monitoring equipment	11-15 Years
Storage tank and pipeline systems	10-15 Years
Production and packaging equipment	8-15 Years
Power systems	7-15 Years
Others	2-8 Years
Transportation equipment	5-15 Years
Other equipment	2-15 Years

Part of the property, plant and equipment pledged as collateral for bank borrowing are set out in Notes 17 and 30.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amounts		
Land	<u>\$ 41,574</u>	<u>\$ 46,194</u>

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Depreciation charge for right-of-use assets		
Land	<u>\$ 4,620</u>	<u>\$ 4,619</u>

Except for the recognition of depreciation expenses, there was no significant increase, sublease or impairment of the Company's right-of-use assets for the years ended December 31, 2021 and 2020.

b. Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amounts		
Current	<u>\$ 4,564</u>	<u>\$ 4,514</u>
Non-current	<u>\$ 38,374</u>	<u>\$ 42,938</u>

The discount rate for lease liabilities was as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land	1.10%	1.10%

The Company leases land in Linyuan to build factories from related party. When rental period ends, the Company has no bargain purchase price option for the land leased. Transactions with related parties are set out in Note 29.

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment are set out in Note 15.

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Expenses relating to short-term leases	<u>\$ 12,159</u>	<u>\$ 12,626</u>
Total cash outflow for leases	<u>\$ 17,172</u>	<u>\$ 17,639</u>

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

15. INVESTMENT PROPERTIES, NET

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land	<u>\$108,178</u>	<u>\$108,178</u>

Management was unable to reliably measure the fair value of investment properties located in Qianzhen District, Xingbang Section and Linyuan Industrial Park, because the fair value for comparable properties is inactive and alternative reliable measurements of fair value are not available. Therefore, the Company concluded that the fair value of the investment properties is not reliably measurable.

The property located in Qianzhan District has been leased to CGTD. The rental was \$1,628 thousand per month, which is based on the actual usable area. Refer to Notes 24 and 29.

Part of above investment properties pledged as collateral for bank borrowing are set out in Notes 17 and 30.

16. INTANGIBLE ASSETS

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Carrying amount by function</u>		
Information systems	\$ 493	\$ 205
Design expenses for factories	<u>3,601</u>	<u>5,201</u>
	<u>\$ 4,094</u>	<u>\$ 5,406</u>

Intangible assets are amortized on a straight-line over their estimated useful lives as follows:

Information systems	3-5 Years
Design expenses for factories	10 years

17. BORROWINGS

a. Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 350,000</u>	<u>\$ 150,000</u>

The range of interest rates on line of credit borrowings was 0.52%-0.74% and 0.52% per annum as of December 31, 2021 and 2020, respectively.

b. Long-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Unsecured borrowings</u>		
Credit loans	<u>\$ 300,000</u>	<u>\$ 300,000</u>

The range of interest rates on long-term borrowings were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Credit loans	0.81%	0.90%

In order to fund medium to long-term working capital needs, the Company signed medium to long-term loan agreements with banks with total lines of credit of \$2,000,000 thousand. The loan agreements will subsequently expire before August 2024 and these lines of credit are used cyclically during the validity period. As of December 31, 2021, \$300,000 thousand has been utilized. As of December 31, 2020, the Company provided lands and factories pledged as collateral for some medium to long-term loan agreements (refer to Notes 13, 15 and 30).

Some of the Company's loan agreements stipulate that the current ratio and debt ratio as stated on the financial statements shall not be less than a specified percentage, and that if such a percentage fails to be met, the Company shall propose improvement measures to the banks concerned. As of December 31, 2021, the Company did not violate these financial ratios and terms.

18. ACCOUNTS PAYABLE

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Accounts payable (including related parties)</u>		
Arising from operation (Note 29)	<u>\$ 947,257</u>	<u>\$ 1,102,476</u>

The average payment period for the Company's accounts payable is between 30 and 45 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER PAYABLES

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Payables for salaries or bonuses	\$204,388	\$199,752
Payables for freight fees	106,038	56,177
Payables for utilities	27,334	25,581
Payables for equipment	9,605	9,955
Payables for professional service expenses	9,373	11,079
Payables for insurance	8,922	8,471
Payables for taxes	1,707	1,764
Others	<u>20,082</u>	<u>18,600</u>
	<u>\$387,449</u>	<u>\$331,379</u>

20. REFUND PROVISIONS

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Customer returns and rebates	<u>\$ 897</u>	<u>\$ 879</u>
	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Balance at January 1	\$ 879	\$ 909
Provision for the current period	6,944	7,576
Returns and rebates for the current period	(<u>6,926</u>)	(<u>7,606</u>)
Balance at December 31	<u>\$ 897</u>	<u>\$ 879</u>

The refund provision is based on management's judgments and other known reasons for which estimated product returns and rebates may occur for the year ended. The provision is recognized as a reduction of operating income in the periods in which the related goods are sold.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. Since November 1986, the Company contributed a specific rate (currently 12%) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present Value of Defined Benefit Obligation	\$543,761	\$593,645
Fair Value of Plan Assets	(<u>357,342</u>)	(<u>391,849</u>)
Net defined benefit liabilities	<u>\$186,419</u>	<u>\$201,796</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net defined benefit liabilities
Balance at January 1, 2020	<u>\$ 632,201</u>	(<u>\$ 402,287</u>)	<u>\$ 229,914</u>
Service cost			
Current service cost	4,609	-	4,609
Net interest expense (income)	<u>3,826</u>	(<u>2,461</u>)	<u>1,365</u>
Recognized in profit or loss	<u>8,435</u>	(<u>2,461</u>)	<u>5,974</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(14,814)	(14,814)
Actuarial loss			
– Changes in financial assumptions	10,288	-	10,288
– Experience adjustments	<u>6,026</u>	<u>-</u>	<u>6,026</u>
Recognized in other comprehensive income	<u>16,314</u>	(<u>14,814</u>)	<u>1,500</u>
Contributions from the employer	-	(35,592)	(35,592)
Benefits paid on plan assets	(<u>63,305</u>)	<u>63,305</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 593,645</u>	(<u>\$ 391,849</u>)	<u>\$ 201,796</u>
Balance at January 1, 2021	<u>\$ 593,645</u>	(<u>\$ 391,849</u>)	<u>\$ 201,796</u>
Service cost			
Current service cost	3,949	-	3,949
Net interest expense (income)	<u>2,184</u>	(<u>1,476</u>)	<u>708</u>
Recognized in profit or loss	<u>6,133</u>	(<u>1,476</u>)	<u>4,657</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,646)	(5,646)
Actuarial loss			
– Changes in demographic assumptions	12,124	-	12,124
– Changes in financial assumptions	(4,379)	-	(4,379)
– Experience adjustments	<u>8,787</u>	<u>-</u>	<u>8,787</u>
Recognized in other comprehensive income	<u>16,532</u>	(<u>5,646</u>)	<u>10,886</u>
Contributions from the employer	-	(29,142)	(29,142)
Benefits paid on plan assets	(<u>70,771</u>)	<u>70,771</u>	<u>-</u>
Provisions	(<u>1,778</u>)	<u>-</u>	(<u>1,778</u>)
Balance at December 31, 2021	<u>\$ 543,761</u>	(<u>\$ 357,342</u>)	<u>\$ 186,419</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Cost of goods sold	\$ 3,925	\$ 4,841
Selling and marketing expenses	261	461
General and administrative expenses	346	495
Research and development expenses	<u>125</u>	<u>177</u>
	<u>\$ 4,657</u>	<u>\$ 5,974</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in government bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.500%	0.375%
Expected rate of salary increase	2.250%	2.250%

If possible reasonable changes in each of the significant actuarial assumptions were to occur and all other assumptions were to remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate		
0.25% increase	(<u>\$ 8,781</u>)	(<u>\$ 10,289</u>)
0.25% decrease	<u>\$ 9,027</u>	<u>\$ 10,585</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 8,718</u>	<u>\$ 10,208</u>
0.25% decrease	(<u>\$ 8,526</u>)	(<u>\$ 9,975</u>)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Company expects to make contributions of \$20,000 thousand and \$25,900 thousand to the defined benefit plans in the next year starting from December 31, 2021 and 2020, respectively. The weighted average duration of the defined benefit obligation are 6.6 and 7.1 years, respectively.

22. EQUITY

a. Ordinary shares

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Number of shares authorized (in thousands)	<u>400,000</u>	<u>400,000</u>
Shares authorized	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>378,654</u>	<u>344,231</u>
Shares issued	<u>\$ 3,786,541</u>	<u>\$ 3,442,310</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

Capital surplus which arises from the consideration received from issuance of shares (including consideration from issuance of ordinary shares) and donations may be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Capital surplus arising from unpaid dividends due to overdue may be used to offset a deficit only. Capital surplus arising from investments in subsidiaries and associates accounted for using the equity method may not be used for any purpose.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 24-h.

According to the provisions of the Company's Articles, the Company in order to take R&D needs and diversification of operations into consideration, dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable retained earnings per share of the current year are less than \$0.1, the retained earnings are not to be distributed.

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

Items referred to under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 approved in the shareholders' meetings on July 26, 2021 and June 18, 2020, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
Legal reserve	\$ 191,925	\$ 39,764		
Cash dividends	688,462	100,261	\$ 2.0	\$ 0.3
Share dividends	344,231	100,262	1.0	0.3

The appropriation of earnings for 2021 had been proposed by the Company's board of directors on March 9, 2022 were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$184,098	\$ -
Cash dividends	757,308	2.0
Share dividends	189,327	0.5

The appropriation of earnings for 2021 is subject to resolution in the shareholders' meeting to be held on May 27, 2022.

d. Special reserve

The Company reserved a special reserve on the first-time adoption of IFRSs as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Special reserve	<u>\$ 308,061</u>	<u>\$ 308,061</u>

The Company's amount of unrealized revaluation gain and cumulative adjustments transferred into retained earnings were \$279,270 thousand and \$160,233 thousand, respectively. The increase in retained earnings arising from the first-time adoption of IFRSs was not sufficient for the special reserve appropriation; thus, the Company appropriated a special reserve in the amount of \$308,061 thousand which was the net increase of retained earnings arising from the first-time adoption of IFRSs. As of December 31, 2021, there was no change in the special reserve.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Balance at January 1	(\$125,641)	(\$194,326)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(22,793)	85,738
Share from associates accounted for using the equity method	(657)	95
Related income tax	<u>4,559</u>	<u>(17,148)</u>
Balance at December 31	<u>(\$144,532)</u>	<u>(\$125,641)</u>

Exchange differences on translating net assets of foreign operations are translated into the presentation currency, the New Taiwan dollar. The resulting currency translation differences are recognized in other comprehensive income as exchange differences on translating the financial statements of foreign operations in the respective period.

2) Unrealized gain (loss) on financial assets at FVTOCI		
	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Balance at January 1	\$321,627	\$153,260
Recognized for the year		
Unrealized Gain (Loss)		
Equity instruments	135,234	132,192
Share from subsidiaries and associates accounted for using the equity method	<u>36,974</u>	<u>36,175</u>
Balance at December 31	<u>\$493,835</u>	<u>\$321,627</u>

23. REVENUE

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 15,726,081</u>	<u>\$ 10,993,555</u>

Refer to Note 4 for description related to contracts with customers.

24. PROFIT BEFORE INCOME TAX

Net profit before income tax includes the following:

a. Interest income

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Cash and cash equivalents	\$ 221	\$ 245
Financial assets at FVTPL (Note 7)	1,098	1,312
Financial assets at amortized cost (Note 9)	17	18
Others	<u>127</u>	<u>180</u>
	<u>\$ 1,463</u>	<u>\$ 1,755</u>

b. Other income

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Rental income - operating lease (Notes 15 and 29)	\$ 35,557	\$ 36,426
Dividend income	19,077	7,555
Others	<u>7,199</u>	<u>6,832</u>
	<u>\$ 61,833</u>	<u>\$ 50,813</u>

c.	Other gains and losses	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
	Gain on financial assets at FVTPL (Note 7)	\$ 3,753	\$ 26,438
	Loss on financial assets at FVTPL (Note 7)	(2,499)	(4,299)
	Net foreign exchange losses	(29,425)	(75,927)
	Loss on disposal and retirement of property, plant and equipment (Note 13)	(139)	(51)
	Expenses from rental assets	(6,484)	(8,458)
	Others	<u>(1,489)</u>	<u>(1,631)</u>
		<u>(\$ 36,283)</u>	<u>(\$ 63,928)</u>
d.	Foreign exchange losses	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
	Total foreign exchange gains	\$ 99,318	\$ 38,948
	Total foreign exchange losses	<u>(128,743)</u>	<u>(114,875)</u>
	Net loss	<u>(\$ 29,425)</u>	<u>(\$ 75,927)</u>
e.	Finance costs	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
	Interest on bank loans	\$ 4,785	\$ 10,369
	Interest on lease liabilities (Note 29)	499	550
	Less: Capitalized interest (included in construction in progress)	<u>(121)</u>	<u>(117)</u>
		<u>\$ 5,163</u>	<u>\$ 10,802</u>
	Information about capitalized interest is as follows:		
		<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
	Capitalized interest	\$ 121	\$ 117
	Capitalization rate	0.80%~0.90%	0.90%~1.05%
f.	Depreciation and amortization (Statement 18)	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
	Property, plant and equipment (Note 13)	\$163,000	\$161,706
	Right-of-use assets (Note 14)	4,620	4,619
	Intangible assets (Note 16)	<u>1,752</u>	<u>2,042</u>
	Total	<u>\$169,372</u>	<u>\$168,367</u>
	An analysis of depreciation by function		
	Cost of goods sold	\$163,087	\$159,989
	Operating expenses	1,161	992
	Other gains and losses	<u>3,372</u>	<u>5,344</u>
		<u>\$167,620</u>	<u>\$166,325</u>

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
An analysis of amortization by function		
Cost of goods sold	\$ 1,600	\$ 1,600
General and administrative expenses	<u>152</u>	<u>442</u>
	<u>\$ 1,752</u>	<u>\$ 2,042</u>

g. Employee benefits expense (Statement 18)

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Post-employment benefits (Note 21)		
Defined contribution plans	\$ 13,062	\$ 13,097
Defined benefit plans	<u>4,657</u>	<u>5,974</u>
	17,719	19,071
Insurance expenses	\$ 35,960	\$ 32,798
Other employee benefits	<u>553,273</u>	<u>547,762</u>
Total employee benefits expense	<u>\$ 606,952</u>	<u>\$ 599,631</u>

An analysis of employee benefits expense by function

Cost of goods sold	\$ 507,228	\$ 505,703
Operating expenses	<u>99,724</u>	<u>93,928</u>
	<u>\$ 606,952</u>	<u>\$ 599,631</u>

h. Employees' compensation and remuneration of directors

According to Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at the rates of no less than 1% and no higher than 1%, respectively. However, the Company's accumulated deficits should be offset in advance. When the employees of the Company's subsidiaries meet specific requirements they are also entitled to receive compensation in shares or cash. These requirements are set by the board of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 9, 2022 and March 5, 2021, respectively, were as follows:

	<u>For the Year Ended December 31, 2021</u>		<u>For the Year Ended December 31, 2020</u>	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	1%	<u>\$ 23,534</u>	1%	<u>\$ 22,812</u>
Remuneration of directors	-	<u>\$ -</u>	-	<u>\$ -</u>

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX

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

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Current tax		
In respect of the current year	\$405,410	\$309,148
Income tax on unappropriated earnings	34,731	7,867
Adjustments for prior years	(3,644)	(61)
	<u>436,497</u>	<u>316,954</u>
Deferred tax		
In respect of the current year	43,429	21,643
Adjustments for prior years	<u>-</u>	(2)
	<u>43,429</u>	<u>21,641</u>
Income tax expense recognized in profit or loss	<u>\$479,926</u>	<u>\$338,595</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Profit before income tax	<u>\$ 2,329,858</u>	<u>\$ 2,258,413</u>
Income tax expense calculated at the statutory rate	\$ 465,972	\$ 451,683
Nondeductible expenses in determining taxable income	104	202
Tax-exempt income	(17,235)	(14,973)
Income tax on unappropriated earnings	34,731	7,867
Unrecognized deductible temporary differences	-	(105,339)
Adjustments for prior years	(3,644)	(63)
Others	(2)	(782)
Income tax expense recognized in profit or loss	<u>\$ 479,926</u>	<u>\$ 338,595</u>

- b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
<u>Deferred tax</u>		
In respect of the current year		
— Exchange differences on translating the financial statements of foreign operations	\$ 4,559	(\$ 17,148)
— Remeasurement of defined benefit plans	<u>2,177</u>	<u>300</u>
Income tax recognized in other comprehensive income	<u>\$ 6,736</u>	(<u>\$ 16,848</u>)

c. Current income tax assets and liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current tax liabilities		
Income tax payable	<u>\$443,684</u>	<u>\$321,203</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the Year Ended December 31, 2021

	<u>Balance at January 1</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensi ve Income</u>	<u>Balance at December 31</u>
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory valuation	\$ 775	\$ 206	\$ -	\$ 981
Allowance for impaired receivables	7,695	(722)	-	6,973
Loss on supplies	881	(30)	-	851
Defined benefit plans	40,012	(5,252)	2,177	36,937
Payables for annual leave	4,024	(118)	-	3,906
Unrealized foreign exchange losses	7,070	(328)	-	6,742
Unrealized net gain on sale of goods	-	5,628	-	5,628
Others	682	23	-	705
	<u>\$ 61,139</u>	<u>(\$ 593)</u>	<u>\$ 2,177</u>	<u>\$ 62,723</u>

Deferred tax liabilities

Temporary differences				
Exchange differences on translating the financial statements of foreign operations	\$ 9,055	\$ -	(\$ 4,559)	\$ 4,496
Share of profit of foreign subsidiaries accounted for using the equity method	17,472	42,257	-	59,729
Differences on depreciation between finance and tax	348	(65)	-	283
Reserve for land revaluation increment tax	143,860	-	-	143,860
Others	-	644	-	644
	<u>\$ 170,735</u>	<u>\$ 42,836</u>	<u>(\$ 4,559)</u>	<u>\$ 209,012</u>

For the Year Ended December 31, 2020

	<u>Balance at January 1</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensi ve Income</u>	<u>Balance at December 31</u>
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory valuation	\$ 840	(\$ 65)	\$ -	\$ 775
Allowance for impaired receivables	7,739	(44)	-	7,695
Loss on supplies	873	8	-	881
Defined benefit plans	45,635	(5,923)	300	40,012
Payables for annual leave	4,293	(269)	-	4,024
Unrealized foreign exchange losses	5,869	1,201	-	7,070
Exchange differences on translating the financial statements of foreign operations	8,093	-	(8,093)	-
Others	524	158	-	682

	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Balance at December 31
	<u>\$ 73,866</u>	<u>(\$ 4,934)</u>	<u>(\$ 7,793)</u>	<u>\$ 61,139</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	\$ -	\$ -	\$ 9,055	\$ 9,055
Share of profit of foreign subsidiaries accounted for using the equity method	-	17,472	-	17,472
Differences on depreciation between finance and tax	504	(156)	-	348
Reserve for land revaluation increment tax	143,860	-	-	143,860
Others	<u>609</u>	<u>(609)</u>	<u>-</u>	<u>-</u>
	<u>\$ 144,973</u>	<u>\$ 16,707</u>	<u>\$ 9,055</u>	<u>\$ 170,735</u>

e. Income tax assessments

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

26. EARNINGS PER SHARE

	For the Year Ended December 31, 2021	Unit: NT\$ Per Share For the Year Ended December 31, 2020
Basic earnings per share	<u>\$ 4.89</u>	<u>\$ 5.07</u>
Diluted earnings per share	<u>\$ 4.88</u>	<u>\$ 5.06</u>

In calculating earnings per share, the impact of share dividend distribution has been adjusted retrospectively. The record date of new share issuance is set on September 10, 2021. Due to retrospective adjustment, the changes in basic and diluted earnings per share for the year ended December 31, 2020 are as follows:

	Before Retrospective Adjustment	Unit: NT\$ Per Share After Retrospective Adjustment
Basic earnings per share	<u>\$ 5.58</u>	<u>\$ 5.07</u>
Diluted earnings per share	<u>\$ 5.57</u>	<u>\$ 5.06</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

NET PROFIT FOR THE YEAR

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 1,849,932</u>	<u>\$ 1,919,818</u>

Number of Shares

	Unit: In Thousand Shares	
	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Weighted average number of ordinary shares in computation of basic earnings per share	378,654	378,654
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>793</u>	<u>674</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>379,447</u>	<u>379,328</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would 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, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the past year.

The capital structure of the Company consists of net debt and equity.

The senior management of the Company regularly reviews the Company's capital structure. The review includes the consideration of the cost of various types of capital and related risks. The Company balances its overall capital structure by paying dividends, borrowing new debt or repaying old debt, based on the recommendations of the senior management.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Company's management believes that the carrying amount of financial assets and financial liabilities that are not measured at fair value approximates their fair value. Otherwise, the fair value cannot be measured appropriately.

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

1) Fair value hierarchy

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Derivative instruments	\$ -	\$ 1,037	\$ -	\$ 1,037
Investments in equity instruments				
— Domestic listed shares	73,438	-	-	73,438
Mutual funds	562,034	-	-	562,034
Beneficiary securities	<u>59,466</u>	<u>-</u>	<u>-</u>	<u>59,466</u>
Total	<u>\$ 694,938</u>	<u>\$ 1,037</u>	<u>\$ -</u>	<u>\$ 695,975</u>

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
— Domestic listed shares	\$ 476,718	\$ -	\$ -	\$ 476,718
— Domestic unlisted shares	-	-	7	7
Total	<u>\$ 476,718</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 476,725</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative instruments	\$ -	\$ 431	\$ -	\$ 431
Mutual funds	300,185	-	-	300,185
Beneficiary securities	60,808	-	-	60,808
Total	<u>\$ 360,993</u>	<u>\$ 431</u>	<u>\$ -</u>	<u>\$ 361,424</u>

Financial assets at FVTOCI

Investments in equity instruments				
— Domestic listed shares	\$ 341,484	\$ -	\$ -	\$ 341,484
— Domestic unlisted shares	-	-	7	7
Total	<u>\$ 341,484</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 341,491</u>

Financial liabilities at FVTPL

Derivative instruments	\$ -	\$ 434	\$ -	\$ 434
------------------------	------	--------	------	--------

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at FVTOCI - equity instruments

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Balance at January 1	\$ 7	\$ 27
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	-	(20)
Balance at December 31	<u>\$ 7</u>	<u>\$ 7</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

To determine the fair value for Level 3 financial instruments, the Company's investment department conducts independent fair value verification using external resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. For unlisted domestic equity investments, the Company utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value. The unobservable input used was a discount for the lack of marketability of 15% on December 31, 2021 and 2020.

c. Categories of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at FVTPL — Mandatorily classified as at FVTPL	\$ 695,975	\$ 361,424
Financial assets at amortized cost (Note 1)	2,551,261	2,131,111
Financial assets at FVTOCI - Equity instruments	476,725	341,491
<u>Financial liabilities</u>		
Financial liabilities at FVTPL — Held for trading	-	434
Financial liabilities at amortized cost (Note 2)	1,784,278	1,685,951

Note 1. The balance includes financial assets at amortized cost, which includes cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties and excluding VAT refund receivables) and pledged deposits.

Note 2. The balance includes financial liabilities at amortized cost, which includes short-term and long-term loans, short-term bills payable, accounts payable (including related parties) and other payables (including related parties and excluding payables for taxes).

d. Financial risk management objectives and policies

The Company's risk control and hedging strategy are influenced by its operational environment. The Company properly monitors and manages the risks related to business nature and according to the principle of risk diversification. 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 main financial risks the Company is exposed to in the business activities are foreign exchange risk, interest rate risk, and other price risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company conducted foreign currency sales and purchases, which exposed the Company to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Company used foreign exchange forward contracts to eliminate foreign currency exposure and thus mitigate the impact of the risk. The use of foreign exchange forward contracts was governed by the Company's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Company did not enter into or trade foreign exchange forward contracts for speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 32. The derivatives exposing the Company to foreign currency risk are set out in Note 7.

Sensitivity analysis

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency against U.S. dollars, the net income before tax for the years ended December 31, 2021 and 2020 would have decreased/increased by \$47,302 thousand and \$37,028 thousand, respectively.

In management's opinion, this sensitivity analysis is unrepresentative of the Company's inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Company was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Company was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Company's management regularly monitors the fluctuations on market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Company's interest rates more closely approach market rates in response to the interest rate risk.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair value interest rate risk		
– Financial assets	\$ 322,331	\$ 321,387
– Financial liabilities	542,938	347,452
Cash flow interest rate risk		
– Financial assets	121,027	59,820
– Financial liabilities	150,000	150,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rate risk of cash flow for both financial assets and liabilities at the end of the reporting period. The fixed-rate financial assets and liabilities held by the Company are not included in the analysis as they are all measured at amortized cost. A 50 point fluctuation in interest rate 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 Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by \$145 thousand and \$451 thousand, respectively.

c) Other price risk

The Company was exposed to price risk through its investments in domestic listed shares, foreign and domestic unlisted shares, beneficiary securities and mutual funds. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed a special team to monitor price risk.

Sensitivity analysis

The following sensitivity analysis was based on the prices of securities as of the balance sheet date. However, in the financial assets at fair value through profit or loss in which the Company invested, the risk of price fluctuation of money market funds was very limited, so it was not included in the analysis.

If the equity price increases / decreases by 5%, the net profit before tax for the years ended December 31, 2021 and 2020 would increase / decrease by \$6,645 thousand and \$3,040 thousand respectively due to the increase / decrease in the fair value of financial assets (excluding investment in money market funds) at FVTPL. Other comprehensive income before tax for the years ended December 31, 2021 and 2020 would increase / decrease by \$23,836 thousand and \$17,075 thousand respectively due to the increase / decrease in the fair value of financial assets at FVTOCI, respectively.

2) Credit risk

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

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets.
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company provided endorsement guarantees for the borrowings of subsidiaries. The guarantee amounts provided by the Company for endorsements were \$730,475 thousand and \$1,776,960 thousand, respectively, as of December 31, 2021 and 2020. However, according to the expectations on the balance sheet date, it is unlikely that the Company will pay the endorsement guarantees when the endorsee breaches the contract.

As of December 31, 2021, except for specific customer's accounts and notes receivable exceeded 22% of the total amount of all receivables, and the rest of the Company's accounts receivable included numerous customers distributed over a variety of areas, and were not centered on a single customer or location. Furthermore, the Company mitigates credit concentration risk by obtaining letters of credit issued by financial institutions prior to shipment for the sales transactions to the aforementioned specific customers and continuously assesses the financial condition of its customers, and then the Company's credit risk was limited. As at the end of the reporting period, the Company's largest exposure of credit risk approximates to the carrying amount of financial assets.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

- a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest repayment dates. The table was drawn up based on the

undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

December 31, 2021

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,136,943	\$ 2,743	\$ -
Lease liabilities	1.1000	5,013	20,052	20,052
Floating interest rate liabilities	0.5167	150,000	-	-
Fixed interest rate liabilities	0.7820	200,000	300,000	-
		<u>\$ 1,491,956</u>	<u>\$ 322,795</u>	<u>\$ 20,052</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 5,013</u>	<u>\$ 20,052</u>	<u>\$ 20,052</u>

December 31, 2020

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,238,651	\$ 2,700	\$ -
Lease liabilities	1.1000	5,013	20,052	25,065
Floating interest rate liabilities	0.5158	150,000	-	-
Fixed interest rate liabilities	0.9000	-	300,000	-
		<u>\$ 1,393,664</u>	<u>\$ 322,752</u>	<u>\$ 25,065</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 5,013</u>	<u>\$ 20,052</u>	<u>\$ 25,065</u>

b) Financing facilities

Bank loans are an essential source of liquidity for the Company. The table below details the unused amount of bank loans at the end of the reporting period.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bank loan facilities	x	
— Amount unused	<u>\$ 4,397,994</u>	<u>\$ 5,169,600</u>

29. TRANSACTIONS WITH RELATED PARTIES

The Company's ultimate parent is USI Corporation, which held 36.79% of the ordinary shares of the Company as of December 31, 2021 and 2020.

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below:

a. Names and relations of related parties

<u>Related Party Name</u>	<u>Relationship with the Company</u>
USI Corporation ("USI")	Ultimate parent company
TAITA (BVI) Holding Co., Ltd.(TAITA(BVI))	Subsidiary
Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	Subsidiary
Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)")	Subsidiary
China General Plastics Corporation	Associate
CGPC Polymer Corporation	Associate
Taiwan VCM Corporation ("TVCM")	Associate
China General Terminal & Distribution Corporation ("CGTD")	Associate
Acme Electronics Corporation	Associate
Asia Polymer Corporation ("APC")	Fellow subsidiary
USI Trading (Shanghai) Co., Ltd	Fellow subsidiary
Swanson Plastics Corporation	Fellow subsidiary
USI Management Consulting Corp. ("UM")	Fellow subsidiary
Taiwan United Venture Management Corporation	Fellow subsidiary
USI Education Foundation ("USIF")	Substantial related party

b. Sales of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Subsidiary	\$ 1,049,003	\$ 736,735
Ultimate parent company	4,576	9,068
Fellow subsidiary	-	10,970
	<u>\$ 1,053,579</u>	<u>\$ 756,773</u>

The Company's credit period of sales of goods to related parties was from 30 days to 90 days after delivering the products. The sales of goods between the Company and its related parties had no material differences from those of general sales transactions.

c. Purchase of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Associate	\$ 2,338	\$ 2,370
Ultimate parent company	679	-
Fellow subsidiary	<u>242</u>	<u>203</u>
	<u>\$ 3,259</u>	<u>\$ 2,573</u>

The Company's credit period of purchase of goods from related parties was from 30 days after acceptance. The purchase of goods between the Company and its related parties had no material differences from those of general purchase transactions.

d. Receivables from related parties (excluding loans to related parties)		
	<u>Related Party Category/Name</u>	<u>December 31, 2021</u> <u>December 31, 2020</u>
	Subsidiary	\$ 542 \$ 2,818
	Ultimate parent company	- 27
		<u>\$ 542</u> <u>\$ 2,845</u>

The outstanding accounts receivable from related parties were unsecured. No impairment loss was recognized.

e. Payables to related parties (excluding loans from related parties)		
	<u>Related Party Category/Name</u>	<u>December 31, 2021</u> <u>December 31, 2020</u>
	Fellow subsidiary	\$ 28 \$ 11
	Associate	- 487
		<u>\$ 28</u> <u>\$ 498</u>

The outstanding accounts payable from related parties are not overdue and not guaranteed.

f. Endorsements/guarantees provided.		
	<u>Related Party Category/Name</u>	<u>December 31, 2021</u> <u>December 31, 2020</u>
	Subsidiary	
	TAITA(BVI)	\$ 166,080 \$ 1,340,480
	TTC (ZS)	564,395 436,480
		<u>\$ 730,475</u> <u>\$ 1,776,960</u>

g. Other transactions with related parties

1) Rental income (classified as other income, see Notes 15 and 24)

	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
	Associate		
	CGTD	\$ 23,379	\$ 24,082
	TVCM	9,635	9,635
		33,014	33,717
	Ultimate parent company	1,649	1,666
		<u>\$ 34,663</u>	<u>\$ 35,383</u>

2) Rental expenses (classified as operating costs, selling and marketing expenses and general and administrative expenses)

	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
	Ultimate parent company		
	USI	\$ 4,722	\$ 5,535
	Fellow subsidiary		
	APC	1,891	1,672
	Associate	281	266
		<u>\$ 6,894</u>	<u>\$ 7,473</u>

The Company leased offices and parking spaces in Neihu from USI and APC. The rentals were set according to the actual rental area and paid on a monthly basis.

3) Lease arrangements		
<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Lease liabilities - current</u>		
Fellow subsidiary		
APC	<u>\$ 4,564</u>	<u>\$ 4,514</u>
<u>Lease liabilities - non-current</u>		
Fellow subsidiary		
APC	<u>\$ 38,374</u>	<u>\$ 42,938</u>
<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
<u>Lease expense</u>		
Fellow subsidiary		
APC	<u>\$ 5,013</u>	<u>\$ 5,013</u>
<u>Interest expense</u>		
Fellow subsidiary		
APC	<u>\$ 499</u>	<u>\$ 550</u>

The Company leased land in Linyuan from APC. The rental was paid on a monthly basis.

4) Storage tank operating expenses (classified as operating costs)		
<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Associate		
CGTD	<u>\$ 18,784</u>	<u>\$ 13,210</u>

The Company appointed CGTD to handle the storage tank operating procedures of styrene monomer and butadiene, such as transportation, storage and loading. The storage tank operating expenses were paid on a monthly basis.

5) Management service income (classified as other income)		
<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Ultimate parent company		
USI	<u>\$ 2,211</u>	<u>\$ 2,122</u>

6) Management service expenses (classified as general and administrative expenses and other gains and losses)		
<u>Related Party Category/Name</u>	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Fellow subsidiary		
UM	<u>\$ 48,067</u>	<u>\$ 49,647</u>
Others	<u>-</u>	<u>60</u>
	<u>\$ 48,067</u>	<u>\$ 49,707</u>

The related contracts stated that the fellow subsidiary and parent company should provide labor support, equipment and other related services to the Company, and the service expenses were based on the actual quarterly expenses.

7) Donation (classified as general and administrative expenses)		
	<u>For the Year Ended</u>	<u>For the Year Ended</u>
<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Substantial related party		
USIF	<u>\$ 4,000</u>	<u>\$ 1,000</u>
8) Other expenses (classified as operating costs)		
	<u>For the Year Ended</u>	<u>For the Year Ended</u>
<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associate	<u>\$ 1,627</u>	<u>\$ 1,467</u>
9) Payments for property, plant and equipment		
	<u>For the Year Ended</u>	<u>For the Year Ended</u>
<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Ultimate parent company	<u>\$ 390</u>	<u>\$ 1,583</u>
10) Commission expense		
	<u>For the Year Ended</u>	<u>For the Year Ended</u>
<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary	<u>\$ 388</u>	<u>\$ 827</u>
11) Other receivables		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Related Party Category/Name</u>		
Subsidiary		
TTC (TJ)	\$256,014	\$263,413
Others	<u>201</u>	<u>1,722</u>
	256,215	265,135
Associate	2,450	910
Ultimate parent company	599	623
Fellow subsidiary	<u>7</u>	<u>12</u>
	<u>\$259,271</u>	<u>\$266,680</u>

Other receivables included raw material receivables, disbursement fee and management service receivables.

12) Other payables		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Related Party Category/Name</u>		
Associate	\$ 4,639	\$ 2,227
Fellow subsidiary	1,523	867
Ultimate parent company	<u>633</u>	<u>1,084</u>
	<u>\$ 6,795</u>	<u>\$ 4,178</u>

Other payables included storage tank operating expense payables, rental expense payable and the allocation of service department costs payables.

h. Remuneration of key management personnel

Total remuneration for directors and other key management in 2021 and 2020 is as follows:

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Salaries and others	\$ 25,354	\$ 22,136
Retirement benefits	<u>216</u>	<u>216</u>
	<u>\$ 25,570</u>	<u>\$ 22,352</u>

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

30. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as collateral for line of credit borrowings, fuel purchases, the tariffs of imported raw materials and goods (Notes 9, 13, 15 and 17):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Pledged time deposits		
— Classified as financial assets at amortized cost - current	\$ 3,000	\$ 3,000
— Classified as other assets - non-current	16,619	16,505
Property, plant and equipment, net	-	443,340
Investment properties, net	<u>-</u>	<u>108,178</u>
	<u>\$ 19,619</u>	<u>\$ 571,023</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. As of December 31, 2021 and 2020, unused letters of credit amounted to approximately \$64,509 thousand and \$252,996 thousand, respectively.
- b. Explanation for the gas explosion in Kaohsiung:

Regarding the gas explosion of the propylene pipeline of Lee Chang Yung Chemical Industry Corporation (“Lee Chang Yung Chemical”) on the night of July 31, 2014 operated by the invested company by the equity method, China General Terminal & Distribution Corporation (“CGTD”), the criminal case of the gas explosion incident was dismissed by the Supreme Court on September 15, 2021 and all three employees of CGTD were acquitted.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of \$227,540 thousand, interests included, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan (“CPC”). Taiwan Power Company applied to the court for sequestration of CGTD's property on August 27 and November 26, 2015 and CGTD has deposited cash of \$99,207 thousand to the court to avoid sequestration. Taiwan Water Corporation also applied to the court for false seizure of CGTD's property on February 3 and March 2, 2017 respectively. At the end of February 2022, the provisionally attached property was worth \$12,472 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims' families on July 17, 2015. Each victim's family received \$12,000 thousand, and the total compensation was \$384,000 thousand. The compensation was advanced by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims' families and signing the settlement agreement on behalf of the three parties.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victims' families.

As of February 28, 2022, the victims and victims' families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim for \$46,677 thousand, and the amount of the settlement was \$4,519 thousand. Along with the case still in litigation and the above-mentioned compensation, the accumulated amount of compensation is \$3,856,447 thousand. The first instance verdict of some of these civil cases (indemnity amount of \$1,341,128 thousand) have been convicted since June 22, 2018 and most cases determined that the negligence liability ratio of Kaohsiun Municipal Government, Lee Chang Yung Chemical and CGTD was 4:3:3, and that CGTD, Lee Chang Yung Chemical and other defendants should pay compensation of about \$401,979 thousand (of which \$6,194 thousand was exempted from liability by the court). Currently CGTD has filed an appeal for the adjudicated but unsettled civil cases and proceeded with the second instance procedure successively. The rest of the cases are still under trial in the Court of First Instance (the amount of compensation requested is approximately \$2,012,493 thousand). CGTD signed a claim agreement with an insurance company, according to the negligence liability ratio determined by the judgment of first instance, it is estimated the settlement amount of victims and seriously injured, the compensation amount of civil litigation cases (including the settled cases), and estimated amount to be borne by itself after deducting the upper limit of insurance claim was \$136,375 thousand, which had been included into the account. However, the actual amount of such settlement and compensation shall not be confirmed until the proportion of liability to be shared by CGTD is determined in accordance with the civil action.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following summary is presented in foreign currencies other than the functional currency. The exchange rate disclosed in the summary refers to the exchange rate of a foreign currency to the functional currency. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

Unit: In Thousands of Foreign and Functional Currencies, Except for the Exchange Rate

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 83,753	27.6800 (USD:NTD)	\$ 2,318,279
HKD	1,345	3.5490 (HKD:NTD)	4,773
			\$ 2,323,052
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
USD	113,455	27.6800 (USD:NTD)	\$ 3,142,621

Derivative instruments			
USD	7,340	27.6800 (USD:NTD)	<u>\$ 1,037</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	26,790	27.6800 (USD:NTD)	<u>\$ 741,536</u>

December 31, 2020

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 67,321	28.4800 (USD:NTD)	\$ 1,917,291
HKD	586	3.6730 (HKD:NTD)	2,153
RMB	894	4.3648 (RMB:NTD)	<u>3,902</u>
			<u>\$ 1,923,346</u>
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
USD	103,650	28.4800 (USD:NTD)	<u>\$ 2,951,653</u>
Derivative instruments			
USD	3,000	28.4800 (USD:NTD)	<u>\$ 431</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	23,983	28.4800 (USD:NTD)	<u>\$ 683,038</u>
<u>Non-monetary items</u>			
Derivative instruments			
USD	3,000	28.4800 (USD:NTD)	<u>\$ 434</u>

The unrealized and realized foreign exchange gains and losses were a loss of \$29,425 thousand and a gain of \$75,927 thousand for the years ended December 31, 2021 and 2020, respectively. Due to the numerous foreign currency transactions and functional currencies of each individual entity of the Company, foreign exchange gains and losses cannot be disclosed on the respective significant foreign currency.

33. Separately Disclosed Items

a. Information about significant transactions:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries and associates). (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 3)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposals 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. (Note 7)
 - b. Information about 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 year, 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:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (Tables 4 and 5)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 1)
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. (None)
 - d. Information on major shareholders (names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held). (Table 8)

TAITA CHEMICAL CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Period (Note 1)	Outstanding Endorsement/Guarantee at the End of the Period (Note 1)	Actual Borrowing Amount	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/Guarantee Limit (Note 2)	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
		Name of Associates	Relationship										
0	Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	100% voting shares directly owned by the Company	\$ 7,661,813	\$ 876,800 (USD 10,000 thousand (NT\$ 600,000 thousand)	\$ 166,080 (USD6,000 thousand)	\$ -	\$ -	2.17%	\$ 11,492,720	Yes	No	No
0	Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares directly owned by the Company's subsidiary	7,661,813	564,395 (RMB 130,000 thousand)	564,395 (RMB 130,000 thousand)	-	-	7.37%	11,492,720	Yes	No	Yes

Note 1. The foreign currency amount is calculated based on the spot exchange rate as of December 31, 2021.

Note 2. The maximum total endorsement/guarantee shall not exceed 150% of the equity attributable to owners of the Company. The endorsement/guarantee on behalf of other company shall not exceed 100% of the equity attributable to owners of the Company.

The maximum total endorsement/guarantee shall not exceed 200% of the equity attributable to owners of the Company and its subsidiaries. The endorsement/guarantee on behalf of other company shall not exceed 150% of the equity attributable to owners of the Company and its subsidiaries.

TAITA CHEMICAL CO., LTD.

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taita Chemical Co., Ltd.	<u>Ordinary shares</u>							
	USI Corporation	Ultimate parent company	Financial assets at FVTOCI - non-current	15,109,901	\$ 476,718	1.27%	\$ 476,718	(Note 1)
	Harbinger Venture Capital Corp.	—	"	990	7	0.50%	7	(Note 3)
	UPC Technology Corporation	—	Financial assets at FVTPL - current	700,000	15,120	0.05%	15,120	(Note 1)
	China Steel Corporation	—	"	650,000	22,978	-	22,978	(Note 1)
	Tung Ho Steel Enterprise Corp.	—	"	167,500	11,239	0.02%	11,239	(Note 1)
	United Microelectronics Corp.	—	"	120,000	7,800	-	7,800	(Note 1)
	Quanta Computer Inc.	—	"	125,000	11,837	-	11,837	(Note 1)
	ShunSin Technology Holdings Limited	—	"	48,000	4,464	0.04%	4,464	(Note 1)
	<u>Mutual funds</u>							
	FSITC Money Market Fund	—	Financial assets at FVTPL - current	554,887	100,000	-	100,000	(Note 2)
	UPAMC James Bond Money Market Fund	—	"	2,963,490	50,001	-	50,001	(Note 2)
	Hua Nan Phoenix Money Market Fund	—	"	3,777,217	62,020	-	62,020	(Note 2)
	Yuanta De-Li Money Market Fund	—	"	3,036,468	50,012	-	50,012	(Note 2)
	Capital Money Market Fund	—	"	6,136,099	100,001	-	100,001	(Note 2)
	Taishin 1699 Money Market Fund	—	"	7,310,690	100,000	-	100,000	(Note 2)
	KGI Victory Money Market Fund	—	"	8,552,784	100,000	-	100,000	(Note 2)
<u>Beneficiary securities</u>								
Cathay No. 1 Real Estate Investment Trust Fund	—	Financial assets at FVTPL - current	3,280,000	59,466	-	59,466	(Note 1)	
TAITA (BVI) Holding Co., Ltd.	<u>Shares</u>							
	Budworth Investment Ltd.	—	Financial assets at FVTOCI - non-current	20,219	6	2.22%	6	(Note 3)
	Teratech Corporation	—	Financial assets at FVTPL - non-current	112,000	-	0.73%	-	(Note 4)
	Sohoware Inc. — preference shares	—	"	100,000	-	-	-	(Note 4)

Note 1. The fair value is calculated based on the closing prices at TWSE on the last trading day of December 2021.

Note 2. The fair value is calculated based on the net assets value of each fund on the last trading day of December 2021.

Note 3. The Company utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value.

Note 4. As of December 31, 2021, the Company evaluates the fair value of the equity instrument as \$0.

TAITA CHEMICAL CO., LTD.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal				Ending Balance (Note)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Taita Chemical Co., Ltd.	<u>Mutual funds</u>													
	Hua Nan Phoenix Money Market Fund	Financial assets at FVTPL - current	-	-	5,248,671	\$ 86,000	36,399,248	\$ 597,000	37,870,702	\$ 621,110	\$ 621,000	\$ 110	3,777,217	\$ 62,000
	Hua Nan Kirin Money Market Fund	"	-	-	6,962,057	84,000	37,264,857	450,000	44,226,914	534,088	534,000	88	-	-
	Capital Money Market Fund	"	-	-	5,225,881	85,000	18,423,866	300,000	17,513,648	285,109	285,000	109	6,136,099	100,000
	CTBC Hwa-win Money Market Fund	"	-	-	-	-	33,288,910	370,000	33,288,910	370,034	370,000	34	-	-
	UPAMC James Bond Money Market Fund	"	-	-	-	-	21,822,997	368,000	18,859,507	318,049	318,000	49	2,963,490	50,000

Note: The ending balance of mutual funds is the original purchase cost.

TAITA CHEMICAL CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total	
Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	Sub-subsidiary	Sale	(\$ 1,049,003) (US\$ 37,578 thousand)	(6.67%)	30 days	No significant difference	No significant difference	Accounts receivable from related parties \$ 542 (US\$ 20 thousand)	0.03%	—

TAITA CHEMICAL CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
Taita Chemical Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Sub-subsidiary	Other receivables \$ 256,014 (US\$9,249 thousand)(Note 1)	-	\$ 256,014	Keep collecting the outstanding payment	\$ -	\$ -

Note 1. The total amount of Taita Chemical Co., Ltd. from selling raw materials to Taita Chemical (Tianjin) Co., Ltd. Was reclassified to other receivables owing to it was over due for a normal crediting period.

Note 2. There was no amount received in the subsequent period as of March 9, 2022.

TAITA CHEMICAL CO., LTD.

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note (Note 1)
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 2,483,948 (US\$89,738 thousand)	\$ 2,483,948 (US\$89,738 thousand)	89,738,000	100%	\$ 3,142,621 (US\$113,455 thousand)	\$ 211,285 (Gain US\$7,532 thousand)	\$ 211,285 (Gain US\$7,532 thousand)	Subsidiary
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	11,516,174	1.98%	221,245	2,468,676	48,928	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petrochemical raw materials	41,082	41,082	22,009,592	33.33%	373,731	63,389	21,130	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	44,771	44,771	4,445,019	2.43%	32,429	59,329	1,441	Investments accounted for using the equity method
TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.(ACME (Cayman))	British Cayman Islands	Reinvestment	47,057 (US\$1,700 thousand)	47,057 (US\$1,700 thousand)	2,695,619	5.39%	66,405 (US\$2,399 thousand)	62,808 (Gain US\$2,252 thousand)	-	Investments accounted for using the equity method

Note 1. Except for the calculation of ACME and ACME (Cayman) was based on the unaudited financial statements for the year ended December 31, 2021, the calculation of the rest investees was based on their audited financial statements for the same period.

Note 2. Investments in mainland China are included in Table 7.

TAITA CHEMICAL CO., LTD.

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method and Medium 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 December 31, 2021	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of December 31, 2021 (Note 5)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)") (Note 6)	Production and marketing of polystyrene derivatives	\$ 1,280,200 (US\$ 46,250 thousand) (Note 1)	Investments through a holding company registered in a third region	\$ 1,190,240 (USD 43,000 仟元)	\$ -	\$ -	\$ 1,190,240 (US\$ 43,000 thousand)	\$ 218,742 (Gain US\$7,795 thousand)	100%	\$ 218,742 (Gain US\$7,795 thousand)	\$ 1,817,579 (US\$ 65,664 thousand)	\$ -
Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)") (Note 7)	Production and marketing of polystyrene derivatives	757,048 (US\$ 27,350 thousand) (Note 2)	Investments through a holding company registered in a third region	719,680 (USD 26,000 仟元)	-	-	719,680 (US\$ 26,000 thousand)	(10,135) (Loss US\$ 361 thousand)	100%	(10,135) (Loss US\$ 361 thousand)	(114,144) (US\$ 4,124 thousand)	-
ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	850,468 (US\$ 30,725 thousand)	Investments through ACME Electronics (Cayman) Corp. registered in a third region	37,479 (USD 1,354 仟元)	-	-	37,479 (US\$ 1,354 thousand)	45,024 (Gain US\$1,616 thousand)	5.39%	2,429 (Gain US\$ 87 thousand)	44,556 (US\$ 1,610 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 1,947,399 (US\$ 70,354 thousand)	\$ 2,098,623 (US\$ 75,817 thousand)(Note 3)	\$ -(Note 4)

Note 1. TTC (ZS) resolved to issue share dividends of US\$3,250 thousand in 2007.

Note 2. TTC (TJ) resolved to issue share dividends of US\$1,350 thousand in 2012.

Note 3. The amount distributed from share dividends included US\$3,250 thousand from TTC (ZS), US\$1,350 thousand from TTC (TJ) and US\$802 thousand from ACME (KS).

Note 4. According to the Letter No. 10820415160 issued by the Ministry of Economic Affairs on June 6, 2019, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note 5. The basis for investment income (loss) recognition is from financial statements audited and attested by the parent company's ROC-based CPA.

Note 6. TTC (ZS) has resolved the earnings distribution from 2007 to 2020 in the amount to RMB 306,950 thousand at the board meeting held on October 14, 2021 and the earnings have been distributed to Zhangzhou Taita Chemical Co., Ltd. on March 8, 2022.

Note 7. The Company's management decided to suspend TTC (TJ)'s production in from April 2019, please refer to Note 12 for details.

TAITA CHEMICAL CO., LTD.**INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS
DECEMBER 31, 2021**

Name of substantial shareholders	Shares	
	Number of shares held	%
Union Polymer International Investment Corporation	139,298,343	36.79%

Note: The information of major shareholders in this attachment refers to the information calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the current quarter of which the total number of common stocks and special stocks of the Company held, amounting to more than 5%, by the shareholder has been delivered without physical registration (including treasury shares). The capital stock recorded in the consolidated financial statements of the Company and the actual number of shares delivered without physical registration may be different or discrepant due to different compilation and calculation basis.

Taita Chemical Company, Ltd.

Chairman: Wu, Yi-Gui