Stock Code: 1773

勝一化工股份有限公司
SHINY CHEMICAL INDUSTRIAL CO., LTD.

Shiny Chemical Industrial Co., Ltd.

2021 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System:
http://newmops.twse.com.tw
Shiny Chemical Industrial Co., Ltd. Annual Report is available at:
http://www.shinychem.com.tw/
Printed on April 15, 2022

Spokesperson
Name: HUANG YEOU CHING
Title: Financial department manager
Tel: 886-7-8619171
E-mail:hyc@shinychem.com.tw

Deputy Spokesperson
Name: WANG HSING CHIA
Title: General manager's assistant
Tel: 886-7-8619171
E-mail:hc.wang@shinychem.com

Stock Transfer Agent
Stock Affairs Agency Department of Taishin International Commercial Bank
Address: B1, No. 96, Sec. 1, Jianguo N. Rd., Jhongshan Dist., Taipei City
Tel: 886-2-25048125
Website:
https://stocktransfer.tssco.com.tw/introduction

Auditors
Crowe (TW) CPAs Accounting Firm
Auditors: Jen-Yao Hsieh, Ling-Wen Huang
Address:
Tel.: 886-7-3312133
Website: https://www.crowe.com/tw

Corporate Website
http://www.shinychem.com.tw/

Headquarters, Branches and Plant
Headquarters
Address: No.5, Yeong Gong 1stRd, Yeong An Dist., Kaohsiung.
Tel: 886-7-8619171

Yong-An Plant One
Address: No.5, Yeong Gong 1stRd, Yeong An Dist., Kaohsiung
Tel: 886-7-8619171
Yong-An Plant Two
Address: Address: No.18, Yeong Gong 1stRd, Yeong An Dist., Kaohsiung
Tel: 886-7-8619171
Yong-An Plant Three
Address: Address: No.14, Yeong Gong 1stRd, Yeong An Dist., Kaohsiung
Tel: 886-7-8619171
Changhua Coast Plant
Address: No. 3, Xiangong S. 2nd Rd., Xianxi Township, Changhua County
Tel: 886-4- 7588555

Contents

1. Chairman's Address

Dear Shareholders:

We would like to express our deep gratitude for the long-term love and support of our attending shareholders. The Company's 2021 business results and the overview of 2022 business plan are summarized as follows.

2021 Operating Results

Looking back on 2021, thanks to the hard work of the management team, the consolidated operating revenue was NTD 11,143,603 thousand and the consolidated net profit was NTD 1,616,808 thousand, both hitting new record highs since the establishment of Shiny Chemical Industrial Co., Ltd.

Looking forward to 2022, the operation plan of the Company is to focus on internal resources integration, strengthening management, and research and development of new products, while externally, we are dedicated to expanding new customers and improving service quality.

We hope that in the new year, we will be able to develop the foundation of the Company steadily and firmly, explore new opportunities for customers, improve operational performance and enhance our competitiveness. We are convinced that with the strong support and supervision of all shareholders, all colleagues of the Company will work hard together to achieve the above goals.

The annual R&D achievements in 2021 are as follows:

a. Improve the quality of electronic-grade solvents used in semiconductor processes.

b. Development of formulas for electronics industry.

c. High-purity electronic-grade solvent analysis technology upgrade.

d. Production process optimization.

e. Development of recycling technology.

f. Development of anti-corrosion technology.

g. Propose energy conservation and carbon reduction policies and plans.

2022 Business Plan Overview

Based on the industrial environment and market supply and demand, and considering our production capacity and business development, the Company plans to sell approximately 240,560 tons of products in 2022, an increase of 20.78% from 199,179 tons in 2021.

Future Development Strategies & The effect of external competition, the legal environment and the overall business environment

Facing the rapid change of industrial technology and the demand diversification of customers, We will continue to expand the scale of research and development and areas, integrate resources effectively to strengthen R&D ability. In addition to provide diversified product to meet the needs of customers, and expand the market in different fields and create a new blue ocean in the market, in order to accelerate the growth of revenue and profit.

Finally, on behalf of SHINY CHEMICAL, we would like to express our gratitude to all shareholders for your support. We wish you all good health and good luck.

Chairman	Sun Jan Yen
General Manager	Sun Jan Yen
Accounting Manager	Huang Yeou Ching

2. Company Profile

2.1 **Date of Incorporation**

January 24, 1979.

2.2 **Company History**

- The company's mergers and acquisitions during the Most Recent Fiscal Year Up to the Date of Publication of the Annual Report: None.
- Investment of the associate: Please refer to “Page. 67.”
- Reorganizations: None.
- The Shareholding Numerous Transfer or Changes by Directors, Supervisors, and Major Shareholders Who Holds 10% of the Company Shares or More: None.
- Management rights Change in impacts of the company: None.
- Material Change of the model of Business: None.
- Other Significant Information Makes a Better Impact of Shareholders' equity of the company:
  - In 1979, Shiny Chemical Industrial Co., Ltd. was founded by Mr. C.Y Sun, GUO FENG Co., Ltd., YU KUO PLYWOOD CORP., and SAN YU Co., Ltd.
  - In 1980, Formaldehyde and Urea Resin Plants Completed and Began Production.
  - In 1981, In the lead, Succeeded in developing Low formaldehyde emission Urea provided for the domestic manufacturer of plywood to make Low formaldehyde emission plywood.
  - In 1982, Successful extension onto overseas market, exporting the Urea to the Southeast Asia.
  - In 1983, Formaldehyde Alcohol Plant Completed and Began Production, provided products for the manufacturer of Synthetic Resin.
  - In 1984, Succeeded in developing the Organic solvents, Menthyl Acetates. Succeeded in developing Methanol, sales target has expanded from the wood industry to the chemical resin, paint ,leather industries, etc.
  - In 1987, Purchasing the Taipei office building and Taipei Branch Office Set Up.
  - In 1988, Succeeded in developing the Organic solvents, Propylene Glycol Monomethyl Ether.
  - In 1989, Completed the construction of a liquid chemical storage and transportation center at the Qianzhen Wharf of Kaohsiung Port and commenced operation.
  - In 1989, Shares of the company were approved for publicly traded.
  - In 1990, Improving the First Factory of the solvent to added to the integrated production line with PMA.

- In 1991, Succeeded in developing the engineering plastic with the highest added value in the Methanol series, Polyoxymethylene.
- In 1993, Succeeded in developing low-toxicity solvent, Propylene Glycol Monomethyl Ether Compound.
- In 1994, The Second Esterification Solvent Plant Completed and Began Construction.
- In 1995, Awarded by the Environmental Protection Agency as an excellent manufacturer in the no-warning test for chemical disaster prevention. Awarded "The 83rd Annual Taiwan Manufacturing Enterprise Business Performance Excellent Manufacturer" by the China Credit Information Institute. Received the "83rd Years Export and Import Performance Trade Bureau Director's Award" by the Ministry of Economic Affairs.
- In 1996, Getting the ISO-9002 international standard quality assurance system accreditation and registration certification. Awarded the "85th Annual Factory Pollution Prevention and Control Evaluation Excellence Award" by the Environmental Protection Agency of the Executive Yuan.
- In 1997, Classified as a national excellent employee welfare unit by the Labor Committee of the Executive Yuan. Awarded the prize of excellent performance in the greening competition of industrial areas in the province. Succeeded in developing n-butyl propylene glycol monobutyl ether and isobutyl propylene glycol monomethyl ether compounds with low toxicity.
- In 2000, Electronic-grade Chemical Solvent Plant in Changhua Coastal Industrial Park Completed and Began Production.
- In 2001, awarded by the Ministry of Finance as an excellent Business Entity for issuing Uniform Invoice.
- In 2002, Qualified the ISO-9000/2000 version and ISO-14001 certification.
- In 2004, Third Esterification Solvent Plant Completed and Began Construction.
- In 2005, Awarded the honor of "94~95 Safety and Health Self-Protection Unit" by the Council of Labor Affairs, Executive Yuan, R.O.C. Winning the bronze medal in the competition for the outstanding unit in promoting greening in industrial areas throughout the province.
- In 2006, the "Propylene Glycol Methyl Ether" (PGE) plant was built with the international technical cooperation of LYONDELL GREATER CHINA, LTD., TAIWAN BRANCH (U.S.A.) Awarded "Model of Safety and Health" by Industrial Development Bureau, Ministry of Economic Affairs.
- In 2007, the Propylene Glycol Methyl Ether (PM) plant passed the performance test

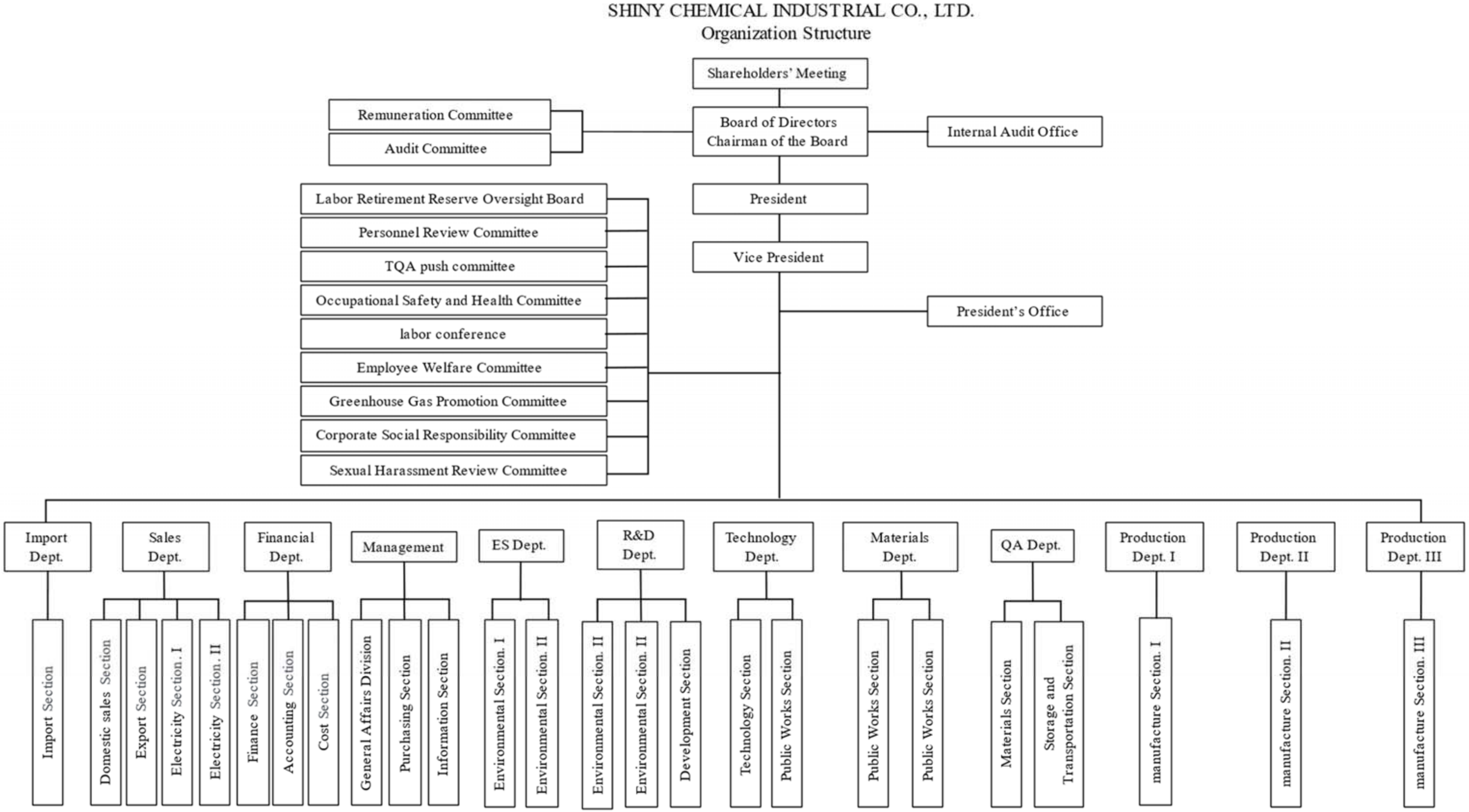
and was officially mass produced.

- In 2008, The company was registration on the Emerging Stock Market. Passed OHSAS 18001 Certification: 2007 version.
- In 2009, The Company's stock was public listing on Taiwan Stock Exchange.
- In 2010, Introduced BS 25999 Business Continuity Management System (BCM).
- In 2011, Compensation committee established. Introduced ISO 14064-1 greenhouse gas management system.
- In 2013, Awarded "Industrial Excellence Award" by Industrial Development Bureau, Ministry of Economic Affairs.
- In 2014, Awarded the 2nd Medium Enterprise Key Counselor by Industrial Development Bureau, Ministry of Economic Affairs.
- In 2015, Established CSR Committee and Published the first Corporate Social Responsibility Report.
- In 2017, Passed OHSAS 18001 and new (2015) ISO 9001 and ISO 14001 Certifications, and established the Hsinchu office.
- In 2018, The establishment of Fourth Factory of the solvent is completed operation. Hung Shing office building was completed and opened.
- In 2019, started building for Intercontinental Terminal Storage and Logistics Center. Qualified by ISO45001 Occupational Safety and Health Management System. Obtaining VDA QMC certification for automotive urea water.
- In 2020, Qualified by ISO9001 and ISO14001 of the triennial certification.

3. Corporate Governance Report

3.1 Organization

(1) Organization System Chart



(2) Organization System Chart

Department	Main responsibilities
Audit Office	• To propose and execute audits. • To evaluate and report on internal control system and internal management performance.
General Manager Office	• To set the Company's future development goals and plan strategic cooperation. • To assist with and execute assigned operational matters from the general manager.
Import Dept	• To research market conditions and import bulk raw materials.
Sales Dept	• Domestic and international market development; crediting; product sales; quotes; order handling, etc.
Financial Dept	• Financial operation and planning. • Fund management and banking business. • Accounting. • Production cost calculation and analyses.
Management Dept	• Purchasing, facility affairs, general affairs, personnel, computer affairs, etc.
QA Dept	• In charge of inspection, standard, supervision and control of all incoming materials, finished products and unqualified products. • Collect and grasp new experience in quality inspection method, apparatus, management between domestic and foreign; moreover, it also passes relevant quality information. • Statistical analysis of process capacity of each product and development of internal control index.
R&D Dept	• R&D and promotion of new products. • Process design and improvement for existing products.
Technical Dept	• Assist in the execution of factory construction projects • Inspection, calibration, decoration and maintenance of electrical machinery, machinery, water and electricity, instrumentation, D.C.S and other equipment.
Production Dept. I	• Solvent production: methanol, formaldehyde alcohol, menthyl acetates, and ether alcohol esters, etc.
Production Dept. II	• OEM: proprylene glycol monomethyl ether (PGME) and Dipropylene glycol methyl ether (DPM)
Production Dept. III	• Product blending, sub-packaging and technical service operations.
Materials Dept	• Warehousing and shipping of raw materials and finished products. • Storage tank leasing.
ES Dept	• To oversee general industrial safety matters at all plants

3.2 Directors, Supervisors and Management Team

(1) Information of Directors and Supervisors

As of March 27, 2022

Title	Nationality or Place of Registration	Name	Gender	Date Elected (of Assumption)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Current Shareholding		Shareholding When Elected		Education and Experience	Current Positions in the Company and other companies	Executives, Directors or Independent Directors who are spouses or within the second degree of kinship			Remark
							Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relation	
Chairman	R.O.C.	NINGHAN DEVELOPMENT CO., LTD.		21-May-20	3	15-Apr-94	45,944,624	30.63	61,259,497	30.63	0	0.00	0	0.00	Faculty of Commerce, Waseda University, Japan Chairman, KUO FENG CORP	The company: general manager Other company: Note 1	Director Director	SUN CHI-JYH SUN CHI-FA	paternity paternity	NOTE.5
	R.O.C.	SUN JAN-YEN	Male 84	-	-		0	0.00	9,872,538	4.94	0	0.00	0	0.00						
Director	R.O.C.	NINGHAN DEVELOPMENT CO., LTD.		21-May-20	3	15-Apr-94	45,944,624	30.63	61,259,497	30.63	0	0.00	0	0.00						
	R.O.C.	SUN CHI-JYH	Male 51				0	0.00	2,569,865	1.28	0	0.00	0	0.00	Master of Business Administration, Shanghai Jiao Tong University Chairman, NINGHAN DEVELOPMENT CORP General Manager (Former),Shiny Chemical CORP	The company: none Other company: Note 3	Chairman Director	SUN JAN-YEN SUN CHI-FA	paternity brother	
Director	R.O.C.	NINGHAN DEVELOPMENT CO., LTD.		21-May-20	3	15-Apr-94	45,944,624	30.63	61,259,497	30.63	0	0.00	0	0.00						
	R.O.C.	SUN CHI-FA	Male 48				0	0.00	3,185,762	1.59	0	0.00	0	0.00	Master of Science And Engineering, Tokyo Institute Of Technology, Japan Vice General Manager, Shiny Chemical CORP	The company: Deputy General Manager Other company: Note 4	Chairman Director	SUN JAN YEN SUN CHI-JYH	paternity brother	
Director	R.O.C.	YU KUO PLYWOOD CORP.		21-May-20	3	19-May-80	18,629,612	12.42	24,839,482	12.42	0	0.00	0	0.00	Department of English, Tokyo Tanaka College Director, SAN HOR SHEN ENTERPRISE CORP	Director, SAN HOR SHEN ENTERPRISE CORP	None	None	None	
	R.O.C.	CHEN,YIH-LING	Femal63		-		0	0.00	554,553	0.28	0	0.00	0	0.00						
Director	R.O.C.	LEE CHIN-YEN	Male 89	21-May-20	3	28-Nov-78	3,913,869	2.61	5,218,491	2.61	1,980,843	0.99	0	0.00	Chemical Engineering, Chung Yuan University Chairman, AZOTEK CO., LTD. General Manager (Former),Shiny Chemical Corp	The company: none Other company: Note 2	None	None	None	

Director	R.O.C.	WONG, DUEN-HONG	Male 72	21-May-20	3	8-Jul-98	293,025	0.20	390,699	0.20	79,999	0.04	0	0.00	Pharmacy and Science, Chinan University Director, YU KUO PLYWOOD CORP	Director, YU KUO PLYWOOD CORP	None	None	None	
Independent Director	R.O.C.	MA, CHEN-CHI	Male 76	21-May-20	3	15-Sep-08	0	0.00	0	0.00	0	0.00	0	0.00	PhD, Chemical Engineering, North Carolina State University Chair Professor, Department of Chemical Engineering, National Tsing Hua University	Chair Professor, Department of Chemical Engineering, National Tsing Hua University 、Independent Director of TOPKEY CORPORATION 、Independent Director of Wah Hong Industrial Corp	None	None	None	
Independent Director	R.O.C.	WU, HSIAO-YEN	Female 66	21-May-20	3	22-Jun-11	0	0.00	0	0.00	0	0.00	0	0.00	Master of Law, National Chung Cheng University Director of Chien Yeh Law Offices Kaohsiung Office	Director of Chien Yeh Law Offices Kaohsiung Office、Independent Director, Kao Hsing Chang Corp.、Director, YUNG CHI PAINT Corp	None	None	None	
Independent Director	R.O.C.	CHEN, TING-KO	Male 84	21-May-20	3	7-Jun-17	0	0.00	0	0.00	0	0.00	0	0.00	PhD In Business Administration, University of Michigan Charity Chairman of Chinese Academy of Business	Distinguished Chair Professor of Business at Chinese Culture University, Independent Director of SINO-AMERICAN SILICON PRODUCTS INC., Independent Director of Namchow Chemical	None	None	None	

Note 1: SUN JAN-YEN is currently the chairman of Unishine Chemical, the chairman and general manager of E-Shine Advanced Chemical, the chairman of Zhangjiagang Trans-Ocean Enterprise, the chairman of Ningbo Yueyang, the chairman of Youyi Enterprise, the chairman of Ninghan Enterprise, and the chairman of Mingxue Investment. , Chairman of Jin Hesheng, Chairman of Mingjing Investment, Chairman of Mingxiu Investment, Director of Singapore KENWELL, Director of AZOTEK CO., LTD.,, Director of SEPANGAR CHEMICAL INDUSTRY SDN BHD., Director of Shanghai Liansheng Chemistry, Director of Elsom Development Ltd., Director of Spring World Holdings Ltd., Director of Shanghai Haosheng Chemical Technology, Supervisor of Yangbo, Supervisor of Zhenchang Xingye.

Note 2: Li Jinyan is currently the chairman of Jiamei Chemical and the director of SEPANGAR CHEMICAL INDUSTRY SDN BHD..

Note 3: SUN CHI-JYH is currently the chairman of Runan Investment, the director of Ninghan Enterprise, the director of Zhangjiagang Trans-Ocean Enterprise, and the Supervisor of Zhenyuan Industrial Co., Ltd.

Note 4: SUN CHI-FA is currently the director and vise general manager of E-Shine Advanced Chemical, the director of Ninghan Enterprise, the director of Shanghai Liansheng Chemistry, the director of Shanghai Haosheng Chemical Technology, the director of Unishine Chemical, the director of Yangbo, the supervisor of Youyi Enterprise, and the director of Zhangjiagang Trans-Ocean Enterprise., Director of Ningbo Yueyang, Supervisor of Changsheng Enterprise Co., Ltd.

Note 5: The company is in the business growth period. In order to increase decision-making efficiency and improve business performance, the chairman of the board is currently the general manager. In addition, in order to take into account corporate governance, the company has increased the number of independent directors from 2 to 3 as a response.

(2) Major Institutional Shareholders

As of March 27, 2022

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	
YU KUO PLYWOOD CORP.	WENG, HUI-YING SAN HOR SHEN ENTERPRISE CORP. CHEN,YI-LING WANG, ZHAO-RONG	Percentage 20% Percentage 17% Percentage 13% Percentage 10%
NINGHAN DEVELOPMENT CO., LTD.	SUN JAN YEN SUN CHI-JYH SUN CHI-FA	Percentage 27% Percentage 17% Percentage 17%

(3) Major Shareholders of the Company's Major Institutional Shareholders

As of March 27, 2022

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder	
SAN HOR SHEN ENTERPRISE CORP.	CHEN, YI-LING WANG, JUN-YAO YU KUO PLYWOOD CORP. LI,WEI-FEN	Percentage 33% Percentage 30% Percentage 13% Percentage 10%

(4) Disclosure of information on the professional qualifications of directors and the independence of independent directors

Condition / Name	Professional qualifications and experience	Independence situation	concurrently serve as other public offerings Number of independent directors of the company
SUN JAN-YEN	Possess work experience required for petrochemical industry management, leadership decision-making, and industry knowledge. He successively served as the chairman of Guofeng Xingye and E-Shine Advanced Chemical. None of the provisions of Article 30 of the Company Law apply.		None
SUN CHI-JYH	Possess work experience required for petrochemical industry management, leadership decision-making, and industry knowledge. He successively served as the chairman of Ninghan Enterprise and the former general manager of Shiny Chemical. None of the provisions of Article 30 of the Company Law apply.		None
SUN CHI-FA	Possess work experience required for petrochemical industry management, leadership decision-making, and industry knowledge. He has successively served as the vice general manager of Shiny Chemical and the vice general manager of E-Shine Advanced Chemical. None of the provisions of Article 30 of the Company Law apply.		None
LEE CHIN-YEN	Possess work experience in petrochemical industry management, leadership decision-making, and industry knowledge. He served as the chairman of AZOTEK CO., LTD. and the former general manager of Shiny Chemical. None of the provisions of Article 30 of the Company Law apply.		None

WONG, DUEN-HONG	With the work experience required in the business and chemical industries, he has served as a director of Yuguo Plywood (stock). None of the provisions of Article 30 of the Company Law apply.		None
CHEN, YIH-LING	Possess work experience in petrochemical industry management, leadership decision-making, and industry knowledge. He successively served as director of Sanheshun Investment (stock) and director of Yuguo Plywood (stock). None of the provisions of Article 30 of the Company Law apply.		None
MA, CHEN-CHI	Possess work experience required for chemical industry knowledge, business management, leadership decision-making and environmental protection. He has served as Deputy R&D Director of the R&D Office of National Tsing Hua University, Honorary Professor and Distinguished Professor of the Department of Chemical Engineering. None of the provisions of Article 30 of the Company Law apply.	He/She is an independent director and meets the conditions of independence, including but not limited to himself, his spouse, relatives within the second degree of kinship, not serving as a director, supervisor or employee of the company or its affiliated companies; not holding the number of shares in the company; The company has directors, supervisors or employees of specific related companies; the company or its related companies have not provided business, legal, financial, accounting and other services in the past two years.	2 (Independent director of Wah Hong Industrial Corp. and TOPKEY)
WU, HSIAO-YEN	Experienced in business management, leadership decision-making, business, and law. He served as the director of Jianye Law Firm. None of the provisions of Article 30 of the Company Law apply.		1 (Independent Director of Kao hsing chang iron & steel corporation)
CHEN, TING-KO	Experienced in business management, leadership decision-making, business, and finance. He has successively served as the general consultant of Runtai Group, the vice president of J-M Company of Formosa Plastics, and the professor, director and director of the Institute of Commerce, Department of Commerce, National Taiwan University. None of the provisions of Article 30 of the Company Law apply.		2 (Independent Director of Namchow Group and Sino-American Silicon)
Note: Please refer to P.35-36 for the information of Board diversity.			

(5) General manager, deputy general manager, assistant manager, department and branch supervisor information

As of March 27, 2022

Position	Nationality	Name	Gender	Inauguration Date	Current Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Current Assignments/Positions	Spouse or Relative within the Second Degree of Relationship Holding A Position as Manager, Director or Supervisor			Notes
					Number	%	Number	%	Number	%			Title	Name	Relationship	
president	R.O.C.	SUN JAN-YEN	Male	Apr.13,2006	9,872,538	4.94	0	0.00	0	0	Faculty of Commerce, Waseda University, Japan Chairman, KUO FENG CORP	Note1	vice president	SUN CHI-FA	paternity	Note6
vice president	R.O.C.	SUN CHI-FA	Male	Aug.17,2010	3,185,762	1.59	0	0.00	0	0	Master of Science and Engineering, Tokyo Institute of Technology, Japan Vice General Manager, Shiny Chemical CORP	Note2	president	SUN JAN - YEN	paternity	
vice president	R.O.C.	SU,CHIH-SHENG (Dismissal date：28-Fed-22)	Male	Jul.23,2020	8,987	0.00	0	0.00	0	0	Chemical fiber system, National Taipei Institute of Technology. Manager of Productive Department, SHINY CHEMICAL INDUSTRIAL CO., LTD.,	None	None	None	None	
special assistant	R.O.C.	WANG, HSING-CHIA	Male	Jul.23,2020	0	0.00	0	0.00	0	0	PhD. Polymer chemistry, University of Massachusetts Director of LCY CHEMICAL CORP.	Director of E-SHINE ADVANCED	None	None	None	
manager	R.O.C.	LI, HUAN-I	Male	Jul.23,2020	26,528	0.01	2,222	0.00	0	0	Department of accounting ,National Chung Hsing University Manager of General Accounting Department, SHINY CHEMICAL INDUSTRIAL CO., LTD.	Note3	None	None	None	
manager	R.O.C.	WANG, CHING-KUN	Male	Aug.01,2007	0	0.00	0	0.00	0	0	Chung yuan university chemical engineering Assistant manager of Productive Department 2,SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None	
manager	R.O.C.	CHU, NENG-HUI	Male	Apr.01,2008	1,316	0.00	0	0.00	0	0	Masters of Materials Science and Engineering, I-SHOU University. Sales Manager of LYONDELLBASELL TAIWAN CO., LTD.	None	None	None	None	
manager	R.O.C.	HSU, HUI	Female	Jul.01,2010	29,922	0.02	0	0.00	0	0	The Department of Applied Chinese, Ming Chuan University Sales Manager of E-SHINE ADVANCED CHEMICALS LTD.	None	None	None	None	
manager	R.O.C.	HUANG YEOU - CHING	Male	Mar.21,2012	19,999	0.01	0	0.00	0	0	Department of Accounting, Tokai University The manager of HORWATH CHIEN HSING	Note4	None	None	None	
manager	R.O.C.	TSENG,YUNG-SHAN	Male	May.01,2016	20,973	0.01	13,427	0.01	0	0	Master of Chung yuan university chemical engineering Assistant manager of logistics department, SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None	

manager	R.O.C.	CHUANG,HUNG-CHENG	Male	Oct.01,2005	21,195	0.01	1,000	0.00	0	0	Department of Chemical Engineering, Cultural University Assistant manager of Productive Department 1,SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None	
assistant manager	R.O.C.	LIU MING YAN	Male	May.02,2006	11,983	0.01	0	0.00	0	0	Department of Accounting ,Feng Chia University Assistant manager of Administration Dept, SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None	
assistant manager	R.O.C.	WU,TSAI-HSING	Male	Aug.01,2016	0	0.00	10,000	0.01	0	0	Department of Chemical and Materials Engineering, Tamkang University Supervisor of export department, SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None	
assistant manager	R.O.C.	YANG,TUNG-CHIEH	Male	Jul.01,2018	8,000	0.00	11,111	0.01	0	0	Department of Transportation Management, National Cheng Kung University Supervisor of General Affairs Department, SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None	
assistant manager	R.O.C.	LI,YI-CING	Male	Jul.01,2019.	0	0.00	0	0.00	0	0	Master of Computer Science and Information Engineering, National Chung Cheng University Supervisor of information technology department, SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None	
assistant manager	R.O.C.	SUN,MING-LANG	Male	Aug.01,2019	0	0.00	0	0.00	0	0	Master of Chemistry, NCKU Supervisor of manufacturing department 3,SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None	
assistant manager	R.O.C.	ZHANG,RUI-HONG	Male	Jul.01,2020.	0	0.00	0	0.00	0	0	Master of Environmental and Safety Hygiene, Kaohsiung First University Supervisor of manufacturing department 2,SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None	
assistant manager	R.O.C.	LIU,CANG-HONG	Male	Jul.01,2020.	19,474	0.01	991	0.00	0	0	Master of Materials Engineering, National Taiwan University Supervisor of manufacturing department 1,SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None	

Note 1: SUN JAN-YEN is currently the chairman of Unishine Chemical, the chairman and general manager of E-Shine Advanced Chemical, the chairman of TRANSOM TECHOLOGY, the chairman of Zhangjiagang Trans-Ocean Enterprise, the chairman of Ningbo Yueyang, the chairman of Youyi Enterprise, the chairman of Ninghan Enterprise, , Director of Singapore Kenwell, Director of AZOTEK CO., LTD., Director of SEPANGAR CHEMICAL INDUSTRY SDN BHD., Director of Zhangjiagang Yuansheng, Director of Shanghai Liansheng Chemistry, Director of Elsom Development Ltd., Director of Spring World Holdings Ltd., Director of Shanghai Haosheng Chemical Technology, Supervisor of Yangbo, Supervisor of Zhenchang Xingye.

Note 2: SUN CHI-FA is currently the director and vice general manager of E-Shine Advanced Chemical, the director of Ninghan Enterprise, the director of Shanghai Liansheng Chemistry, the director of Shanghai Haosheng Chemical Technology, the director of Unishine Chemical, the director of Yangbo, the supervisor of Youyi Enterprise, and the director of Zhangjiagang Yueyang. , Director of Ningbo Yueyang.

Note 3: LI, HUAN-I is currently Director of Shanghai Liansheng Chemistry, Director of Shanghai Haosheng Chemical Technology, Director of Elsom Development Ltd., Director of Spring World Holdings Ltd., Supervisor of Unishine Chemical.

Note 4: HUANG YEOU-CHING is currently Supervisor of E-SHINE ADVANCED, Supervisor of TRANSOM TECHOLOGY.

Note 5: The company does not issue employee stock warrants.

Note 6: The company is in the business growth period. In order to increase decision-making efficiency and improve business performance, the chairman of the board is currently the general manager. In addition, in order to take into account corporate governance, the company has increased the number of independent directors from 2 to 3 as a response.

(6) Remuneration for payment instructions, supervisors, and general managers in 2021

1. Directors’' remuneration

Unit: NT$ thousand

Title	Name	Director's Remuneration								A, B, C and D total of four net profit after tax ratio		Remuneration for part-time employees												A, B, C, D, Seven E, F and G Total items after tax net profit ratio		Receipt of remuneration from subsidiary reinvested business or parent company
		remuneration(A)		resign pension (B)		Director's Remuneration(C)		business execution cost (D)				Salary, bonus and special expenses, etc. (E)		resign pension (F)		Employee compensation (G)				Number of shares subscribed for employee stock option certificates (H)		Acquire new shares with restricted employee rights (I)				
		Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company		All companies in the financial report		Our company	All companies in the financial report	Our com pany	All companies in the financial report	Our company	All companies in the financial report	
																cash amount	cash amount	cash amount	cash amount							
Chairman	NINGHAN DEVELOPMENT CO., LTD. (SUN JAN-YEN)	150	150	-	-	58,534	58,534	-	-	3.63%	3.63%	3,195 (including car 10,292)	7,595 (including car 10,292)	-	-	3,600	-	3,600	-	-	-	-	-	4.05%	4.32%	None
Director	NINGHAN DEVELOPMENT CO., LTD. (SUN CHI-JYH)	3,142	3,142	-	-	6,504	6,504	-	-	0.60%	0.60%	1,974 (including car 7,075)	1,974 (including car 7,075)	-	-	2,200	-	2,200	-	-	-	-	-	0.85%	0.85%	None
Director	NINGHAN DEVELOPMENT CO., LTD. (SUN CHI-FA)																									
Director	YU KUO PLYWOOD CORP. (CHEN,YIH-LING)																									
Director	LEE CHIN-YEN																									
Director	WONG,DUEN-HONG																									
Independent Director	WU,HSIAO-YEN																									
Independent Director	MA,CHEN-CHI																									
Independent Director	CHEN,TING-KO																									

Remuneration level paid to each director of the company	Director's name			
	The total amount of the first four remunerations (A+B+C+D)		The total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The company	All companies in the financial report	The company	All companies in the financial report
Below $1,000,000	WU, HSIAO-YEN、MA, CHEN-CHI、CHEN, TING-KO	WU, HSIAO-YEN、MA, CHEN-CHI、CHEN, TING-KO	WU, HSIAO-YEN、MA, CHEN-CHI、CHEN, TING-KO	WU, HSIAO-YEN、MA, CHEN-CHI、CHEN, TING-KO
$1,000,000 (inclusive) ~ $2,000,000 (exclusive)	LEE CHIN-YEN、WONG, DUEN-HONG、SUN CHI-JYH、SUN CHI-FA、CHEN, YIH-LING	LEE CHIN-YEN、WONG, DUEN-HONG、SUN CHI-JYH、SUN CHI-FA、CHEN, YIH-LING	LEE CHIN-YEN、WONG, DUEN-HONG、SUN CHI-JYH、CHEN, YIH-LING	LEE CHIN-YEN、WONG, DUEN-HONG、SUN CHI-JYH、CHEN, YIH-LING
$2,000,000(inclusive)～$3,500,000(exclusive)				
$3,500,000(inclusive)～$5,000,000(exclusive)				
$5,000,000(inclusive)～$10,000,000(exclusive)			SUN CHII-FA	SUN CHII-FA
$10,000,000(inclusive)～$15,000,000(exclusive)				
$15,000,000(inclusive)～$30,000,000(exclusive)				
$30,000,000(inclusive)～$50,000,000(exclusive)				
$50,000,000(inclusive)～$100,000,000(exclusive)	SUN JAN-YEN	SUN JAN-YEN	SUN JAN-YEN	SUN JAN-YEN
Over $100,000,000				
total	9	9	9	9

2. Remuneration of General Manager and Deputy General Manager

Unit: NT$ thousand

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Retirement pension (B)</th><th colspan="2">bonus and Special expenses, etc. (C)</th><th colspan="4">Employee compensation amount (D)</th><th colspan="2">The ratio of the total amount of A, B, C and D to the net profit after tax</th><th colspan="2">Amount of employee stock option certificates obtained</th><th rowspan="3">Receipt of remuneration from subsidiary reinvested business or parent company</th></tr>
<tr><th rowspan="2">Our company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">Our company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">Our company</th><th rowspan="2">All companies in the financial report</th><th colspan="2">Our company</th><th colspan="2">All companies in the financial report</th><th rowspan="2">Our company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">Our company</th><th rowspan="2">All companies in the financial report</th></tr>
<tr><th>cash amount</th><th>stock amount</th><th>cash amount</th><th>stock amount</th></tr>
<tr><td>president</td><td>SUN JAN-YEN</td><td rowspan="3">7,052</td><td rowspan="3">9,752</td><td rowspan="3">-</td><td rowspan="3">-</td><td rowspan="3">45</td><td rowspan="3">1,745</td><td rowspan="3">5,800</td><td rowspan="3">-</td><td rowspan="3">5,800</td><td rowspan="3">-</td><td rowspan="3">0.80%</td><td rowspan="3">1.07%</td><td rowspan="3">-</td><td rowspan="3">-</td><td rowspan="3">None</td></tr>
<tr><td>vice president</td><td>SUN CHI-FA</td></tr>
<tr><td>vice president</td><td>SU,CHIH-SHENG</td></tr>
</table>

Pay the company's general managers and deputy general managers remuneration level	Name of General Manager and Deputy General Manager	
	Our company	All companies in the financial report
Below $1,000,000		
$1,000,000 (inclusive)～$2,000,000 (exclusive)		
$2,000,000 (inclusive)～$3,500,000 (exclusive)		
$3,500,000 (inclusive)～$5,000,000 (exclusive)	SU,CHIH-SHENG, SUN CHI-FA	SU,CHIH-SHENG, SUN CHI-FA
$5,000,000 (inclusive)～$10,000,000 (exclusive)	SUN JAN-YEN	
$10,000,000 (inclusive)～$15,000,000 (exclusive)		SUN JAN-YEN
$15,000,000 (inclusive)～$30,000,000 (exclusive)		
$30,000,000 (inclusive)～$50,000,000 (exclusive)		
$50,000,000 (inclusive)～$100,000,000 (exclusive)		
Over $100,000,000		
total	3	3

3. The name of the manager who distributes employee remuneration and the situation of distribution

Unit: NT$ thousand

2021	Title	Name	stock amount			cash amount	total	Proportion of total amount to net profit after tax (%)
			number of shares	market price	amount	amount		
manager	president	SUN JAN-YEN	—	—	—	11,950	11,950	0.74%
	vice president	SUN CHI-FA						
	vice president	SU, CHIH-SHENG						
	special assistant	WANG, XING-JIA						
	financial manager	HUANG YEOU-CHING						

4. Compare and explain the analysis of the total remuneration paid by the company and all companies in the consolidated financial statements to the company's directors, independent directors, general managers and deputy general managers in the last two years as a percentage of the net profit after tax of the individual or individual financial reports, and explain the remuneration policy , Criteria and portfolio, procedures for determining remuneration, and its relationship to business performance and future risks:

Title	2020	2021
	The total amount of remuneration paid by the company and all companies in the consolidated statements to the company's directors, independent directors, general managers and deputy general managers accounted for the proportion of net profit after tax	The total amount of remuneration paid by the company and all companies in the consolidated statements to the company's directors, independent directors, general managers and deputy general managers accounted for the proportion of net profit after tax
Director	5.83%	5.42%
Independent Director		
president and vice president		

(1) The remuneration paid by the company to directors and independent directors is mainly for the performance of duties and the remuneration for directors provided in accordance with the company's articles of association. The remuneration payment policy is based on the degree of its participation in the operation and the value of its contribution, and is paid with reference to the industry standard; and the remuneration provided according to the articles of association is based on the principle of not exceeding 3% of the profit of the current year.

(2) Article 32 of the company's articles of association stipulates that if the company has a profit in the year, it should allocate no less than 6% as employee compensation. The remuneration of managers includes salary and bonuses, among which salary refers to the standard of the same industry and items such as title, rank, education (experience), professional ability and responsibilities, etc. The bonus is based on the performance evaluation items of managers, including financial indicators (such as company operating revenue, the achievement rate of pre-tax net profit and after-tax net profit) and non-financial indicators (such as major deficiencies in legal compliance and operational risk matters), and submit the suggestions to the board of directors for discussion in accordance with the principle of distribution recommended by the Compensation and Compensation Committee , on the principle of sustainable operation of the company.

3.3 Implementation of Corporate Governance

(1) Board of Director's Operations

The Board of Directors met 6 times in the most recent year(A); the attendance of Directors is as follows:

Title	Name	Number of Attendance(A)	Number of Actual Attendance(B)	Number of Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Remarks
Chairman	NINGHAN DEVELOPMENT CO.,LTD SUN JAN-YEN	6	6	0	100%	
Director	NINGHAN DEVELOPMENT CO.,LTD SUN CHI-JYH	6	6	0	100%	
Director	NINGHAN DEVELOPMENT CO.,LTD SUN CHI-FA	6	6	0	100%	
Director	YUKUO PLYWOOD CORP., CHEN YIH-LING	6	6	0	100%	
Director	LEE CHIN-YEN	6	0	6	0%	
Director	WONG DUEN-HONG	6	6	0	100%	
Independent Director	WU HSIAO-YEN	6	6	0	100%	
Independent Director	MA CHEN-CHI	6	6	0	100%	
Independent Director	CHEN TING-KO	6	5	1	83%	

Other matters to be recorded:

I. Matters listed in Article 14-3 of the Securities and Exchange Act and other matters resolved by the board of directors with objections or reservations from independent directors and with records or written statements: None.

II. The execution of Directors abstaining from resolution in which they hold stakes: None.

III. Objectives for strengthening the functions of the Board (such as the establishment of the Audit Committee and improvement of information transparency) during the current year and the latest year and the execution evaluation: None.

IV. The operation of the board of directors and the implementation of relevant resolutions in the most recent year and as of the date of publication of the annual report are explained on page 53.

(2) Execution of the Board's evaluation

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation
Executed once a year	The year ended 31 December, 2021	Board of Directors	The self-evaluation method is adopted.	(1) Level of participation in corporate operations. (2) Improving the quality of the Board's decision-making. (3) Composition and structure of the Board. (4) Election and continuing education of Directors. (5) Internal control.
Executed once a year	The year ended 31 December, 2021	Individual Directors	The self-evaluation method is adopted.	(1) Understanding of the Company's goals and tasks. (2) Understanding of the duties and functions of Directors. (3) Level of participation in corporate operations. (4) Internal relationship management and communication. (5) Professional and continuing education for Directors. (6) Internal control.
Executed once a year	The year ended 31 December, 2021	Functional committee.	The self-evaluation method is adopted.	(1) Level of participation in corporate operations. (2) Understanding of the duties and functions of the functional committee. (3) Improving the quality of the functional committee's decision-making. (4) Composition of the functional committee and election of committee members. (5) Internal control.

(3) Operations of the Audit Committee

The Audit Committee met 5 times in the most recent year(A) , and the attendance of Independent Directors is as follows:

Title	Name	Number of Actual Attendance(B)	Number of Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Remarks
Independent Director	CHEN TING-KO	5	0	100%	Convener
Independent Director	WU HSIAO-YEN	5	0	100%	
Independent Director	MA CHEN-CHI	5	0	100%	

Other matters to be recorded:

I. When any of the following circumstances occurred during the operations of the Audit Committee, the meeting date, period, content of resolutions, the resolution results made by the Audit Committee, and measures adopted by the Company in response to the opinions from the Audit Committee shall be specified:
  (1) Matters specified in Article 14-5 of the Securities and Exchange Act: Please see the table 4. below.
  (2) Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.

II. For the execution of Independent Directors abstaining from resolution in which they hold stakes, the names of the Independent Directors, the content of the resolutions, the reason of abstention due to the conflict of interests, and the participation in voting: None.

III. Communication between Independent Directors and chief internal auditor and CPAs:
  (1) The audit supervisor attends the company's regular audit committee and makes audit business reports, and the independent directors have no objection.
  (2) The independent directors communicate with the accountants face to face and in writing on a quarterly basis on a regular basis.
    (a). Communication between independent directors and the head of internal audit:
      1. When the internal audit supervisor convenes the audit committee quarterly, he will separately explain to the independent directors the implementation of the internal audit and the operation of the internal control (both accountants and financial executives are absent).
      2. The board of directors is held quarterly. Both independent directors and audit supervisors participate in the board of directors. The audit supervisor also attends and reports the internal audit business situation at each board meeting.
      3. 2021 Summary of separate communication with the head of internal audit:

Date	Attendees	Item	Communication results
2/25/2021 The Audit Committee	Independent director CHEN TING-KO Independent director MA CHEN-CHI Independent director WU HSIAO-YEN Audit Supervisor GUO JIE-JHEN	2020 Lack of audit plan and abnormal improvement situation.	No objection.
4/28/2021 The Audit Committee	Independent director CHEN TING-KO Independent director MA CHEN-CHI	Internal audit business situation from February to March 2021.	No objection.

	Independent director WU HSIAO-YEN Audit Supervisor GUO JIE-JHEN		
7/28/2021 The Audit Committee	Independent director CHEN TING-KO Independent director MA CHEN-CHI Independent director WU HSIAO-YEN Audit Supervisor GUO JIE-JHEN	Internal audit business situation from May to June 2021.	No objection.
10/27/2021 The Audit Committee	Independent director CHEN TING-KO Independent director MA CHEN-CHI Independent director WU HSIAO-YEN Audit Supervisor GUO JIE-JHEN	Internal audit business situation from July to September 2021.	No objection.
12/22/2021 The Audit Committee	Independent director CHEN TING-KO Independent director MA CHEN-CHI Independent director WU HSIAO-YEN Audit Supervisor GUO JIE-JHEN	Internal audit business situation from October to November 2021.	No objection.

(a). Communication between independent directors and accountants:

1. The accountants report to the independent directors at least once a year on the financial status and overall operation of the company and the domestic and overseas reinvestment companies, and the internal control audit situation, and fully communicate and explain whether the amendments to the laws and regulations will affect the accounting situation (the audit supervisor and the financial supervisor). all leave to avoid).
2. Summary of separate communication with accountants in 2021:

Date	Attendees	Item	Communication results
2/25/2021 The Audit Committee	Independent director CHEN TING-KO Independent director MA CHEN-CHI Independent director WU HSIAO-YEN Accountant SU BING-JHANG	2020 Individual and Consolidated Financial Statements.	No objection.
12/22/2021 The Audit Committee	Independent director CHEN TING-KO Independent director MA CHEN-CHI Independent director WU HSIAO-YEN	2021 Annual Review Plan.	No objection.

	Accountant Jen-Yao Hsieh		

Note: Since the 19th session of the board of directors, the company has established an audit committee to replace the supervisor.

2. Terms of Reference of the Audit Committee:

(1) Fair representation of the company's financial statements.

(2) Selection (dismissal), independence and performance of certified accountants.

(3) Effective implementation of the company's internal control.

(4) The company follows relevant laws and regulations.

(5) Management and control of existing or potential risks of the company.

3. The annual work focus of the Audit Committee:

(1) Evaluate the effectiveness of the internal control system Evaluate the policies and procedures of the company's internal control system (including financial, operational, control measures such as risk management, information security, legal compliance), and reviewed the company audit office and visa Accountants, as well as management's regular reports, including risk management and compliance.

(2) To review the financial statements for the first to fourth quarters of 2021 which have been checked and completed by Crowe (TW) CPAs, and issued review reports and audit reports, that there is no discrepancy.

4.Audit Committee Resolutions:

Date	Content	Resolution result	The Company's Handling of the Audit Committee's Opinions
2021.02.25 5th Meeting of the 1th Board	1. 2020 Individual financial report and consolidated financial report. 2. 2020 Profit distribution plan. 3. The case of converting surplus into capital and issuing new shares. 4. 2021 Years Bank Financing Quota Extension Case. 5. 2020 "Internal Control System Statement" case.	All members of the committee approved.	Approved by all directors present in the committee.
2021.04.28 6th Meeting of the 1th Board	1. Review the consolidated financial statements for the first quarter of 2021.	All members of the committee approved.	Approved by all directors present in the committee.
2021.7.28 7th Meeting of the 1th Board	1. Review the consolidated financial statements for the first half of 2021. 2. Amendment to the case of endorsement and guarantee of loan amount of UNISHINE and E-SHINE ADVANCED Company.	All members of the committee approved.	Approved by all directors present in the committee.
2021.10.27 8th Meeting of the 1th Board	1. Review the consolidated financial statements for the third quarter of 2021. 2. Revise the case of endorsement and guarantee on the loan amount of UNISHINE company. 3. The case of E-SHINE ADVANCED Company purchasing land. 4. Amendments to the relevant measures for public offering companies.	All members of the committee approved.	Approved by all directors present in the committee.
2021.12.22 9th Meeting of the 1th Board	1. The company's 2022-year business plan. 2. Assess the independence of the company's independent accountants. 3. The purchase of operating equipment of E-SHINE ADVANCED Company. 4. Cases concerning the handling of endorsement guarantee matters. 5. Formulate the 2022-year internal audit plan.	All members of the committee approved.	Approved by all directors present in the committee.

(4) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Has the Company established and disclosed its Corporate Governance Best Practice Principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The company has formulated a code of practice on corporate governance in accordance with the "Code of Practice on Corporate Governance of Listed Companies", which has been published on the Public Information Observatory and the company's website.	No significant difference.
II. Equity Structure and Shareholders' Interests of the Company				
(1) Has the Company established an internal operating procedure to process shareholders' recommendations, suspicions, disputes, and litigations and implemented such processing based on the procedure?	V		(1) The company has dedicated personnel to deal with issues such as shareholder recommendations or disputes.	No significant difference.

(2) Does the Company possess the list of its major shareholders and the ultimate controlling parties of the major shareholders?	V		(2) The Company keeps abreast of the list of major shareholders' ultimate controlling companies at all times and the ultimate controllers of the major shareholders at any time by the stock agent.	No significant difference.
(3) Has the Company established and executed the risk control and firewall system with its affiliates?	V		(3) The company has formulated operating procedures for financial transactions with group companies, specific companies and related parties.	No significant difference.
(4) Has the Company established its internal regulations to forbid internal parties to use undisclosed information in trading securities?	V		(4) 1. The company has formulated internal material information processing and insider transaction prevention management procedures. Directors, managers and employees who know the company's internal material information shall not disclose the knowledge of the internal material information to others. The directors, managers and employees of the company are not allowed to inquire about the company's internal material information or collect undisclosed internal material information of the company that is not related to their personal positions. Material information must not be disclosed to others. 2. Organizations or personnel other than the company should sign a confidentiality agreement due to their participation in the company's mergers and acquisitions, important memorandums, strategic alliances, other business cooperation plans or signing of important contracts, and must not disclose the company's internal material information that they know to others. . 3. The company conducts education and publicity on the "Administrative Measures for Prevention of Insider Trading" and related laws for directors, managers and employees at least once a year; for new directors and managers within 3 months after taking office; For newly hired employees, the legal affairs will educate and publicize them during the new employee education and training. 4. On November 12, 2021, the company has arranged 3 hours of relevant education and publicity for the employees (1 person in total), and the content of the course includes relevant laws and regulations of insider trading, formation reasons, standard objects, enterprise risks, constituent elements and Legal liability, etc., and the course materials have been placed on the company's internal website for reference.	No significant difference.

III. Composition and Responsibilities of the Board (1) Has the Board developed and implemented a diversification policy for its composition	V		(1) 1.The company's director diversity policy is set out in Article 5.5.1 of the "Shiny Chemical Co., Ltd. Code of Governance Practices". The directors of the company should generally have the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the board of directors should have the following capabilities: (1) operational judgment; (2) accounting and financial analysis; (3) operational management; (4) crisis management; (5) industry knowledge; (6) international market outlook; (7) leadership; (8) decision-making ability. (9) knowledge and ability of risk management 2. In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, the company's policy stipulates that the composition of the board of directors should consider the needs of the company's operating structure, business development direction, future development trends, etc., and evaluate various aspects of diversity. 3. The 9 directors of the 19^{th} Board, which has 2 female directors and 7 male directors. All directors are good at business management and leadership decision-making. In terms of industry knowledge, they are SUN JAN-YEN, SUN CHI-JYH, SUN CHI-FA, CHEN YIH-LING, LEE CHIN-YEN, WONG DUEN-HONG, and MA CHEN-CHI; in financial accounting, CHEN TING-KO; legal affairs, WU HSIAO-YEN; environmental protection, MA CHEN-CHI. 4. 22% of the company's directors are employees, 33% are independent directors, and 22% are female directors. One independent director is for a term of more than 9 years, and the other two are for 3 to 9 years. 6 directors are over 65 years old and 3 directors are between 45 and 65 years old. The company pays attention to gender equality in the composition of the board of directors. The target ratio of female directors is more than 20%, and this time it is 22%. The target has been reached, and it strives to increase the proportion of female directors on the board of directors in the future to achieve the spirit of gender equality. 5. The board of directors formulates a diversity policy on the composition of the members and discloses it on the company's website.	No significant difference.

(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee established according to the law?	V		(2) The Company established the Audit Committee and Remuneration Committee according to the law and studied the feasibility of having new functional committees.	No significant difference.
(3) Has the Company established the Regulations for the Performance Evaluation of the Board of Directors and its evaluation methods, regularly carried out the regular performance evaluation each year, reported to the Board regarding the results of the performance evaluation, and used the results as a reference for the remuneration and nomination for re-appointment of the individual Directors?	V		(3)On July 25, 2018, the board of directors of the company has passed the "Measures and Procedures for Board Performance Evaluation" to conduct the performance evaluation of the last year's board of directors in January each year, and the evaluation results are reported to the board of directors every year.	No significant difference.
(4) Has the Company regularly evaluated the independence of CPAs?	V		(4) The company evaluates the independence of the certified public accountants (Note 2) every year. In addition to confirming that the certified public accountants do not hold any shares in the company or hold any positions in the company, they also confirm that they meet the company’s independence and suitability assessment standards, and have It was submitted to the board of directors for consideration on December 22, 2021.	No significant difference.

IV. Has the listed company allocated an appropriate number of persons in charge of corporate governance who are appropriate for such positions and designated a chief of corporate governance to be responsible for affairs related to corporate governance (including but not limited to providing data required for the execution of businesses to Directors and supervisors, assisting Directors and supervisors in legal compliance, handling matters related to meetings of the Board and shareholders' meeting according to the law, carrying out company registration and alteration registration, and preparing meeting minutes for meetings of the Board and shareholders' meeting)?	V		(1).On July 25, 2018, the board of directors appointed HUANG YEOU CHING, the manager of the finance department, to serve as a corporate governance officer to protect the rights and interests of shareholders and strengthen the functions of the board of directors. Manager HUANG YEOU CHING is qualified as an accountant and has been engaged in the position of financial director of public companies for more than 10 years. (2) The main duties of the corporate governance officer include: 1. Provide the information required by directors and supervisors to execute their business. 2. Assist directors and supervisors in compliance with laws and regulations. 3. Handle matters related to the meeting of the board of directors and the shareholders' meeting in accordance with the law. (3) The business execution in 2021 is as follows: 1. Assist independent directors and general directors to perform their duties, provide required information and arrange for further education for directors: (1) According to the latest revision and development of laws and regulations related to the company's business field and corporate governance, board members are provided when they take office and are regularly updated. (2) Review the confidentiality level of relevant information and provide the company information required by the directors to maintain smooth communication between directors and business executives. (3) In accordance with the Code of Practice for Corporate Governance, independent directors will assist in arranging relevant meetings when they need to communicate with the internal audit supervisor or accountants to understand the company's financial business. (4) Assist independent directors and general directors in arranging advanced training programs and courses according to the company's industry characteristics, directorship and experience background. 2. Assist in the procedures and resolutions of the board of directors and shareholders' meetings on legal compliance matters: (1) Report the operation of corporate governance to the board of directors, independent directors, or supervisors, and confirm whether the company's shareholders' meeting and board of directors are in compliance with relevant laws and corporate governance codes.	No significant difference.

			(2)Assist and remind directors of the laws andregulations to be followed when conducting business or making formal resolutions of the board of directors. 3. The board of directors shall be notified of the agenda 7 days in advance, convene the meeting and provide meeting materials. If the agenda needs to be avoided, it shall be reminded in advance, and the minutes of the board of directors shall be completed within 20 days after the meeting. 4. Carry out the registration for the date of shareholders' meetings in advance according to the law, prepare meeting notices, meeting handbook, meeting minutes within the statutory period, and conduct alteration registration affairs for the amendment of Articles of Association or Director's re-election. (4) Refer to Note 3 for the 2021 advanced study situation.	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and duly responded to significant issues of corporate social responsibility concerned by stakeholders?	V		The company has set up a spokesperson and an acting spokesperson to handle related matters, so that the communication with stakeholders can be smooth.	No significant difference.
VI. Has the Company appointed a professional stock affair agency to process affairs related to shareholders' meetings?	V		The Company has appointed a professional stock affairs agency to handle the affairs of the shareholders' meeting.	No significant difference.

VII. Open Information (1) Has the Company established its website to disclose information on its financial operations and corporate governance?	V		(1) The company has set up a corporate website and set up a special area for investors, and instructed the relevant departments to maintain it so as to disclose the company's financial business and corporate governance information at any time. The website is as follows: www.shinychem.com.tw	No significant difference.
(2) Has the company adopted other methods for information disclosure (such as building an English website, appointing dedicated personnel to be responsible for the information collection and disclosure implementing a spokesman system, and uploading the course of investor conferences on the Company's website) ?	V		(2) The company has designated personnel to report various public information on the "public information observatory" on a regular and irregular basis according to regulations, and has set up spokespersons and acting spokespersons to speak to the outside world.	No significant difference.
(3) Has the Company published and declared its annual financial report within two months after the end of a fiscal year and published and declared its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?	V		(3) The company announces and reports the annual financial report within two months after the end of the fiscal year, and announces and reports the first, second and third quarter financial reports and the operating conditions of each month before the specified deadline.	No significant difference.

VIII. Is there any other significant information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employees' interests, care for employees, investor relations, supplier relations, rights of stakeholders, Directors and supervisors' continuing education records, the execution of risk management policies and risk evaluation standards, the execution of customer policies, and the purchase of responsibility insurance for Directors and supervisors)?	V		(1) Employee rights and interests: Treat employees with integrity and protect the legitimate rights and interests of employees in accordance with the Labor Standards Act. (2) Employee care: Establish a good relationship of mutual trust and mutual trust with employees through a good employee welfare system and education and training system. (3) Investor Relations: Set up spokespersons and proxy spokespersons to deal with shareholder proposals. (4) Supplier relationship: The company has always maintained a good relationship with its suppliers. (5) Rights of Stakeholders: Stakeholders may communicate and make suggestions with the company to safeguard their legitimate rights and interests. (6) Situation of training for directors and supervisors: The directors of the company all have industry professional background and practical experience in operation and management. (7) Implementation of risk management policies and risk measurement standards: formulate various internal regulations and conduct various risk management and assessment. (8) Implementation of customer policy: The company maintains a stable and good relationship with customers to create company profits. (9) The company has purchased liability insurance for directors and supervisors. (10) Succession planning for board members and important management levels: 1. Succession planning of board members The company has a total of 9 directors (including 3 independent directors). The selection of directors is based on the results of performance evaluation and the needs of practical operation in addition to considering the overall ability of the board of directors and the diversity of members. , and adjust the composition of members in a timely manner. The succession planning of board members includes taking over by the company's internal senior executives, and recruiting external professionals in business management, law, accounting, industry, technology, and marketing. During the term of office, directors arrange at least 6 hours of continuous learning every year to help directors enrich new knowledge. 2. Succession planning for important management levels The company defines the required positions and talent needs based on future development strategies, and in response to changes in operations and strategies, explores potential and talented supervisors as candidates for succession planning, and	No significant difference.

			establishes a complete training mechanism and talent development Plan to give training. Each supervisor regularly trains through various courses including human resources, financial risks, environmental issues, operation management, etc., to cultivate the ability to judge various decisions in the future. 2021 Training Hours of Supervisor	

Total hours.	Human Resources	Financial risk	Environmental issues	Operation management
	171	74	6	184

IX、Please explain the improvement situation in the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation Limited in the most recent year, and propose priority strengthening matters and measures for those who have not yet improved. (No need to fill in if not listed in the rated company)

In order to strengthen corporate governance, in addition to updating the "Measures for the Evaluation of the Board's Performance", the Company has set up a corporate governance officer to be responsible for related affairs, in addition to regularly assessing the performance of the Board of Directors every year. In addition, the company will continue to maintain an effective corporate governance mechanism at all levels of operation in the future, and enhance the transparency of information disclosure.

Note 1: The implementation of the diversification policy on Board composition

Core Items for Diversification / Name of Director	Basic Composition						Industrial Experience and Background			Professional Skills		
	Gender	Serve concurrently as employee of the company	Age		Length of tenure of independent directors		Management	Leadership decision	Industry knowledge	Financial Accounting	Law	Environmental protection
			45 to 65	65 and above	3 to 9	9 and above						
NINGHAN DEVELOPMENT CO.,LTD (SUN JAN-YEN)	Male	✓		✓			✓	✓	✓			
NINGHAN DEVELOPMENT CO.,LTD (SUN CHI-FA)	Male		✓				✓	✓	✓			
NINGHAN DEVELOPMENT CO.,LTD (SUN CHI-JYH)	Male	✓	✓				✓	✓	✓			
YUKUO PLYWOOD CORP., (CHEN YIH-LING)	Female		✓				✓	✓	✓			
LEE CHIN-YEN	Male			✓			✓	✓	✓			
WONG DUEN-HONG	Male			✓			✓	✓	✓			
WU HSIAO-YEN	Female			✓	✓		✓	✓			✓	
MA CHEN-CHI	Male			✓		✓	✓	✓	✓			✓
CHEN TING-KO	Male			✓	✓		✓	✓		✓		

Note 2: The company's accountant independence assessment criteria.

Evaluation items	Yes	No	Illustrate
1. Not an employee of a company or affiliated enterprise.	✓		After the assessment, there is no such situation as listed left in the appointment of the CPA, which confirms that the CPA is independent and the reliability of the financial report issued is safe.
2. Non-directors or supervisors of the company or its affiliated companies (except if they are independent directors of the company or its parent company, or an independent director of a subsidiary in which the company directly or indirectly holds more than 50% of the voting shares).	✓		
3. Non-person shareholders who are not themselves and their spouses, minor children, or other natural person shareholders who hold more than 1% of the company's total issued shares or hold the top ten shares in the name of others.	✓		
4. Spouses, relatives within the second degree of kinship, or lineal blood relatives within the third degree of kinship of persons not listed in the preceding three paragraphs.	✓		
5. Directors, supervisors or employees of legal person shareholders who do not directly hold more than 5% of the total issued shares of the company, or directors, supervisors or employees of the top five legal person shareholders holding shares.	✓		
6. Non-director (council), supervisor (supervisor), manager or shareholder holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the company.	✓		
7. There is no relationship between spouses or relatives within the second degree of kinship with other directors.	✓		
8. None of the conditions in Article 30 of the Company Law.	✓		
9. In the last two years, he shall not be a director, supervisor, manager, or any position that has a significant influence on the audit case of the company.	✓		

Note 3: The training situation of the company's full-time governance personnel

Year of study: 2021					
Name: HUANG YEOU CHING					
Appointed as the Company's Corporate Governance Officer Date: July 25, 2018					
Number	Learning institutions	Course Title	During training		Study hours
			Start	Finish	
1	Chinese Corporate Governance Association	"Board Performance Evaluation" Topi Sharing and Service Briefing Session	3/2/2021	3/2/2021	3
2	TIRI Taiwan Investor Relations Association	"IR Disclosure and Best Practices"	4/21/2021	4/21/2021	3
3	Accounting Research and Development Foundation of Consortium Legal Person	Continuing training course for accounting supervisors of issuers, securities firms and stock exchanges	6/17/2021	6/18/2021	12
4	Association of Corporate Governance Professionals for Societies	Focus on related party transaction norms	11/5/2021	11/5/2021	3
5	Association of Corporate Governance Professionals for Societies	Corporate Anti-Corruption and Whistleblower Protection Seminar	11/19/2021	11/19/2021	3

(5) Composition, responsibilities, operations and resolutions of the Remuneration Committee

1. Remuneration Committee Member Information

Identity	Condition / Name	Professional qualifications and experience	Independence Attribute (Note 1)	Number of other publicly listed companies in which the member concurrently holding the position as a member of the remuneration committee
Independent Director	WU HSIAO-YEN	Ms. WU HSIAO-YEN holds a Master of Laws from National Chung Cheng University. She is qualified as a lawyer in Taiwan and has more than 10 years of practice experience as the director of a law firm.	∨	1
Independent Director	MA CHEN-CHI	Mr. MA CHEN-CHI is a Ph.D. in chemical engineering from North Carolina State University. He has more than 10 years of experience in chemical industry at home and abroad, and more than 35 years of chemical teaching experience. He is now an honorary professor of the Department of Chemical Engineering of National Tsing Hua University.	∨	2
Independent Director	CHEN TING-KO	Mr. CHEN TING-KO holds a Ph.D. in Business Administration from the University of Michigan. He has served successively as the Dean of the Department of Business at National Taiwan University, the Dean of the School of Management at Tamkang and Asia University, and the Distinguished Chair Professor of various business schools. Chairman of Bank Securities Co., Ltd., general consultant of Runtai Group, etc., with rich experience in the industry.	∨	2

Note 1: If the members of the Compensation and Remuneration Committee meet the following conditions for independence, please tick "∨" in the space below each condition code.

(1) Whether I, my spouse, or relatives within the second degree act as directors, supervisors or employees of the company or its affiliated companies: None.

(2) The number and proportion of the company's shares held by myself, my spouse, relatives within the second degree (or in the name of others): all are NT$0 shares and 0%.

(3) Whether he is a director, supervisor or employer of a company that has a specific relationship with the company (refer to Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment and Exercise of Powers of the Compensation and Remuneration Committee of Companies Listed on Stocks or Trading at the Business Office of a Securities Firm): None.

(4) The amount of remuneration obtained from providing business, legal, financial, accounting and other services to the company or its affiliated companies in the last two years: both are NT$0.

2. Operations of the Remuneration Committee

(1) There are 3 members in the Company's Remuneration Committee.

(2) Term of office of the current members:2 meetings (A) were held for the Remuneration Committee from May 2020 to May 2023, and the qualification and attendance of the members are as follows:

Title	Name	Actual Attendance (B)	Number of Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	WU HSIAO-YEN	2	0	100%	
Committee Member	MA CHEN-CHI	2	0	100%	
Committee Member	CHEN TING-KO	2	0	100%	
Other matters to be recorded: I. When the Board declines to adopt or amend the recommendation of the Remuneration Committee, the Board shall specify the date of the meeting of the Board, period, the content of the resolution, results of the resolution made by the Board, and measures adopted by the Company in response to the opinions from the Remuneration Committee (e.g., for the remuneration passed by the Board being more favorable than the recommendations from the Remuneration Committee, the deviation and the reasons thereof shall be specified): None. II. For resolutions of the Remuneration Committee, members who expressed opposition that was recorded or declared in writing, the date of the meeting of the Remuneration Committee, period, the content of the resolution, all members' opinions, and the measures adopted for the opposing members' opinions be specified: None.					

Note: The Company completed the re-election of the 4th Remuneration Committee on May 21, 2020, and the term of office was from May 21, 2020 to May 20, 2023.

3. Resolutions of the Remuneration Committee

Date	Proposal item	Resolution result	The company's handling of the opinions of the Compensation and Remuneration Committee
3rd Meeting of the 4th Committee 22, December 2021	1. Review the case of the company's managers and employees receiving year-end bonuses.	All members of the committee approved	Approved by all directors present
4rd Meeting of the 4th Committee 23, February 2022	1. Review the salary and remuneration cases that the managers of the company receive on a monthly basis. 2. Review the company's 2021 employee compensation and director compensation cases.	All members of the committee approved	Approved by all directors present

(6) Performance of Social Responsibilities

Item	Operation			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
I. Has the company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and supervised by the board of directors?	V		1. Following the vision and mission of the company's ESG policy, the company established the Corporate Social Responsibility Committee in 2015 and changed its name to the "Corporate Sustainable Development Committee" in 2021. The chairman of the committee is the chairman, and the first-level supervisors of each department are the chairmen of the committee. Member, there is a secretarial office under the committee responsible for the operation of the committee, and three groups (business governance, environmental sustainability and social participation) are established according to the company's important substantive. 2.The "Sustainable Development Committee" acts as a cross-departmental communication platform integrating top and bottom and horizontally connecting. Each group will jointly discuss sustainable issues related to company operations and stakeholders, formulate corresponding strategies and work guidelines, and plan annual plans. According to the nature of the plan, they will be assigned to each group for implementation, and other groups will track the implementation. The results ensure that the sustainable development strategy is fully implemented in the company's daily operations. 3.The "Sustainable Development Committee" reports to the Board of Directors at least once a year on the implementation results and future plans of sustainable development. The report includes: (1) Identify issues that need attention and formulate corresponding action plans;	No significant difference.

			(2) Goals and policy revisions on sustainability-related issues. (3) Supervise the implementation of sustainable management matters and evaluate the implementation. 4. The board of directors of the company regularly listens to reports from the management team (including ESG reports), and the management must formulate company strategies for the board of directors. And report to the board, etc., which must evaluate the possibilities of these strategies, constantly review the progress of the strategies, and urge the management team to make adjustments if necessary.	
II.Does the company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	V		2. (1). The company has formulated a code of practice for corporate social responsibility and disclosed it on the company's website. The policy of expressing sustainable development is to implement and promote corporate governance, develop a sustainable environment, participate in the promotion of social welfare, and strengthen the disclosure of sustainable development information. (2). The company has formulated the "Quality, Environment and Occupational Safety and Health Manual" and "Labor Work Environment Monitoring Measures" to identify environmental, health and safety and labor practice risks related to operations, and determine each risk through risk identification and assessment. , formulate risk management countermeasures, propose corresponding solutions, including prevention, transfer, avoidance or assumption, etc. to control risks, and implement appropriate procedures and substantive controls through adequate communication and supervision mechanisms of company information to ensure compliance. Control the identified risks.	No significant difference.

<table>
<tr>
<td>III. Environmental issues
(1) Has the Company set up an appropriate environmental management system based on the characteristics of the industry in which it operates?</td>
<td>V</td>
<td></td>
<td>(1) The company obtained ISO14001 Environmental Management System, OHSAS18001 and ISO45001 Occupational Safety and Health Management System certification in 2002, 2008 and 2019 respectively, fulfilling its commitment to environmental policy.</td>
<td>No significant difference.</td>
</tr>
<tr>
<td>(2) Has the Company endeavored to improve the utilization rate of various resources and use renewable materials that have lower impacts on the environmental load?</td>
<td>V</td>
<td></td>
<td>(2) 1. The company adheres to the concept of "Equal emphasis on green production, service and environmental protection", and expects to improve product development, production, use and disposal (process) through active process improvement, water resources management, waste pollution reduction, and environmental monitoring. and emergency response measures to achieve the goal of low energy consumption, low pollution and environmental friendliness.
2. The company recycles and reuses waste solvents to achieve the purpose of resource regeneration and recycling and waste reduction.
Take the waste solvent B produced by the recovery of A product and the D product produced by another C raw material as an example:
<table>
<tr><th>Item</th><th>2020</th><th>2021</th></tr>
<tr><td>B waste solvent usage:</td><td>10,016MT</td><td>10,513MT</td></tr>
</table>
</td>
<td>No significant difference.</td>
</tr>
<tr>
<td>(3) As the Company evaluated current and future potential risks and opportunities arising from climate change and adopted responding measures for issues related to climate?</td>
<td>V</td>
<td></td>
<td>(3) The company pays attention to the impact of climate change on operating activities, and completes the inventory of greenhouse gas emissions in accordance with ISO 14064-1, which has been verified by the Central Bureau of Standards and Inspection.
1. Potential risks of climate change:
(1) Total Greenhouse Gas Control
(2) Water and electricity supply is unstable
(3) Development cost of low-carbon energy-saving products
(4) Impact on company image
(5) Typhoon
2. Potential financial impact:
(1) Limited capacity expansion and increased operating costs.
(2) Production was impacted and operating costs increased.
(3) The development cost of low carbon energy-saving products is low, and the development cost of carbon energy-saving products is high.</td>
<td>No significant difference.</td>
</tr>
</table>

<table>
<tr>
<td></td>
<td></td>
<td></td>
<td>(4) Failure to meet the expectations of stakeholders, resulting in damage to the company's reputation or image.
(5) Production is affected, resulting in financial losses and decreased revenue.
3. Climate Opportunities:
(1) Renewable energy plan, carbon reduction and energy saving plan.
(2) Improve water resource reuse efficiency and self-produce electric energy.
(3) Develop or expand energy-saving products and services.
(4) Enhance the long-term investment willingness of investors.
(5) Improve the ability to resist natural disasters.
4. Response measures:
(1) Purchasing environmentally friendly biomass energy to supply the steam required for production, which can reduce carbon by about 25,000 tons of CO2 per year.
(2) Change the source of the cooling system (from water-cooled to air-cooled), build a flow meter to control water consumption, and build a solar photovoltaic system.
(3) Invest in the development of energy-saving products.
(4) Release relevant news to stabilize the market.
(5) Build a perfect drainage system and increase the height of the workshop.</td>
<td></td>
</tr>
<tr>
<td>(4) Has the Company prepared statistics on its GHG emissions, water use, and the total weight of wastes for the past two years and established management policies related to energy-saving, carbon emission reduction, GHG reduction, water use reduction, or other wastes?</td>
<td>V</td>
<td></td>
<td>(4)
<table>
<tr><td>Item</td><td>2019</td><td>2020</td></tr>
<tr><td>Greenhouse Gas Emissions</td><td>26,527 tons of CO2e</td><td>40,929 tons of CO2e</td></tr>
<tr><td>Water consumption</td><td>273,590 tons</td><td>319,344 tons</td></tr>
<tr><td>Energy used</td><td>13,865,248 degrees</td><td>15,371,574 degrees</td></tr>
<tr><td>Total weight of waste</td><td>615.82 tons</td><td>785.44 tons</td></tr>
</table>
1. In order to implement the implementation of greenhouse gas management, the company has formulated "Greenhouse Gas Management Measures" for compliance, and established a "Greenhouse Gas Promotion Committee" to promote the management of greenhouse gas emissions.
2. In order to cooperate with the government's energy saving and carbon reduction policy, participate</td>
<td>No significant difference.</td>
</tr>
</table>

			in the energy integration plan of the Yongan Industrial Zone of the Industry Bureau. The original use of heavy oil to generate steam is replaced by the outsourcing of steam generated from biomass energy, which can reduce carbon by more than 25,000 tons per year. 3. In order to promote the use of renewable energy and reduce greenhouse gas emissions, a 49.6kw solar power generation system is set up, with an annual power generation capacity of about 65,000 degrees. And the waste solvent is recycled and reused to achieve the purpose of waste reduction. . 4. Important water resources management measures include: installing flowmeters in places with a large amount of water to collect and count water consumption data; control cooling tower drainage according to water quality conditions; process cooling systems are changed from water-cooled to air-cooled, etc.	
IV. Social issues (1) Has the Company established appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) The company abides by relevant labor laws and regulations and respects internationally recognized labor rights norms/principles, formulates personnel rules and human rights policies, provides relevant labor/health insurance and group insurance for all employees, and provides pensions to protect the legitimate rights and interests of employees and Employment policies, non-discriminatory treatment, etc., establish appropriate management methods and procedures and implement them. The company has created a workplace environment with equal rights for both genders in accordance with the Gender Equality at Work Law. Employees enjoy benefits such as physiological leave, maternity leave (paternity leave), parental leave without pay, family care leave and other benefits, and implement the equality of remuneration and employment conditions, training and promotion.	No significant difference.

(2) Has the Company established and implemented reasonable employee welfare measures (including remuneration, paid leaves, and other benefits) and reflected its operating performance or results in employees' remunerations?	V		(2) Employee remuneration: The company has set working rules and relevant personnel management rules The content covers the basic wages, working hours, vacations, pension benefits, labor and health insurance benefits, occupational accident compensation, etc. The company's remuneration policy is based on personal ability, contribution to the company, and performance, which is positively correlated with business performance. There is also an annual salary adjustment plan, with an average salary adjustment rate of 3%, to improve the company's salary level, motivate employees to improve their personal performance, and maintain overall salary competitiveness. Employee Welfare Measures: Set up an Employee Welfare Committee to operate through the employee-elected welfare committee to handle various welfare matters, such as: employee travel subsidies, Spring Festival gift vouchers, labor day gift vouchers, subsidies for social and cultural activities, birthday gifts, marriage allowances, Maternity allowance, funeral allowance, education allowance for employees and their children, etc.	No significant difference.
(3) Has the Company provided a safe and healthy working environment for employees and organized training on health and safety for its employees on a regular basis?	V		(3) In order to provide employees with a safe and healthy working environment, the company has formulated the "Code of Practice for Safety and Health", which includes rights and responsibilities, maintenance and inspection of machinery, equipment or appliances, work safety and health standards, education and training, health guidance and management measures , first aid and rescue, preparation, maintenance and use of protective facilities, accident notification and reporting, etc., and submit them to the Occupational Safety and Health Department for verification. Smoking is prohibited in the offices and factories, and it is required to maintain the cleanliness of the workplace. Access control and security monitoring systems are installed in the workplace to ensure worker safety. For occupational safety and health management and obtain ISO45001 certification (valid from May 19, 2020 to May 18, 2023). and regularly work Work safety education and training, establishment of breastfeeding rooms, establishment of staff cafeterias, etc.	No significant difference.

			Regarding the health of employees, the company conducts physical examinations for new recruits and annual employee health examinations, and has factory care personnel; it has also held weight loss activities, walking activities, etc. to promote employee health. In 2021, the number of occupational disasters in the factory was 0, and the goal of 0 was achieved. 510 hours of labor safety education and training in 2021 years. Through the promotion of safety education and training, workers are more preventive and alert to workplace safety.	
(4) Has the Company established effective career development training plans for its employees?	V		(4) The company implements education and training according to the plan every year, according to individual differences Seek to strengthen the professional and management skills that personnel need at work, and establish individualized learning training and development. In order to discover potential and talented supervisors, the company has established a comprehensive training mechanism and a talent development plan to provide training. Each supervisor regularly trains through various courses including human resources, financial risks, environmental issues and operational management to cultivate the ability to judge various decisions in the future. The total number of training hours for employees across the company in 2021 is 7,199 hours. The total number of training courses for executives in 2021 is 435 hours (171 hours for human resources, 74 hours for financial risks, 6 hours for environmental issues and 184 hours for operations management)	No significant difference.
(5) Has the Company complied with relevant laws and international standards and established policies related to the protection of consumers' interests and complaint procedures for customers' health and safety, customer privacy, marketing, and label of its products and services?	V		(5) The company's marketing and labeling of products and services comply with relevant laws and international standards. The company's products are mainly electronic grade solvents and industrial grade solvents. The products not only meet the ASTM inspection standards, but also meet the EU RoHS/REACH inspection standards. The company has no violations in 2021 Health and safety regulations for products and services. In addition, a spokesperson and an acting spokesperson are set up to handle related matters, and a separate area for stakeholders is set up to facilitate smooth communication with stakeholders.	No significant difference.

(6) Has the Company established its supplier management policies to require suppliers to observe relevant regulations on issues related to environmental protection, occupational safety and health or labor human rights, as well as their implementation?	V		(6) 1.The company cooperates with suppliers and is committed to improving the sustainable development of the enterprise. The requirements for raw material suppliers are not limited to performance and quality, whether they are based on quality (ISO9001), environmental management (ISO14001), occupational safety and health management (ISO45001) and other system certifications, and there is also a "Supplier Evaluation Procedure" as a reference for selecting suppliers; actively purchase office supplies and affairs with energy-saving labels, low energy consumption, and green energy. Machinery, information equipment, lighting equipment and related products, etc. 2.The company conducts supplier evaluation every year, and regularly dispatches personnel to conduct on-site audits to ensure that it complies with relevant laws and regulations such as the Environmental Protection Law, the Occupational Safety and Health Law, and the Labor Standards Law; When the sustainable development policy has a significant impact on the environment and society, through different methods of guidance and communication, urge them to continue to improve, to ensure that their behavior complies with laws and regulations and the company's regulations, hoping to enhance the spirit of sustainable development, if the manufacturer If the improvement standard cannot be met, the contract may be terminated or rescinded at any time.	No significant difference.

<table>
<tr><td>V. Has the Company referred to internationally common standards or guidelines for the preparation of reports to prepare reports disclosing non-financial information of the Company, such as CSR report? Have the reports mentioned obtained certifications or assurance opinions from any certifying institution?</td><td>V</td><td></td><td>The Company has compiled a corporate social responsibility report from 2014 to 2020 with reference to the internationally accepted report preparation standards, and the report has not been verified by an external agency.</td><td>No significant difference.</td></tr>
<tr><td colspan="5">VI. Where the Company has established its Corporate Social Responsibility Best Principles according to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies," please describe its operations and the deviation from the Principles established: None.</td></tr>
<tr><td colspan="5">VII. Other significant information to facilitate a better understanding of the Company's corporate social responsibility operations
1. The company regularly conducts quality inspection and monitoring for the community environment, and greens and beautifies the factory.
2. In order to cooperate with the government's energy saving and carbon reduction policy, participate in the energy integration plan of the Yongan Industrial Zone of the Industry Bureau. The original use of heavy oil to generate steam is replaced by the outsourcing of steam generated from biomass energy, which can reduce carbon by more than 25,000 tons per year.
3. In order to promote the use of renewable energy and reduce greenhouse gas emissions, a 49.6kw solar power generation system is set up, with an annual power generation capacity of about 65,000 degrees.
4. Carry out industry-university cooperation with various universities, hold chemical engineering summer camps, and take root in the cultivation of chemical talents.
5. Support local employment. The company does not employ foreign workers. 431 employees are natives with an average working experience of 11.16 years, including 344 males and 87 females. In addition to creating employment opportunities, it can also stimulate local consumption and enhance social vitality.
6. Establish good community relations and participate in local neighborly activities from time to time.
7. Respect human rights, protect the equal rights of men and women for employees, comply with the provisions of the Labor Standards Law, and provide a number of welfare measures such as health care for employees.
8. Provide a variety of educational training and training programs, ranging from professional training, management training to personal interest learning. Diversified learning resources help employees improve their professional abilities and develop their potential. The total training hours of the company is 7,199 hours.
9. In response to COVID-19, donated 1 ton (4 liters * 250 cans) of 75% isopropyl alcohol for epidemic prevention for Kaohsiung City Government Health Bureau.</td></tr>
</table>

(7) The company's performance of integrity management and the measures taken:

Item	Operation			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Description	
I. Establishment of ethical management policies and programs				
(1) Has the Company established its ethical management policies that are passed by the Board, and expressively declared its ethical management policies and measures in its rules and documents for external parties, and the commitments made by the Board and the senior management to actively implement the operating policies?	V		(1) In 2014, the board of directors of the company passed the "Code of Integrity Management" and strictly abides by the Company Law, the Securities Exchange Law, the Commercial Accounting Law and other relevant laws and regulations that listed companies should follow, as the basis for the implementation of integrity management.	No significant difference.
(2) Has the Company established an evaluation system for the risk Yes of unethical behaviors, regularly analyzed and evaluated operating activities with higher risks of unethical behaviors within its scope of business, and established an unethical behavior preventive plan that at least covering the preventive measures for behaviors set out in paragraph 2 under Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	V		(2) The company requires directors, managers and employees to prevent bribery or taking bribery, and provide illegal political donations in the process of business conduct; and expressly stipulate that they must not directly or indirectly provide or accept any unreasonable gifts, entertainment or other improper interests, to prevent employees from sacrificing the rights of the company for personal interests, etc.	No significant difference.
(3) Has the Company stated the operating procedures, behavioral guidelines, punishments for violations, and the complaint system in its unethical behavior preventive plan, duly implemented the plan, and regularly examined and amended the abovementioned plan?	V		(3) The "Integrity Management Code" established by the company has included plans for preventing dishonest behavior, operating procedures, behavior guidelines, and disciplinary and complaint systems for violations, and has been implemented.	No significant difference.

II. Realize ethical management (1) Has the Company evaluated business counterparties' ethical records and include clauses related to ethical management in contracts with business counterparties?	V		(1) The company gradually strengthens the provisions of good faith clauses in the commercial contracts signed.	No significant difference.
(2) Has the Company established Yes a dedicated department supervised by the Board to be in charge of corporate ethical management? Has the dedicated department regularly (at least once a year) reported to the Board regarding the ethical management policies, unethical behavior preventive plan, and the execution of supervision?	V		(2) The management department of the company is responsible for promoting the integrity management of the enterprise, compiling and reviewing the implementation, interpretation, consultation and other related operations related to integrity management by various units of the company and supervising the implementation, and reporting to the board of directors once a year. The company's promotion this year is mainly to revise the "Management Measures for Integrity Management Operations" in line with laws and management needs, and to establish relevant codes of integrity management and laws and regulations publicity courses on the company's employee education and training platform.	No significant difference.
(3) Has the Company established policies to prevent conflicts of interest and provide appropriate communication Yes channels, and implemented such policies?	V		(3) The company has established "operational procedures for handling material internal information", which clearly stipulates that directors, supervisors, managers and employees shall not disclose material internal information they know to others, and shall not disclose material internal information of the company to anyone who knows material information inside the company. Investigate or collect undisclosed internal material information of the company that is not related to personal duties, and shall not disclose to others the undisclosed internal material information of the company that is not known because of the execution of business.	No significant difference.
(4) Has the Company established effective accounting systems and internal control systems to implement ethical management,	V		(4) In order to ensure the implementation of honest management, the company has established an effective accounting system and internal	No significant difference.

with the internal audit department being responsible for devising relevant audit plans based on the evaluation results of the risk of involvement in unethical behaviors, and examined, accordingly, the compliance with the unethical behavior preventive plan, or engaged CPAs to carry out the audit? (5) Has the Company regularly held internal and external Yes educational training on ethical management?	 V		control system, and internal auditors have regularly checked the compliance of the preceding system. (5) In 2021, the company held a total of 153 internal and external education and training related to the integrity management of employees, with a total of 970 hours. (Including courses related to integrity management, occupational health and safety, accounting system and internal control, etc.)	 No significant difference.
III. operations of the Company's whistleblowing system (1) Has the Company established concrete whistleblowing and incentive system, established convenient whistleblowing channels, and appointed appropriate dedicated handling personnel for the targets being reported? (2) Has the Company established Yes standard operating procedures for investigating the matters being reported and relevant confidentiality systems?	 V V		 (1) The company has established appropriate channels for encouraging the reporting of any illegal or suspected violations of ethics and related standards in the "Integrity Management Code", "Ethical Code of Conduct", "Work Rules" and other regulations, in order to maintain The company's spirit of integrity management; employees can report through the "suggestion box" or through other channels, and if the circumstances are serious, the "Personnel Review Committee" will be adjudicated. (2) The company will keep the reports received and follow-up investigations confidential, and the relevant standard operating procedures and confidentiality mechanisms will be clearly stipulated in the internal regulations.	 No significant difference. No significant difference.

(3) Has the Company adopted measures to protect whistleblowers from being mistreated due to whistleblowing?	V		(3) Unless otherwise stipulated by law, the company will keep the personal information provided by the whistleblower confidential, and take appropriate protective measures according to the law to maintain the personal information and privacy of the whistleblower, and protect them from being harmed. Fair retaliation and treatment.	No significant difference.
IV. Improve information disclosure (1) Has the Company disclosed the content of its Ethical Management Principles and the results of its implementation on the Company's website and MOPS?	V		The company has disclosed relevant information on the company's website and public information observatory.	No significant difference.
V. Where the Company has established its Ethical Management Principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe its operations and the deviation from the Principles: None.				
VI. Other important information to facilitate a better understanding of the Company's ethical management operations: None.				

(8) If the company has formulated corporate governance codes and relevant regulations, it shall disclose its inquiry method:

1. The company has established the rules of procedure for the board of directors, the rules of procedure for the shareholders' meeting, the election method for directors and supervisors, the procedures for the acquisition or disposal of assets, the procedures for endorsement guarantees, the procedures for loaning funds to others, the implementation methods for the training of directors and supervisors, and the independent The rules on the scope of duties of directors, the code of ethics for directors, supervisors and managers, etc., the relevant rules are disclosed in the annual report and the procedures manual of the shareholders' meeting, which can be viewed on the Market Observation Post System website of the Taiwan Stock Exchange and the company's website.
2. The company has established internal norms such as corporate governance code, code of ethical conduct, code of integrity management, operating procedures for internal material information processing, and management measures for preventing insider transactions, which serve as the basis for employee behavior and corporate governance. The relevant content can be found on the company's website. Check it out.

(9) Other important information sufficient to enhance the understanding of the operation of corporate governance: Not applicable.

(10) Implementation status of internal control system

1. Statement of Internal Control: Please refer to page 59.

2. Those who entrust an accountant to review the internal control system should disclose the accountant's review report: Not applicable.

(11) The company and its internal personnel were punished in accordance with the law in the most recent year and up to the date of publication of the annual report, the company's punishment of its internal personnel for violating the provisions of the internal control system, major deficiencies and improvements: None.

(12) Important resolutions of the shareholders' meeting and the board of directors in the most recent year and up to the date of printing the annual report

1. Shareholders' resolutions

Date	Proposal item	Implementation situation
2021/05/19 (Regular meeting)	1.2020 Annual business report and financial report. 2.2020 Annual surplus distribution proposal. 3. The case of converting surplus into capital and issuing new shares.	1. All proposals have been handled in accordance with the resolutions. 2. In 2020 earnings distribution proposal, it was decided to distribute cash dividends of NT$3.48888889 and stock dividends of NT$1.11111111 per share, and to take 2021/8/21 as the ex-rights dividend base date, and the cash dividends to be distributed on 2021/9/17. Shares were listed on 2021/9/17.

2. Board resolutions

Date	Proposal item	Implementation situation
19th 6th time 2021/2/25	1. Review the salary and remuneration cases that the managers of the company receive on a monthly basis. 2. Review the company's 2020 employee compensation and director and supervisor compensation cases. 3.2020 Individual financial report and consolidated financial report. 4.2020 Income distribution plan. 5.2021 Bank financing quota extension case. 6.2020 "Internal Control System Statement" case. 7. To convene the 2021 annual general meeting of shareholders of the company related matters.	1. All proposals were passed without objection by all the directors (including independent directors) present. 2. All proposals have been handled in accordance with the resolutions.
19th 7th time 2021/4/28	1. Review the consolidated financial statements for the first quarter of 2021.	
19th 8th time 2021/5/19	1.Revise the case of endorsement and guarantee on the loan amount of UNISHINE Company.	
19th 9th time 2021/7/28	1. Review the consolidated financial statements for the first half of 2021. 2. Revise the 2021-year business plan.	

	3. Set the 2021 cash and stock dividend base date and distribution date. 4. Revise the case of endorsement and guarantee on the loan amount of UNISHINE and E-SHINE ADVANCED Company.	
19th 10th time 2021/10/27	1. Review the consolidated financial statements for the third quarter of 2021. 2. Revise the case of endorsement and guarantee on the loan amount of UNISHINE Company. 3. The case of E-SHINE ADVANCED Company purchasing land. 4. Amendments to the relevant measures for public offering companies. 5. In response to the "international trend of carbon neutrality and carbon reduction", it is recommended that "the company policies, and develop and implement strategies.” (extempore motion)	
19th 11th time 2021/12/22	1. The company's 2022-year business plan. 2. Assess the independence of the company's certified accountants. 3. The purchase of operating equipment of E-SHINE ADVANCED Company. 4. Cases concerning the handling of endorsement guarantee matters. 5. Formulate the 2022-year audit plan. 6. The case of managers and employees receiving year-end bonuses.	
19th 12th time 2022/2/23	1. The resignation of the vise general manager of the company and the change of the custodian of the special seal for endorsement guarantee. 2. Review the salary and remuneration cases that the managers of the company receive on a monthly basis. 3. Review the company's 2021-year employee’s and director’s compensation case. 4. 2021 Annual financial report and business report. 5. Revise some of the articles in the "Articles of Association". 6. 2021 Profit distribution plan. 7. The case of converting surplus into capital and issuing new shares. 8. The budget supplement of the "Kaohsiung Port Intercontinental Phase II Warehousing and Logistics Zone". 9. Procurement of operating equipment. 10. Establish a special department to coordinate the "Planning and Supervision of New Construction Projects". 11.2022 Bank financing quota extension case. 12.2021 "Internal Control System Statement" case. 13. To convene the 2022th Annual General Meeting of Shareholders of the Company..	

(13) Dissenting opinions or qualified opinions on resolutions passed by the board of directors which are made by directors and are documented or issued through written statements, in the most recent year up to the publication date of this annual report: None.

(14) Summary of the resignation and dismissal of persons involved in financial reporting (including the chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor and corporate governance supervisor) in the most recent year and as of the publication date of the annual report: None.

3.4 Information Regarding the Company's Audit Fee and Independence

Unit: NT$ thousand

Name of CPA's Firm	Name of CPAs	Audit Period	Audit fees	Non- audit fees	Total	Remarks
Crowe (TW) CPAs	Jen-Yao Hsieh	2021.1.1-2021.12.31	2,580	200	2,780	Note
	Ling-Wen Huang					

Note: Non-audit public fees include 110 thousand for transfer pricing report, 10 thousand for VAT direct deduction report, and 80 thousand for IFRS9 fair value report.

3.5 Information on the Change of CPAs: None.

3.6 Information on the Chairman, General Manager, Managers Responsible for Financial or Accounting Affairs of the Company Taking Office in the Accounting Firm of the CPAs or its Affiliates: None.

3.7 **Changes in Equity Transfer and Pledge of Equity by Directors, Managers, and Shareholders with Shareholdings Over 10% for the Latest Year and as of the Date of Publishing the Annual Report**

(1) Changes in the equity of Directors, managers, and major shareholders:

Unit: Share

Title	Name	2021		As of 27 March 2021	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman	NINGHAN DEVELOPMENT CO.,LTD	6,125,949	0	0	0
	SUN JAN-YEN	987,253	0	0	0
Director	NINGHAN DEVELOPMENT CO.,LTD	6,125,949	0	0	0
	SUN CHI-JYH	(13,014)	0	0	0
Director	NINGHAN DEVELOPMENT CO.,LTD	6,125,949	0	0	0
	SUN CHI-FA	230,176	0	(16,000)	0
Monitor	YUKUO PLYWOOD CORP.,	2,483,948	0	0	0
	CHEN YIH-LING	55,455	0	0	0
Director	LEE CHIN-YEN	521,849	0	0	0
Director	WONG DUEN-HONG	39,069	0	0	0
Independent Director	WU HSIAO-YEN	0	0	0	0
Independent Director	MA CHEN-CHI	0	0	0	0
Independent Director	CHEN TING-KO	0	0	0	0
General manager	SUN JAN-YEN	987,253	0	0	0
Deputy General Manager	SUN CHI-FA	230,176	0	(16,000)	0
Deputy General Manager	SU,CHIH-SHENG(Dismissal date: 1110228)	898	0	NA	NA
Financial Officer	HUANG,YU-CHING	1,999	0	0	0
Accounting Supervisor	HUANG,YU-CHING	1,999	0	0	0
Others	HUANG,YU-CHING	1,999	0	0	0
Major shareholder	NINGHAN DEVELOPMENT CO.,LTD	6,125,949	0	0	0
Major shareholder	YUKUO PLYWOOD CORP.,	2,483,948	0	0	0

(2) Information on equity transfer: None.

(3) Information on equity pledge: None.

3.8 Relationships between Shareholders with Top Ten Shareholdings

As of March 27, 2022

Name	Current Shareholding		Shareholding of Spouses and Minor		Shareholding in the Name of Others		Title or name and relations among top ten major shareholders who are related parties to one another, or spouse, or relatives within the second degree of kinship		Remarks
	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Title	Relation	
NINGHAN DEVELOPMENT CO.,LTD	61,259,497	30.63	0	0.00	0	0.00	SUN JAN-YEN SUN CHI-JYH SUN CHI-FA	NINGHAN DEVELOPMENT CO.,LTD Chairman NINGHAN DEVELOPMENT CO.,LTD Director NINGHAN DEVELOPMENT CO.,LTD Director	
YUKUO PLYWOOD CORP.,	24,839,482	12.42	0	0.00	0	0.00	None	None	
SUN JAN-YEN	9,872,538	4.94	0	0.00	0	0.00	NINGHAN DEVELOPMENT CO.,LTD Mingjingtouzih co., Ltd SUN CHI-JYH SUN CHI-FA SUN JHEN	Chairman Chairman Father and son Father and son Brother and sister	
LEE CHIN-YEN	5,218,491	2.61	1,980,843	0.99	0	0.00	LI JHU YUE-MEI	Spouse	
Mingjingtouzih co., Ltd	4,622,222	2.31	0	0.00	0	0.00	SUN JAN-YEN	NINGHAN DEVELOPMENT CO.,LTD Chairman	
SUN JHEN	3,645,931	1.82	0	0.00	0	0.00	SUN JAN-YEN	Brother and sister	
LIN MEI-NIAN	3,428,388	1.71	0	0.00	0	0.00	SUN CHI-JYH SUN CHI-FA	Mother and son Mother and son	
SUN CHI-FA	3,185,762	1.59	0	0.00	0	0.00	NINGHAN DEVELOPMENT CO.,LTD	Director	

							SUN CHI-JYH LIN MEI-NIAN SUN CHI-JYH	Father and son Mother and son Brother	
LIN JYUN-WUN	2,833,333	1.42	0	0.00	0	0.00	None	None	
SUN CHI-JYH	2,569,865	1.28	0	0.00	0	0.00	DEVELOPMENT CO.,LTD SUN CHI-JYH LIN MEI-NIAN SUN CHI-FA	Director Father and son Mother and son Brother	

3.9 Shareholdings of the Company, the Company's Directors, Managers, and Companies Directly or Indirectly Controlled by the Company in the Same Investee Companies

As of December 31, 2021

Investee Company	Investment of the Company		Investments in companies directly or indirectly controlled by Directors, Independent Directors, and managers		Total Investments	
	Number of Shares	Number of Shares%	Number of Shares	Number of Shares%	Number of Shares	Number of Shares%
UNISHINE CHEMICAL CORP.	28,491	49.98	-	-	28,491	49.98
Elsom Development Ltd.	39,244	100.00	-	-	39,244	100.00
Spring World Holdings Ltd.	4,450	100.00	-	-	4,450	100.00
E-SHINE ADVANCED CHEMICALS LTD.	50,000	100.00	-	-	30,000	100.00

SHINY CHEMICAL INDUSTRIAL CO., LTD.

Statement of Internal Control System

Date: 23 February 2022

Based on the results of the self-evaluation on the internal control system for 2021, the Company hereby stated as follows:

1. The Company acknowledges that establishing, implementing, and maintaining the internal control system is the responsibility of the Company's Board and managers. The Company had established the system. The purpose of which is to provide reasonable assurance on the achievements of objectives such as effects and efficiency of operations (including profits, performance, and protection of assets' safety), credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules.

2. An internal control system has inherent limitations. Regardless of the comprehensive design, an effective internal control system may merely provide reasonable assurance on achieving the three objectives mentioned above. Moreover, the effectiveness of an internal control system is subject to changes in the environment and circumstances. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company adopts immediate remedial actions in response to any identified deficiencies.

3. The Company established the determination items for the effectiveness of its internal control system based on the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Regulations") to determine whether the design and execution of its internal control system is effective. The determination items for the internal control system adopted by the "Regulations" divide the internal control system into five key components based on the course of management and control: 1. control environment; 2. risk evaluation; 3. control operations; 4. information and communications; and 5. supervisory operations. Each key component includes certain items. Please refer to the requirements of the "Regulations" for the aforementioned items.

4. The Company adopted the abovementioned determination items for the internal control system to evaluate the effectiveness of the internal control system's design and execution.

5. Based on the evaluation results above, the Company considered that the design and execution of the internal control system (including supervision and management of subsidiaries) as at 31 December 2021 are effective (including the understanding of the level of achievement regarding the objectives of operations' effects and efficiency, credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules), and the internal control system is able to provide reasonable assurance on the achievement of the above objectives.

6. The Statement is a major part of the Company's annual report and prospectus that is disclosed to the public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

7. The Statement was passed at the meeting of the Board on 23 February 2022.
   It is hereby stated that among eight attending Directors, none of them held opposing opinions, and the remaining Directors have agreed on the content of the Statement.

SHINY CHEMICAL INDUSTRIAL CO., LTD.

Chairman: SUN JAN-YEN

President: SUN JAN-YEN

4. Capital Overview

4.1 Capitals and shares

(1) Source of capital stock

Unit: Share; NT$ thousand

Year/month	Par Value (NTD)	Authorized capital stock		Paid in capital		Remarks	
		Shares	Amount	Shares	Amount	Source of capital stock	Remark
1979/01	10	1,000	10,000	1,000	10,000	set up	
1980/06	10	10,000	100,000	10,000	100,000	Cash capital increase of 90,000 thousand	
1986/05	10	14,800	148,000	14,800	148,000	Capital increase of 48,000 thousand from surplus	
	10	15,000	150,000	15,000	150,000	2,000 thousand was converted into capital increase from capital reserve	
1987/10	10	18,300	183,000	18,300	183,000	Capital increase of 33,000 thousand from surplus	
1990/03	10	32,000	320,000	32,000	320,000	Capital increase of 137,000 thousand from surplus	Note 1
1991/04	10	40,000	400,000	40,000	400,000	Capital increase of 80,000 thousand from surplus	Note 2
1993/12	10	52,000	520,000	52,000	520,000	Capital increase of 1200,000 thousand from surplus	Note 3
1995/12	10	120,000	1,200,000	75,400	754,000	Capital increase of 234,000 thousand from surplus	Note 4
2001/09	10	120,000	1,200,000	80,000	800,000	Capital increase of 46,000 thousand from surplus	Note 5
2005/10	10	120,000	1,200,000	100,000	1,000,000	Capital increase of 200,000 thousand from surplus	Note 6
2006/09	10	120,000	1,200,000	105,000	1,050,000	Capital increase of 50,000 thousand from surplus	Note 7

2007/11	10	200,000	2,000,000	115,500	1,155,000	Capital increase of 105,000 thousand from surplus	Note 8
2007/12	14	200,000	2,000,000	120,300	1,203,000	Cash capital increase of 48,000,000 thousand	Note 9
2009/02	16	200,000	2,000,000	133,500	1,335,000	Cash capital increase of 132,000 thousand	Note 10
2014/08	10	200,000	2,000,000	150,000	1,500,000	Capital increase of 165,000 thousand from surplus	Note 11
2020/07	10	200,000	2,000,000	180,000	1,800,000	Capital increase of 300,000 thousand from surplus	Note 12
2021/09	10	200,000	2,000,000	200,000	2,000,000	Capital increase of 200,000 thousand from surplus	Note 13

Note 1: Approved by the Securities and Futures Commission on December 9, 1989, Taiwan Finance Certificate (1) No. 02493 letter.

Note 2: Approved by the Securities and Futures Commission on December 26, 1990 with the letter of Taiwan Finance Certificate (1) No. 03551.

Note 3: Approved by the Securities and Futures Commission on July 19, 1993 with the letter of Taiwan Finance Certificate (1) No. 30407.

Note 4: Approved by the Securities and Futures Commission on June 29, 1995, Taiwan Finance Certificate (1) No. 38007 Letter.

Note 5: Approved by the Securities and Futures Commission on July 16, 2001 with the letter of Taiwan Finance Certificate (1) No. 145519.

Note 6: Approved by the Financial Supervisory Commission on August 30, 2005 by the Financial Supervisory Certificate (1) No. 0940136297 Letter.

Note 7: Approved by the Financial Supervisory Commission on August 23, 2006 by the Financial Supervisory Certificate (1) Letter No. 0950137515.

Note 8: Approved by the Financial Supervisory Commission on October 24, 2007 in the Financial Regulatory Commission (1) Letter No. 0960058649.

Note 9: Approved by the Financial Supervisory Commission on October 24, 2007 in the Financial Regulatory Commission (1) Letter No. 0960058650.

Note 10: Approved by the Financial Supervisory Commission on January 12, 2009in the Financial Regulatory Commission (1) Letter No. 0970072224.

Note 11: Approved by the Financial Supervisory Commission on June 27, 2014 in the Letter No. 1030024536.

Note 12: Approved by the Financial Supervisory Commission on June 2, 2020.

Note 13: Approved by the Financial Supervisory Commission on July 6, 2021.

2. Type of Stock

Unit: Share; NT$ thousand

Type of Stock	Authorized capital stock			Remarks
	Issued Shares (Note 1)	Unissued Shares	Total	
Registered Common Stocks	200,000		200,000	The company's stock was listed and traded on February 27, 2009

3. Information about the general reporting system: not applicable.

(2) Shareholder structure March 27, 2022

Shareholder structure / Quantity	Government Institutions	Financial Institutions	Others Juridical Persons	Domestic Natural Persons	Foreign Institutions and Foreign Persons	Total
Number of Shareholders	0	20	79	9,939	96	10,134
Shares	0	610,201	98,877,247	87,177,649	13,334,903	200,000,000
Percentage %	0.00%	0.31%	49.44%	43.59%	6.67%	100.00%

(3) Equity dispersion situation

1. Common stock (NT$10 per share) As of March 27,2022

Class of Shareholdings	Number of Shareholders	Shares	Percentage %
1- 999	3,660	739,351	0.37%
1,000- 5,000	4,758	8,882,968	4.44%
5,001- 10,000	757	5,530,257	2.77%
10,001- 15,000	290	3,652,865	1.83%
15,001- 20,000	157	2,776,764	1.39%
20,001- 30,000	165	4,018,665	2.01%
30,001- 40,000	67	2,355,993	1.18%
40,001- 50,000	49	2,235,728	1.12%
50,001- 100,000	110	7,532,755	3.77%
100,001- 200,000	50	7,144,224	3.57%
200,001- 400,000	29	7,547,676	3.77%
400,001- 600,000	16	8,003,802	4.00%
600,001- 800,000	5	3,410,395	1.71%
800,001-1,000,000	4	3,422,293	1.71%
Over 1,000,001	17	132,746,264	66.37%
Total	10,134	200,000,000	100.00%

2. Special shares: none.

(4) Major Shareholders

As of March 27,2022

Shareholdings / Name of Major Shareholders	Shares	Percentage %
NINGHAN DEVELOPMENT CO., LTD	61,259,497	30.63%
YUKUO PLYWOOD CORP.	24,839,482	12.42%
SUN JAN-YEN	9,872,538	4.94%
LEE CHIN-YEN	5,218,491	2.61%
MINGJING INVESTMENT CO., LTD.	4,622,222	2.31%
SUN ZHEN	3,645,931	1.82%
LIN MEI-NIAN	3,428,388	1.71%
SUN CHI-FA	3,185,762	1.59%
LIN JUN-WEN	2,833,333	1.42%
SUN CHI-JYH	2,569,865	1.28%

(5) Provide share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share and related information

Unit: thousand shares; NT$

<table>
<tr><th colspan="3">Year / Item</th><th>2020</th><th>2021</th></tr>
<tr><td rowspan="3">Market Price Per Share</td><td colspan="2">Highest</td><td>131.50</td><td>183.00</td></tr>
<tr><td colspan="2">Lowest</td><td>76.00</td><td>99.80</td></tr>
<tr><td colspan="2">Average</td><td>99.67</td><td>126.17</td></tr>
<tr><td rowspan="2">Net worth per share</td><td colspan="2">Before distribution</td><td>32.03</td><td>33.92</td></tr>
<tr><td colspan="2">After distribution</td><td>28.54</td><td>(Note1)</td></tr>
<tr><td rowspan="3">Earnings per share</td><td colspan="2">Weighted average shares</td><td>180,000</td><td>200,000</td></tr>
<tr><td rowspan="2">Earnings per share</td><td>Before adjustment</td><td>6.52</td><td>8.08</td></tr>
<tr><td>After adjustment</td><td>5.87</td><td>(Note1)</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividends</td><td>3.48888889</td><td>3.0</td></tr>
<tr><td rowspan="2">Free allotment</td><td>Earnings allotment</td><td>1.11111111</td><td>2.5</td></tr>
<tr><td>Allotment of capital reserve</td><td>—</td><td>—</td></tr>
<tr><td colspan="2">Accumulated unpaid dividends</td><td>—</td><td>—</td></tr>
<tr><td rowspan="3">Return on Investment</td><td colspan="2">P/E ratio</td><td>15.29</td><td>15.62</td></tr>
<tr><td colspan="2">Ben Libby</td><td>28.57</td><td>42.06</td></tr>
<tr><td colspan="2">cash dividend yield</td><td>3.50</td><td>2.38</td></tr>
</table>

Note1: The 2021 annual distribution proposal is yet to be resolved by the shareholders' meeting.

Note2: As of the publication date of the annual report, the financial information for the first quarter of 2022 has not been reviewed by an accountant and will not be listed.

(6) Company's dividends policy and implementation

1. dividend policy

   If there is a surplus in the annual final accounts of the company, in addition to paying all taxes and making up for previous annual losses, 10% of the balance should be deposited as statutory surplus reserve, but the statutory surplus reserve has reached the company's paid-in capital. If there is any remaining balance and accumulated undistributed surplus with the previous year, the board of directors will reserve part of the surplus according to the business situation, and plan to use the surplus reserve. If there is a profit distribution proposal, the shareholders' meeting shall be submitted to resolve the distribution of dividends and dividends to shareholders; the distribution of dividends and dividends to shareholders over the past years shall be based on the principle of not less than 70% of the after-tax earnings of the current year.

   The company's industry is in the growth stage of operation, with stable profits and a sound financial structure. There is still a major expansion plan in the next few years. However, considering that the company should be able to obtain sufficient funds from the outside to cover the major capital expenditures, it should be among the dividends distributed in the year, cash dividends shall not be less than 10% of the total dividends.

2. Distribution of stock dividends at the Shareholders' Meeting

Unit: NT$ Dollar

Project	Amount	
	Subtotal	total
Distributable surplus		
Undistributed surplus in the previous period		1,809,166,092
Actuarial profit and loss adjustment for the previous period		-100
Changes in actuarial profit and loss in the current period		-481,045
Net profit after tax		1,616,808,255
Distributable surplus		3,425,493,202
Assign items:		
Statutory surplus reserve	161,632,711	
Special surplus reserve	-30,160,690	
Shareholder cash dividend (NT$3.0 per share)	600,000,000	
Shareholder stock dividend (NT$2.5 per share)	500,000,000	
Total number of allocations		1,231,472,021
Undistributed surplus at the end of the period		2,194,021,181

(7) The impact of the free allotment proposed at this shareholders' meeting on the company's operating performance and earnings per share:

According to the "Regulations on the Handling of Public Financial Forecast Information of Public Issuing Companies", the Company does not need to disclose financial forecast information, so it is not applicable.

(8) Compensation of employees and directors

1. The percentage and scope of remuneration for employees and directors as stated in the company's articles of association

   If the company has a profit in the year, it should allocate no less than 6% as employee compensation and no more than 3% as director compensation. However, when the company still has accumulated losses, it should reserve the amount in advance to make up for it.

   The remuneration of the employees in the preceding paragraph may be in stock or cash, and the recipients of the payment may include employees of subordinate companies who meet the conditions set by the board of directors. The remuneration of directors in the preceding paragraph may only be in cash.

   The first two paragraphs shall be implemented by a resolution of the board of directors and reported to the shareholders' meeting.

2. In 2021, the estimated basis for the estimated remuneration of employees and directors, the basis for calculating the number of shares for employee compensation distributed by stock, and the accounting treatment when the actual distribution amount is different from the estimated amount:

   The company's 2021 employee and director's remuneration assessment amount is the most appropriate estimate based on past experience on the amount of employee and director's remuneration that may be paid, and it is recognized as an expense. When there is a difference between the figures, it is regarded as a change in accounting estimates.

3. Information on the proposed distribution of remuneration approved by the board of directors:

   (1) Employee remuneration and director remuneration amount distributed in cash or stock

   It is proposed to distribute cash remuneration of 159,448 thousand to employees, and remuneration of 65,038 thousand to directors.

   (2) The amount of employee compensation distributed in stock and the proportion of the net profit after tax and employee compensation in the current period's individual or individual financial report

   Proportion of the total: There is no stock-based compensation for employees.

4. Actual distribution of remuneration for employees and directors in the previous year

   The company's 2020 earnings distribution plan was approved by the board of directors and shareholders' meeting, and the amount used to distribute employee remuneration and directors' remuneration is no different from the actual distribution situation. The total distribution of employee remuneration was 129,620 thousand, and the directors were distributed. 46,500 thousand.

(9) Share re-purchases: None

4.2 Bonds: None.

4.3 Preferred stock: None.

4.4 Global depositary receipts (GDR): None。

4.5 Employee stock options/warrants: None.

4.6 Restricted stock awards (RSA): None.

4.7 Acquisition or transfer of other newly issued shares from other companies: None.

4.8 Capital utilization plan

As of the quarter before the publication date of the annual report, the company has completed the previous issuance of securities, and the benefits of the plan have been realized.

5. Operational Highlights

5.1 Business activities

(1) Business scope

1. The main content of the business
   a. Basic chemical industries.
   b. Petrochemical raw material manufacturing industry.
   c. Precision chemical materials manufacturing industry.
   d. Synthetic resin and plastic manufacturing industry.
   e. Other chemical materials manufacturing industry.
   f. Industrial auxiliary manufacturing.
   g. Electronic component manufacturing industry.
   h. International trade.
   i. Warehousing.
   j. Real estate leasing industry.
   k. Leasing Industry.
   l. In addition to licensed businesses, businesses that are not prohibited or restricted by laws and regulations may be operated.

2. Proportion of sales of major products Unit：NT $thousand

Item \ Year	2020		2021	
	Amount	%	Amount	%
Solvent series products	5,694,021	73.20	8,855,437	79.47
Raw material sales	1,717,864	22.09	1,890,588	16.96
Others	366,390	4.71	397,578	3.57
Total	7,778,275	100.00	11,143,603	100.00

3. The Company's current product (service) collections

Category	Product	Use range
Solvents (Electronic solvents)	PM、PMA、GAA、NBAC、 ANONE、P series of mixed solvents (SEP)	●Thin film transistor process as a wetting agent, photoresist remover, photoresist viscosity adjuster, and process equipment cleaning. ●Cleaning and stripping of the RGB three base colors in the color filter production process. ●Cleaning agent, stripping agent, photoresist buffer and etching process chemicals for semiconductor IC industry.
Solvents (Industrial Solvents)	PM、NBAC、ST 、GBL、PMA、NPAC、BCS、PMP、IBAC 、DPM	●Solvents and thinners for coatings and synthetic resins. ●Inks and organic solvents for printing. ●Organic solvents for leather processing.
Methanol	Formalin (F24%~44%)、Urea	●Antiseptie perfume、disinfectant. ●Adhesive.

	Glue	●Synthetic resin raw materials, other organic chemical raw materials, etc.
Solvent raw material trading	MEOH丶PM丶NPA丶BCS丶NBA丶 GAA丶IBA	●Supply resin factories, paint factories, electronics factories, etc. as solvents and other process applications.

4. New product (services) development projects:
(1) Application development of ether alcohol derivatives.
(2) Green specialization and application development of livelihood products.
(3) Development of electronic grade solvents for advanced semiconductor processes.
(4) Recycling technology development.
(5) REACH restriction of substance substitution development.
(6) Development of functional coating products.

(2) Industry Overview

1. Industry status and development

The company's main products include electronic-grade solvents used for cleaning in liquid crystal displays (LCD) and semiconductor manufacturing processes and industrial-grade solvents used in coatings, synthetic resins, printing inks, etc. . It is closely related to the development trend of the optoelectronic industry and the coating industry. The current status of the main industries to which the company's products belong are described as follows:

(1) Overview of the development of the industry

A. Overview of LCD Industry Development

(A). In recent years, liquid crystal displays (LCDs) have dominated the development of the flat panel display industry. TFT-LCDs, with their technological advantages, broad product applications and economies of scale, have become the mainstream of the flat panel display market, meeting the needs of the digital age for a full range of information products and consumer electronics applications.

(B). Since AUO's predecessor, Lianyou Optoelectronics, started my country's first TFT-LCD factory in March 1993, and successfully trial-produced the first 4-inch TFT-LCD module in April 1993, many domestic manufacturers have successively invested in TFT-LCD -Manufacturing and production of LCD. In the Ministry of Economic Affairs' "Two Trillion Double Star Industry Development Plan", the flat panel display has become another development focus of the government's "Two Trillion Industry" after the semiconductor industry. Looking at the historical development of the TFT-LCD industry, one can observe the characteristics of its business cycle, capital and technology-intensive industries. At present, the major TFT-LCD producing countries in the world include my country, South Korea and Japan.

(C). With the popularization of the application of all-round digital information products and consumer electronic products, TFT-LCD is a strategic hub of the flat-panel display supply chain as a key component, not only leading the upstream material component industry and technology development Growth, but also provide the global information electronics industry to expand the downstream application market Austrian aid. Since the mass production of domestic TFT-LCD manufacturers, its industrial clustering effect has successively promoted the vigorous development of the local upstream related materials and component industries. my country's global market share in backlight modules, color filters, driver ICs, polarizers and other industries The rate has also increased year by year. We hope to combine the existing advantages of my country's TFT-LCD, IT industry ODMs and system manufacturers in the world, further improve the integrity of the upstream and downstream industry structure, and actively develop my country into an important global TFT-LCD industry settlement.

B. Overview of Semiconductor Industry Development

(A). In 1947, Bell Labs in the United States invented the transistor, which quickly replaced the traditional vacuum tube, but it only lasted for ten years. After Texas Instruments successfully developed the world's first semiconductor in 1958, transistors with relatively simple functions were immediately replaced by semiconductor products that were short, thin, power-saving, and increasingly integrated. Since then, various semiconductor products have been continuously developed, and the integration has also been rapidly improved, from 10 transistors per semiconductor to 109 transistors per semiconductor.

(B). The development of the semi-conductor industry in China can be divided into four stages as follows :

Development stage of semiconductor industry	Important Events
The budding period (1966-1973)	·Kaohsiung Electronics Co., Ltd. is engaged in transistor packaging. ·Texas Instruments, TI and JIANN YUAN TECHNOLOGY CO., LTD. Introduced semiconductor packaging and testing technologies. ·ORIENT SEMICONDUCTOR ELECTRONICS LIMITED is engaged in semiconductor packaging. ·National Chiao Tung University is engaged in the development of related technologies.
Technology introduction period (1974-1979)	·ITRI established the Electronic Industry Research Centre.. ·RCA company introduces 7 micron process technology. ·Electronics semiconductor demonstration factory was completed. ·UMC Electronics, a spin-off company of the Electronics Exchange, was established.
Growth period (1980-1995)	·Taiwan Semiconductor Manufacturing Co., Ltd., Taiwan mask corporation and VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION are established. ·Semiconductor is included in my country's top ten emerging industries in the future.
Expansion Period (1996-Now)	·In 1996, the global DRAM market slumped. However, due to the complete vertical division of labor, Taiwan's semiconductor industry continued to invest in the

	second-generation 8-inch wafer fab, and was in a relatively favorable position in global competition.

C. Overview of the development of electronic-grade solvents

(A).Organic solvents are used in almost every step in the TFT-LCD panel and semiconductor manufacturing process, especially in the yellow light region for photoresist cleaning, developer cleaning, etching solution cleaning and wafer cleaning, etc. will be used in large quantities, the main types are acetone, dichloromethane, chloroform, isopropanol, methanol, trichloroethane, butylbenzene, ethylbenzene, tetramethylamine, butanone, toluene, benzene , xylene, ethanol, butyl acetate, ethylene dichloride and chloral, etc. The chemical substances used in the same process vary from factory to factory. Since these organic solvents often produce toxic waste, they have been used in recent years. The trend to use low toxicity, environmentally friendly organic solvents such as propylene glycol methyl ether, propylene glycol methyl ether acetate and propylene glycol methyl ether propionate.

(B). Since the electronics industry is a major industry in the world, and Taiwan occupies an important position in global electronic products, the continued expansion of TFT-LCD panels and semiconductors will drive higher purity, mainly used in the TFT-LCD panel process and semiconductor process. The demand for electronic grade solvents for cleaning solvents (metal ion impurities and moisture is extremely low) is optimistic about the future prosperity.

(2) Industry of industrial grade solvent.

A. Development overview of coating industry.

(A).Paint and coating is one of the most important industries in the world. For example, buildings, furniture, automobiles, 3C products, etc., which are common in daily life, all have special functional coatings on the surface. , to provide the beautification of the appearance of the coated object, the protection of the original, and even give additional functions such as antistatic, heat insulation, etc.

(B). In recent years, the paint and coating industry has responded to the government's call to increase productivity, implement automation, strictly implement quality control, and improve production quality. The production of domestic paints and coatings has skyrocketed, and the products are of high quality and low price, which are well recognized by industrial and household users. With the development of national economic construction, major transportation construction related to the paint and coatings industry, construction of state houses, science parks, etc., will enable the paint and coatings industry to further develop and achieve the important goal of upgrading and transformation of the paint and coatings industry.

(C). At present, the major manufacturers of coatings in the world are mostly multinational conglomerates. In order to respond to rapid market changes, reduce cost pressure and increase market influence, major coatings manufacturers have carried out a series of mergers and acquisitions. The industry will move towards the trend of specialization and large-scale, in order to give full play to their respective advantages in technology, market sales, etc., to form the best combination of production and sales, technology, raw material supply and other elements. Since paint is a dependent or supportive industry, its demand is closely related to the prosperity of related industries, and its usage also reflects the degree of economic prosperity and progress of a country.

B. Overview of Synthetic Resin Industry Development.

(A). Coating Resin

Architectural and industrial paints not only need to be easy to apply and adhere to the surface of the material for a long time to give a beautiful colorful appearance, they also need to be stain resistant and more durable, and must be able to resist all kinds of pollution from the surrounding environment. Resins such as alkyd, vinyl acetate, styrene/acrylic copolymer and pure acrylic are being developed and used, and water-soluble resins are also being used more and more for environmental reasons. The market for coating resins has been growing year on year as people seek to improve their quality of life, and the growth rate has been similar to that of GNP over the years.

(B). General-purpose resins

General-purpose resins are widely used, mainly used in adhesives, pastes for textiles, etc. In addition, they have been developed into special glues for electronic material protection tapes, optical material tapes, etc.

(C). Unsaturated Polyester Resins

The global market has a total volume of 2.6 million tons, of which about 250,000 tons are in Taiwan, 170,000 tons in Japan and 700,000 tons in China. Except for China market, which maintained an annual growth rate of 5-10%, most of the other regions were flat or declining, resulting in increasingly fierce competition.

C. Overview of industrial grade solvents development

Industrial solvents are widely used in paints, synthetic resins, printing inks, cleaning, leather and so on. As industrial grade solvent is an important necessity for daily Necessities, and its application covers all walks of life, the future development of industrial grade solvent will show a stable growth trend.

2. The relationship between the upper, middle and lower reaches of the industry.

(1). Electronic grade solvent

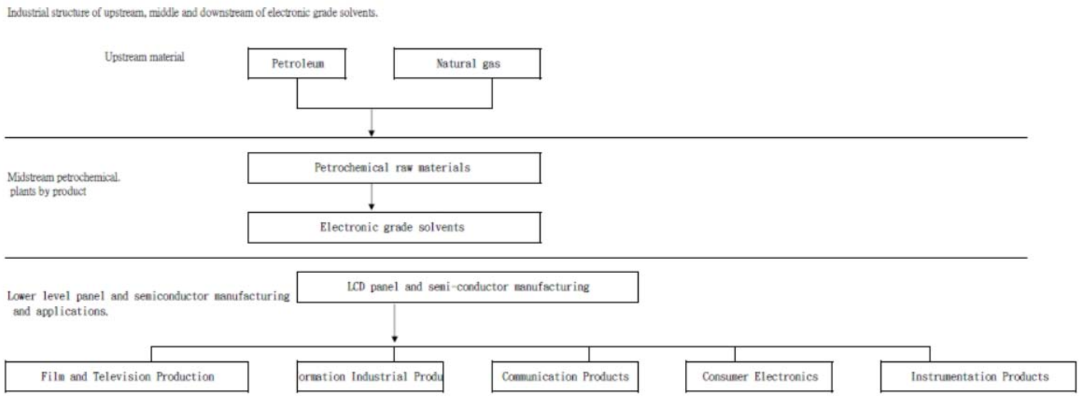
A. The company's electronic grade solvents are used in TFT-LCD panels and semi-conductor processes, with the following applications:

(A). Photoresist remover - used to remove photoresist from the edges of TFT-LCD glass substrates to avoid contamination of the production line due to flaking of the residual photoresist in other processes, thus requiring high solubility and fast volatility.

(B). The stripping solution is used for stripping off excess photoresist after line etching and is usually a mixture of DMSO, DBG or NMP. However, with the refinement of lines in the future, the traditional wet etching method is no longer sufficient and dry etching with gas etching is now being developed, and the stripping method will be changed to dry or combined wet and dry.

(C). Cleaning fluids are used to clean the substrate after each stage of the process. Generally, there are two main types of cleaning fluids, inorganic and organic.

B. The upstream, midstream and downstream industry structures are linked in the following diagram:

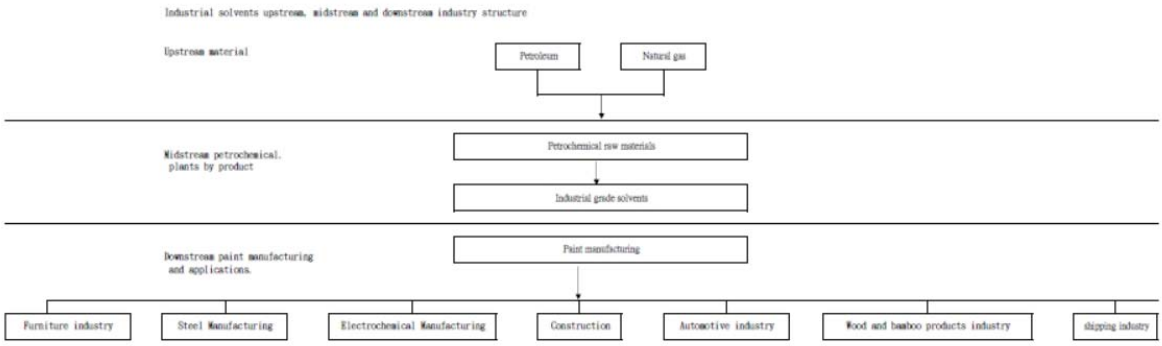


(2). Industrial grade solvents

A. Coating resin is the main component to improve the quality of the coating film. It is also a fixing agent for fixing the pigment to the coated material. It is used as a vehicle in paints and coatings. The viscosity of the resin is usually It is very high, which is not conducive to the grinding of the abrasive and the mixing of the adjustment components in the later stage, and increases the difficulty of painting, so it is necessary to add solvents and thinners.

B. Generally, paints and coatings mainly rely on solvents to help the flow and coating properties of resins. Solvents have an impact on the viscosity, fluidity, drying speed and gloss of the paints and coatings. Volatile without leaving in the coating film.

C. The correlation diagram of the upper, middle and downstream industrial structure is as follows:



3. Various development trends of products

(1). The use of organic solvents is mainly for downstream processing products industry, such as coatings, electronics, home appliances, plywood, agriculture, textile industry, printing industry, chemical industry and other industries. In response to the diversified needs of downstream players and the situation of industrial upgrading, solvent manufacturers must continuously improve the added value and R&D capabilities of their products, find niche markets, such as the application market of electronic grade solvents, and increase the added value in order to respond. The changing needs of downstream players.

(2). From the perspective of the global organic solvent development trend, under the increasingly strict environmental protection requirements, in order to comply with environmental protection regulations and future trends, it will gradually become a future trend to actively develop environmentally friendly organic solvents with low toxicity.

4. Competitive situation

The Company's main competitors are Chang Chun Group. and LCY GROUP., etc. Due to the large number of products and the low overlap between the various manufacturers, coupled with the strong management team, highly qualified personnel and rich experiences, the Company has a certain competitive position and popularity in the industry.

(3) Technology and R&D Overview

1. Research and development costs and successful products developed in the latest year and up to the date of printing of the annual report

(1). R&D Cost Scenario

Year	2021	Current consolidated financial data ending March 31, 2022
Unit: NT $thousand	243,466	61,154

(2). Technologies or products that have been successfully researched and developed in recent years

A. Develop new esterification catalysts to increase the conversion efficiency of the process and increase the output.

B. Research on improving PM synthesis reaction, reducing water content and catalyst selection.

C. Research and development of new esters.

D. Research and develop a new type of azeotroping agent, improve the esterification dehydration process, reduce the use of toxic substances, and reduce the impact on environmental pollution.

E. Research and development of processes such as product recycling and distillation applications.

F. Development of low-formaldehyde environmentally friendly adhesive (F1 grade).

G. Research and development of new product "Sumex Ester".

H. Research and development of high boiling point solvents.

I. Development of ether alcohols process.

J. The application of ether alcohols in waterproof glue.

K. Jointly developed simulated moving bed separation technology with Yishou University.

L. Development of a new process for the synthesis and purification of ether alcohols.

M. Application of nanomaterials in cosmetics and coatings.

N. The development of environment-friendly specialization and people's livelihood products.

O. Development of additives to reduce diesel combustion pollution.

P. Development of an environmentally friendly insecticide.

Q. Development of solvents for advanced semiconductor processes.

R. Electronic industry chemical formulation development.

(3). Future research and development plans

A. Application and development of ether alcohol derivatives..

B. Green environmental protection specialization and application development of people's livelihood products.

C. Development of advanced process chemicals for the semiconductor industry.

D. Development of recycling technology.

E. Development of substitutes for REACH restricted substances.

F. Development of functional coating products.

G. Development of special materials for semiconductor process.

(4). Estimated amount of R&D investment in the next two years.

Year	2022	2023
Unit: NT$ thousand	277,000	286,000

(4) Long-term and short-term business development plans

1. Short-term business development plan

(1). Develop patented products and electronic grade solvent application market to increase added value.

(2). Actively develop new products and strengthen the integrity and diversification of product portfolio.

(3). Strengthen strategy application and marketing system, fully grasp customer development trends and trends, and strengthen customer relationships.

(4). Expanding market share by actively developing downstream customers.

(5). Continuous innovation and research, continuous improvement of process technology, in order to improve production capacity and production efficiency, and reduce product cost.

2. Long-term business development plan

(1). Strengthen the training of business staff’s professional knowledge and strengthen internal management to improve business performance.

(2). Vertically integrate the research and development of upstream, mid-stream and downstream products in order to consolidate the supply of goods and sales channels, reduce costs and enhance product competitiveness.

(3). Strengthen strategic alliances with well-known domestic and foreign manufacturers, strengthen product competitiveness, and create greater performance.

(4). Continue to develop the application of electronic grade chemicals, in order to become the market leader of electronic grade solvents.

5.2 Market, production and sales overview

(1) Market analysis

1. Sales arena of main product

Unit：NT$ thousands

Area \ Year		2020		2021	
		Amount	%	Amount	%
Taiwan		5,858,916	75.32	8,031,230	72.07
Export	South Korea	859,476	11.05	1,243,738	11.16
	Vietnam	261,019	3.36	439,205	3.94
	Thailand	159,411	2.05	233,728	2.10
	Others	639,453	8.22	1,195,702	10.73
	Subtotal	1,919,359	24.68	3,112,373	27.93
Total		7,778,275	100.00	11,143,603	100.00

2. Market Share

The Company's operating strategy is not only based on expanding turnover and increasing market share. By continuing to develop new application products, looking for niche markets, and after stable product sales, it is expected to further increase the company's market share.

3. Market Supply and Demand Outlook

(i) Supply and demand of Electronic Solvent

Electronic solvents use the inherent chemical properties of chemicals to perform lithography, etching and cleaning for electronic products. The fields of application are printed circuit boards, semiconductors and liquid crystal thin film display panels, especially semiconductor and liquid crystal thin film display panels. The most stringent requirements are for high-purity electronic solvents to prevent impurities from interfering with product performance. Thanks to the continued growth of the semiconductor and LCD industries, the growth rate of electronic grade solvents is expected to be much higher than the average annual growth rate of all chemicals.

(ii) Supply and demand of Industrial Solvents

Since the amount of paint used will develop with economic growth, it will also directly affect the supply of the paint industry. In Europe and the United States, due to the flattening of economic growth, the growth rate of coatings supply is also limited, but Asia is a newly industrialized region, and the supply of coatings will increase substantially with economic growth. Since coatings are a kind of special chemicals, which are widely used in various industrial products, the demand for coatings in the world is increasing day by day, especially in newly industrialized countries in Asia. Therefore, looking forward to the future, the development trend of industrial-grade solvents is still growing steadily.

4.Development Prospects and Favorable and Unfavorable Factors

(i) Favorable factors

A. Process and capacity improvement

The Company adheres to the concept of "R&D success, safety first, quality first, and customer satisfaction", and constantly innovates and researches, improves production processes, reduces waste and energy, and increases production capacity, and achieves product diversification, develops green products, meets customer needs, and enhances Competitiveness of the company's products.

B. Complete and diversified product portfolio

The related industries have a complete portfolio of raw materials and diversified products, and are little affected by changes in the prosperity of a single industry.

C. Developing high value-added electronic grade solvents

Actively invested in the development of electronic grade solvents and successfully entered the electronic industry market such as semiconductor and optoelectronics, and successively completed products such as butyl acetate, propylene glycol methyl ether and propylene glycol methyl ether acetic acid.

(ii) Unfavorable factors

A. Domestic awareness of environmental protection and industrial safety is on the rise, and standards are becoming more and more stringent, which in turn leads to an increase in costs.

B. The economic and social structure has changed, employees are not keen on labor-based work, and manufacturers are generally lacking in labor, resulting in increased labor costs and rising production costs.

C. Due to labor, environmental protection, land and other issues, the downstream manufacturers of organic solvents continue to move out, resulting in increasingly fierce competition in the domestic market of organic solvents.

(iii) Countermeasures

A. In order to implement the implementation of environmental protection and industrial safety, in addition to the establishment of a dedicated environmental protection and industrial safety unit to be responsible for environmental protection facilities and planning improvement, education and training of factory personnel, etc., it also has complete waste and waste liquid treatment equipment, and cooperates with professional institutions for regular inspections. And the introduction of advanced manufacturing process and technology, through the implementation of waste reduction measures to reduce processing costs, and meet the requirements of environmental protection and industrial safety to fulfill social responsibilities.

B. By developing advanced manufacturing processes, we can reduce production time and improve production efficiency; we also strengthen the management and efficiency of production technicians to improve product quality and yield, thereby reducing production costs and increasing our relative competitiveness in the market.

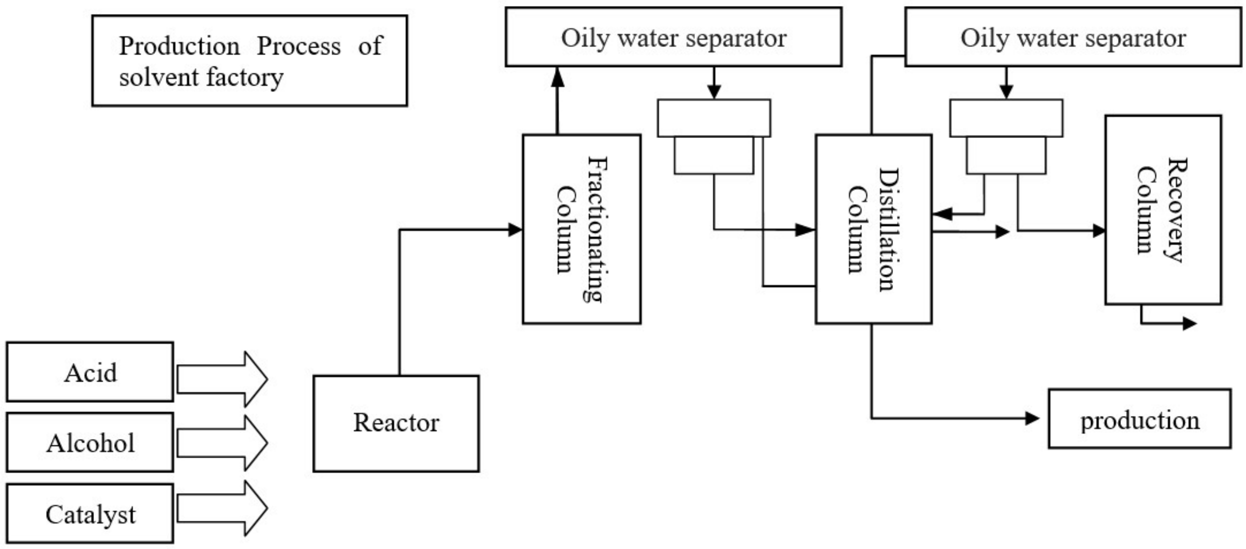
C. Actively expand overseas markets to increase market share and expand the company's business growth.

(II) Main products' important functions and production process

1. Main products' important functions

Main product	Main function
Solvent series (Electronic solvent)	1. The thin film transistor process is used as a wetting agent, a photoresist removal solution, a photoresist viscosity modifier, and the cleaning of the process equipment. 2. RGB three primary colors photoresist removal solution, cleaning and stripping of piping equipment in the color filter process. 3. Cleaning agents, strippers, photoresist buffers and etching process chemicals for the semiconductor IC industry process.
Solvent series (Industrial solvent)	1. Paint, synthetic resin. 2. Printing ink, cleaning organic solvent. 3. Leather organic solvent
Aldehyde series	1. Preservatives, Disinfectants 2. adhesive 3. Synthetic resin raw materials, other organic chemical raw materials, etc.

2. Production process of the main products



3. Primary raw materials

Main raw material name	Main supplier	Supply situation
Acetic acid	Domestic	Stabilize
Butanol	Foreign	Stabilize
Ethylene glycol butyl ether	Foreign	Stabilize
Propylene Glycol Methyl Ether	Domestic	Stabilize
Methanol	Foreign	Stabilize

4. Major suppliers and customers

(i) Major suppliers with purchase amount and ratio that accounted for more than 10% of the total purchase in the past two years

Unit：NT$ thousands

2020				2021			
Name	Amount	Annual net purchases (%)	Relationship with issuer	Name	Amount	Annual net purchases (%)	Relationship with issuer
Company A	1,424,103	29.52	None	Company A	1,936,820	25.51	None
Others	3,400,505	70.48		Others	5,656,670	74.49	
Net purchases	4,824,608	100.00		Net purchases	7,593,490	100.00	

(ii) Major customers with sales amount and ratio that accounted for more than 10% of the total sales in the past two years

Unit：NT$ thousands

2020				2021			
Name	Amount	Annual net Sales (%)	Relationship with the issuer	Name	Amount	Annual net Sales (%)	Relationship with the issuer
Company A	1,471,156	18.91	None	Company A	2,232,330	20.03	None
Company B	835,991	10.75	None	Company B	1,139,697	10.23	None
Others	5,471,128	70.34		Others	7,771,576	69.74	
Net Sales	7,778,275	100.00		Net Sales	11,143,603	100.00	

5. Analysis of production value and changes in the last two years

Unit: Capacity, Output – tons

Output value－NT$ thousand

Key Products \ Year	2020			2021		
	Capacity	Output	Output value	Capacity	Output	Output value
Solvent series products	159,000	147,805	4,541,324	183,000	180,874	8,505,525
Other	46,000	7,246	31,914	46,000	7,246	31,914
Total	205,000	155,051	4,573,238	229,000	188,120	8,537,439

6. Sales value and output analysis for the last two years

Unit: Capacity, Output - tons

Output value－NT$ thousand

Key Products \ Year	2020				2021			
	Domestic		Foreign		Domestic		Foreign	
	Output	Output Value	Output	Output Value	Output	Output Value	Output	Output Value
Solvent series products	65,926	4,024,997	43,829	1,669,024	41,025	6,044,325	85,586	2,811,112
other products	5,248	61,110	48	603	6,955	96,083	48	628
Raw material	66,924	1,468,132	7,242	249,732	58,719	1,589,954	6,846	300,634
Other	-	304,677	-	-	-	300,867	-	-
Total	138,098	5,858,917	51,119	1,919,359	106,700	8,031,230	92,479	3,112,373

5.3 Human Resources Overview

(1) Number of employees, average age and years of service at the Company in the most recent two years:

Year		2020	2021	On April 15, 2022
Number of Employees	Production	176	198	206
	R&D	74	84	81
	Other	222	265	278
	Total	472	547	565
Average Age		41.46	40.11	40.70
Average Years of Service		10.71	9.85	9.67
Education level	PhD	7	9	10

distribution ratio	Master's degree	88	106	109
	Bachelor's degree	313	364	379
	High school	57	60	59
	Below high school	7	8	8

5.4 Disbursements for environmental protection

(1) Losses caused by pollution in the most recent year up to the publication date of this annual report

Project	2021	As of April 15, 2022
Contamination status	None	None
Punishment Department	None	None
Punishment	None	None

(2) Countermeasures：continue to carry out inspections according to the specifications set by the relevant units

5.5 Labor relations

(1) Various aspects of employee welfare measures, continuing education, job training, retirement system and its implementation, as well as labor agreements, labor rights and employment protection measures

1. Employee welfare measures and its implementation

The Company's main welfare measures include domestic and foreign travel subsidies, annual gifts, hospital condolences for injuries, funeral subsidies, education and scholarship subsidies, regular health checks, marriage subsidies, maternity subsidies, emergency aid subsidies, community subsidies, Labor education and training, birthday gifts, employee group life insurance and accident insurance, etc. In addition, the company has general leisure facilities to enrich employees' leisure life and promote their physical and mental health.

2. Employee education and training and its implementation

The Company implements internal and external on-the-job training based on employees' work needs and considering the company's future operating conditions to enhance employees' ability to learn and improve work efficiency

3. Employees’ retirement system and its implementation

In addition to formulating employee retirement management regulations in accordance with the Labor Standards Act, and providing monthly employee pensions and depositing them in the special office of the Central Trust Bureau, the company also cooperates with the implementation of the Labor Retirement Ordinance, which was revised on September 30, 2005. Employee Retirement Management Measures, starting from July 1, 2005, if employees who originally applied the old system chose to apply the new system for their service years or employees who took up the post after the implementation of the new system, their service years were changed to a fixed allocation system. The payment of pension shall be paid by the company at a monthly rate of not less than 6% of the monthly salary and deposited in the individual account of labor pension.

i. According to the Company's personnel management system, an employee, who is involved in any of the following situation, should be required to retire immediately:

A.Those who have worked for more than 15 years and have reached the age of 55.

B. Those who have worked for more than 25 years.

C. Those who have worked for more than 10 years and have reached the age of 57

D. Those who have served for more than 10 years and have reached the age of sixty.

E. Those who have served in the company for ten years and are dispatched by the company to a related enterprise or subsidiary due to work requirements but when the affiliated enterprise or subsidiary is willing to bear the seniority of the employee, it shall not apply for retirement.

F. If an employee suffers from a serious illness, such as a tumor, which requires long-term hospitalization or long-term period of recuperation at home.

ii. Compulsory retirement:

The company shall not compel an employee to retire unless he or she falls under any of the following circumstances:

A. For those who have reached the age of 65, the company may report to the central competent authority for adjustment to work with special characteristics such as danger and strong physical strength, but must not be less than 55 years old.

B. Mental loss or physical disability is too qualified to work.

iii. Retirement payment standard:

A. The working years before and after the application of the Labor Standards Act and the choice to continue to apply the "Labor Standards Act" pension provisions in accordance with the Labor Pension Regulations or to retain the working years before the application of the Labor Pension Regulations. The standard of pension payment is based on the labor standard Articles 84-2 and 55 of the Act shall be calculated.

B. Persons with seniority in the preceding paragraph who are forced to retire in accordance with Paragraph 1, Subparagraph 2, Article 35, workers whose mental or physical disability is caused by the performance of their duties shall be subject to Paragraph 1, Subparagraph 2, Article 55 of the Labor Standards Act., additonal 20% of payment shall be added according to the second paragraph of Article 55.

C. For employees who are subject to the pension regulations of the Labor Pension Act, the company will pay 6% of their wages to the individual pension account of the laborer on a monthly basis.

iv. Pension payment:

Old system: The company should pay the pension to the employees within 30 days from the date of the employee's retirement.

New system: If the employee is over 60 years old, the employee should apply directly to the Bureau of Labor Insurance or the company will assist in the application.

4. Labor-management agreement and various employee rights protection measures

In addition to abiding by various laws and regulations and safeguarding the rights and interests of employees, the company's labor relations have fully communicated and promoted with employees before the implementation of various major policies to understand the needs of employees, so as to obtain employee support and jointly create a win-win and harmonious labor-management relationship. relation.

(2) In the most recent year and up to the date of publication of the annual report, the losses suffered due to labor disputes, and the estimated amount and countermeasures that may occur at present and in the future are disclosed: None.

5.6 Cyber security management

(1) The Company has established a complete network and computer security protection system to control or maintain the stable operation of the Company's manufacturing, operation, accounting and financial functions.

The information system architecture established a high-availability host backup and off-site data backup mechanism according to its risk level to ensure uninterrupted services, and sends the backup media to off-site storage for storage. The normal operation and data preservation of the system can reduce the risk of system interruption caused by unwarranted natural disasters and human errors, and ensure the system recovery meeting the target time expectedly. In order to restore business quickly and smoothly when information system damage occurs, and reduce possible losses and risks, through the regular implementation of information system disaster recovery plan drills on a quarterly basis, losses are minimized and normal operations can be resumed quickly.

For network attacks illegally invade the Company's internal network system, the Company established firewalls and install anti-virus software to prevent illegal intrusion, destruction or theft of information, so as to avoid illegal use of the website and protect the rights and interests of users.

(2) In the most recent year and up to the date of publication of the annual report, the losses suffered due to cyber security, and the estimated amount and countermeasures that may occur at present and in the future are disclosed: None.

5.7 Important Contracts

Contractual nature	Company Name	Contract start and end date	Key content	Restrictions
processing contract	Lyondell Greater China, LTD.,	2007.06.19~ 2022.06.19	Processing raw material “PM”	Without the consent of the parties, This contract may not be transferred.

6. Financial position

6.1 Condensed statements of financial positions and statements of comprehensive income of the past five years

(1) Condensed balance sheet - International Financial Reporting Standards (Consolidated)

Unit: NT$ thousand

Item \ Year		Financial information in the past 5 years					Current consolidated financial data ending March 31, 2022
		2017	2018	2019	2020	2021	
Current Assets		2,864,375	2,562,995	2,238,690	2,806,083	3,723,808	(Note 3)
Property, plant and equipment		1,708,641	2,280,532	3,399,746	3,927,863	5,620,652	
Intangible assets		562	2,131	6,313	5,757	6,575	
Other assets		1,138,005	1,244,406	1,348,027	1,497,607	1,588,378	
Total assets		5,711,583	6,090,064	6,992,776	8,237,310	10,939,413	
Current Liabilities	Before distribution	1,084,362	1,147,665	1,906,303	1,703,225	2,796,703	
	After distribution	1,774,362	1,897,665	2,236,303	2,331,225	(Note 2)	
Non-current liabilities		124,473	134,064	164,193	769,111	1,359,249	
Total Liabilities	Before distribution	1,208,835	1,281,729	2,070,496	2,472,336	4,155,952	
	After distribution	1,898,835	2,031,729	2,400,496	3,100,336	(Note 2)	
Equity attributable to the parent company		4,502,748	4,808,335	4,922,280	5,764,974	6,783,461	
Share capital		1,500,000	1,500,000	1,500,000	1,800,000	2,000,000	
Capital surplus		103,724	103,724	103,724	103,724	103,724	
Retained earnings	Before distribution	2,983,731	3,285,530	3,424,446	3,968,421	4,756,748	
	After distribution	2,293,731	2,535,530	3,094,446	3,340,421	(Note 2)	
Other equity		(84,707)	(80,919)	(105,890)	(107,171)	(77,011)	
Treasury stocks		-	-	-	-	-	
Non-controlling interest		-	-	-	-	-	
Total equity	Before distribution	4,502,748	4,808,335	4,922,280	5,764,974	6,783,461	
	After distribution	3,812,748	4,058,335	4,592,280	5,136,974	(Note 2)	

Note 1:The financial information for each of the above years has been audited by CPA.
Note 2:The 2021 earnings distribution is pending for the resolution of the shareholders' meeting.
Note 3: As of the date of this report, the financial information for the first quarter of 2022 has not been reviewed by the accountants and is not presented.

(2) Condensed Consolidated Income Statement - International Financial Reporting Standards (Consolidated)

Unit: NT$ thousand

Item \ Year	Financial information in the past 5 years					Current consolidated financial data ending March 31, 2022
	2017	2018	2019	2020	2021	
Operating revenue	6,839,686	8,034,146	7,508,185	7,778,275	11,143,603	(Note 3)
Gross profit	1,859,819	1,998,185	1,857,030	2,321,602	3,132,580	
Net operating income	995,101	1,051,474	989,218	1,375,385	1,908,108	
Non-operating income and expenses	68,899	104,460	96,286	76,763	94,658	
Net profit before tax	1,064,000	1,155,934	1,085,504	1,452,148	2,002,766	
Current income (loss)	878,559	930,149	884,866	1,174,007	1,616,808	
Other comprehensive income (net after tax)	(27,272)	22,629	(20,921)	(1,313)	29,679	
Total income for the period	851,287	952,778	863,945	1,172,694	1,646,487	
Net profit attributable to the parent company	878,559	930,149	884,866	1,174,007	1,616,808	
Net income attributable to non-controlling interests	-	-	-	-	-	
Comprehensive income attributable to the parent company	851,287	952,778	863,945	1,172,694	1,646,487	
Comprehensive income attributable to non-controlling interests	-	-	-	-	-	
Earnings per share (Note 2)	5.86	6.20	4.92	6.52	8.08	

Note 1: The financial information for each of the above years has been audited by CPA.
Note 2: Earnings per share are calculated according to the weighted average number of shares adjusted retroactively.
Note 3: As of the date of this report, the financial information for the first quarter of 2022 has not been reviewed by the accountants and is not presented.

(3) Condensed balance sheet - International Financial Reporting Standards (Standalone)

Unit: NT$ thousand

Item \ Year		Financial information in the past 5 years				
		2017	2018	2019	2020	2021
Current Assets		2,525,415	2,150,713	1,905,332	2,373,595	3,174,751
Property, plant and equipment		1,302,025	1,812,354	2,583,746	3,046,497	4,301,512
Intangible assets		229	62	3,095	3,239	4,127
Other assets		1,802,203	2,038,518	2,228,593	2,492,114	2,874,231
Total assets		5,629,872	6,001,647	6,720,766	7,915,445	10,354,621
Current Liabilities	Before distribution	1,011,658	1,071,228	1,644,173	1,555,484	2,609,257
	After distribution	1,701,658	1,821,228	1,974,173	2,183,484	Note 2
Non-current liabilities		115,466	122,084	154,313	594,987	961,903
Total Liabilities	Before distribution	1,127,124	1,193,312	1,798,486	2,150,471	3,571,160
	After distribution	1,817,124	1,943,312	2,128,486	2,778,471	Note 2
Equity attributable to the parent company		4,502,748	4,808,335	4,922,280	5,764,974	6,738,461
Share capital		1,500,000	1,500,000	1,500,000	1,800,000	2,000,000
Capital surplus		103,724	103,724	103,724	103,724	103,724
Retained earnings	Before distribution	2,983,731	3,285,530	3,424,446	3,968,421	4,756,748
	After distribution	2,293,731	2,535,530	3,094,446	3,340,421	Note 2
Other equity		(84,707)	(80,918)	(105,890)	(107,171)	(77,101)
Treasury stocks		—	—	—	—	—
Non-controlling interest		—	—	—	—	—
Total equity	Before distribution	4,502,748	4,808,335	4,922,280	5,764,974	6,783,461
	After distribution	3,812,748	4,058,335	4,592,280	5,136,974	Note 2

Note 1: The financial information for each of the above years has been audited by CPA.
Note 2:The 2021 earnings distribution is pending for the resolution of the shareholders' meeting

(4) Condensed Consolidated Income Statement - International Financial Reporting Standards (Standalone)

Unit: NT$ thousand

Item \ Year	Financial information in the past 5 years				
	2017	2018	2019	2020	2021
Operating revenue	6,203,042	7,298,338	6,820,494	7,022,085	10,055,595
Gross profit	1,570,195	1,624,121	1,485,650	1,915,219	2,625,866
Net operating income	806,483	828,854	759,943	1,122,777	1,598,896
Non-operating income and expenses	224,223	280,838	282,472	278,370	345,304
Net profit before tax	1,030,706	1,109,692	1,042,415	1,401,147	1,944,200
Current income (loss)	878,559	930,149	884,866	1,174,007	1,616,808
Other comprehensive income (net after tax)	(27,272)	22,629	(20,921)	(1,313)	29,679
Total income for the period	851,287	952,778	863,945	1,172,694	1,646,487
Earnings per share	5.86	6.20	4.92	6.52	8.08.

Note 1: The financial information for each of the above years has been audited by CPA.
Note 2:Earnings per share are calculated according to the weighted average number of shares adjusted retroactively.

(5) The names of appointed certified accountants and their audit opinions in the past 5 years

Year	Name of CPA	Audit opinion
2017	Ling-Wen Huang, Jen-Yao Hsieh	Unqualified opinion
2018	Ling-Wen Huang, Jen-Yao Hsieh	Unqualified opinion
2019	Jen-Yao Hsieh, Ling-Wen Huang	Unqualified opinion
2020	Jen-Yao Hsieh, Ling-Wen Huang	Unqualified opinion
2021	Jen-Yao Hsieh, Ling-Wen Huang	Unqualified opinion

Note: CPA changed due to the internal rotation of the CPA firm.

6.2 Financial analysis of the past five years

International Financial Reporting Standards (Consolidated)

Item	Year	Financial information in the past 5 years					Current consolidated financial data ending March 31, 2022
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt ratio	21.16	21.05	29.61	30.01	37.99	Note
	Long term Funds to Property, Plant and Equipment Ratio	270.81	216.72	149.61	166.35	144.87	
Solvency %	Current ratio	264.15	223.32	117.44	164.75	133.15	
	Quick ratio	199.44	140.18	71.50	103.03	73.84	
	Times Interest Earned	20,863.75	19,266.57	239.21	672.67	898.70	
Operating Performance	Average Collection Turnover (Times)	6.92	7.64	6.51	6.37	7.61	
	Average number of days	52.74	47.77	56.06	57.29	47.96	
	Inventory Turnover (Times)	7.66	7.54	6.33	5.85	6.49	
	Average Payment Turnover (Times)	10.29	12.92	12.97	11.55	14.60	
	Average sales days	47.65	48.4	57.66	62.39	56.24	
	Property, Plant and Equipment Turnover (Times)	4.24	4.03	2.64	2.12	2.33	
	Total Assets Turnover (Times)	1.24	1.36	1.15	1.02	1.16	
Profitability	Return on Assets (%)	15.88	15.76	13.58	15.44	16.88	
	Return on equity (%)	20.07	19.98	18.19	21.97	25.77	
	Pre-tax net profit to paid in capital ratio (%)	70.93	77.06	72.37	80.67	100.14	
	Net Margin (%)	12.85	11.58	11.79	15.09	14.51	
	Earnings per share (NTD) (Note 2)	5.86	6.20	5.90	6.52	8.08	
Cash flow	Cash Flow Ratio (%)	106.03	54.02	60.12	82.93	50.89	
	Cash Flow Adequacy Ratio (%)	125.31	109.42	84.47	76.01	62.09	
	Cash Re-investment Ratio (%)	7.50	-0.90	4.90	11.21	6.92	
Leverage	Operating leverage	1.68	1.70	1.80	1.70	1.60	
	Financial leverage	1.00	1.00	1.00	1.00	1.00	

Analysis of changes in financial ratios over the last two years (The analysis is exempted if the change rate does not reach 20%.):

1. The Group is in the business growth period, and many capital expenditures projects are in progress at the same time. Most of the required funds are financed by bank borrowings, resulting in an increase in the debt ratio, times interest earned, and ratio of pre-tax net profit to paid-in capital. the ratio of long term funds to property, plant and equipment, current ratio, quick ratio, cash flow ratio and cash reinvestment ratio decreased.
2. The rest did not meet the analysis standard.

Note: As of the date of this report, the financial information for the first quarter of 2022 has not been reviewed by the accountants and is not presented.

International Financial Reporting Standards (Standalone)

Item (Note 3) \ Year		Financial information in the past 5 years					Current consolidated March 31, 2022
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt ratio	20.02	19.88	26.76	27.17	34.49	Not applicable
	Long term Funds to Property, Plant and Equipment Ratio	354.69	272.05	196.48	208.76	180.06	
Solvency %	Current ratio	249.63	200.77	115.88	152.60	121.67	
	Quick ratio	189.25	122.18	67.89	88.69	63.71	
	Times Interest Earned	20,210.92	18,809.34	247.43	1,204.73	1,502.31	
Operating Performance	Average Collection Turnover (Times)	7.42	8.21	6.93	6.83	8.24	
	Average number of days	49.19	44.45	52.66	53.44	44.29	
	Inventory Turnover (Times)	8.28	8.02	6.66	5.88	6.26	
	Average Payment Turnover (Times)	9.74	11.80	11.72	11.50	14.17	
	Average sales days	44.08	45.51	54.80	62.07	58.30	
	Property, Plant and Equipment Turnover (Times)	5.00	4.69	3.10	2.49	2.74	
	Total Assets Turnover (Times)	1.14	1.25	1.07	0.96	1.10	
Profitability	Return on Assets (%)	16.15	15.99	13.96	16.06	17.71	
	Return on equity (%)	20.07	19.98	18.19	21.97	27.77	
	Pre-tax net profit to paid in capital ratio (%)	68.71	73.98	69.49	77.84	97.21	
	Net Margin (%)	14.16	12.74	12.97	16.72	16.08	
	Earnings per share (NTD)	5.86	6.20	5.90	6.52	8.08	
Cash flow	Cash Flow Ratio (%)	106.16	45.00	56.76	77.29	46.78	
	Cash Flow Adequacy Ratio (%)	122.00	105.87	83.15	73.48	60.77	
	Cash Re-investment Ratio (%)	6.95	-2.86	2.44	9.80	5.66	
Leverage	Operating leverage	1.71	1.73	1.84	1.58	1.57	
	Financial leverage	1.00	1.00	1.01	1.00	1.00	

Analysis of changes in financial ratios over the last two years (The analysis is exempted if the change rate does not reach 20%.):

1. The Company is in the business growth period, and many capital expenditures projects are in progress at the same time. Most of the required funds are financed by bank borrowings, resulting in an increase in the debt ratio, times interest earned, and ratio of pre-tax net profit to paid-in capital. the ratio of long term funds to property, plant and equipment, current ratio, quick ratio, cash flow ratio and cash reinvestment ratio decreased.
2. The rest did not meet the analysis standard.

Note 1: The financial information for each of the above years has been audited by CPA.

Note 2: Earnings per share are calculated according to the weighted average number of shares adjusted retroactively

Note 3: The formula is listed at next page.

The financial analysis formula is as follows:

1 . Financial structure

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Long term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Solvency

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets Inventories Prepaid Expenses) / Current Liabilities

(3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance

(1) Average Collection Turnover = Net Sales / Average Trade Receivables

(2) Days Sales Outstanding = 365 / Average Collection Turnover

(3) Average Inventory Turnover = Cost of Sales / Average Inventory

(4) Average Payment Turnover = Cost of Sales / Average Trade Payables

(5) Days Sales Outstanding = 365 / Average Collection Turnover

(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability

(1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on Equity = Net Income / Average Equity

(3) Net Margin = Net Income / Net Sales

(4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note 4)

5. Cash flow

(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities

(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five year Sum of Capital Expenditures, Inventory Additions and Cash Dividends

(3) Cash Reinvestment Ratio = (Cash Provided by Operating Activities Cash Dividends)/ (Gross Property, Plant and Equipment + Long term Investments + Other Non-current Assets + Working Capital)

6. Leverage

(1) Operating Leverage = (Net Sales Variable Cost) / Income from Operations (Note 6)

(2) Financial Leverage = Income from Operations / (Income from Operations Interest Expenses)

6.3 Report of the Audit Committee on the Audit of the Latest Annual Financial Report：p. 93

6.4 The most recent annual financial report：p. 104–p. 191

6.5 The consolidated financial statements of the parent and subsidiary companies for the most recent year audited by a certified public accountant：p. 192–p. 279

6.6 The impact on the financial position of the company and its affiliates in the event of financial difficulties in the most recent year and as of the printing date of the annual report：None

Audit Committee’s report on the 2021 financial statements

Shiny Chemical Industrial Co., Ltd.
Audit Committee's Audit Report

The Board of Directors has prepared the 2021 Business Report, Financial Statements, and Surplus Distribution. The Financial Statements had been audited by CPAs Jen Yao Hsieh and Ling Wen Huang from Crowe (TW) CPAs appointed by the Board of Directors, and the CPAs have issued an audit report. The foregoing Business Report, Financial Statements, and Surplus Distribution were audited by the Audit Committee and were considered to be in compliance with relevant regulations of the Company Act. This Report, which has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, is hereby submitted for review.

Sincerely,

To

2022 Annual Shareholders' Meeting of Shiny Chemical Industrial Co., Ltd.

Shiny Chemical Industrial Co., Ltd.

Convener of the Audit Committee: CHEN TING-KO

23 February, 2022

7. Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Status

Unit: NT$ thousand

Item \ Year	2021	2020	Difference	
			Amount	%
Current Assets	3,723,808	2,806,083	917,725	32.70%
Property, plant and equipment	5,620,652	3,927,863	1,692,789	43.10%
Intangible assets	6,575	5,757	818	14.21%
Other assets	1,588,378	1,497,607	90,771	6.06%
Total assets	10,939,413	8,237,310	2,702,103	32.80%
Current Liabilities	2,796,703	1,703,225	1,093,478	64.20%
Non-current liabilities	1,359,249	769,111	590,138	76.73%
Total Liabilities	4,155,952	2,472,336	1,683,616	68.10%
Equity attributable to owners of the Company	6,783,461	5,764,974	1,018,487	17.67%
Share capital	2,000,000	1,800,000	200,000	11.11%
Capital surplus	103,724	103,724	-	-
Retained earnings	4,756,748	3,968,421	788,327	19.87%
Other equity	-77,011	-107,171	30,160	-28.14%
Treasury stocks	-	-	-	-
Non-controlling interest	-	-	-	-
Total equity	6,783,461	5,764,974	1,018,487	17.67%

Reasons for changes in financial ratios in the last two years: (The change ratio is 20% and the change amount is NTD 10 million)

1. The increase in current assets and non-current liabilities was mainly due to the fact that the Company was in the business growth period, a number of capital expenditures projects were in progress at the same time, and most of the required funds were financed by bank loans.
2. Share capital increased due to capitalization of 2021 retained earnings.
3. The rest did not meet the analysis standard.

7.2 Analysis of Operation Results

Unit: NT$ thousand

Item \ Year	2021	2020	Increased (Decreased) Amount	% change
Net operating revenue	11,143,603	7,778,275	3,365,328	43.27%
Operating cost	8,011,023	5,456,673	2,554,350	46.81%
Gross profit	3,132,580	2,321,602	810,978	34.93%
Operating expenses	1,224,472	946,217	278,255	29.41%
Operating income	1,908,108	1,375,385	532,723	38.73%
Non-operating income and expenses	94,658	76,763	17,895	23.31%
Net profit before tax	2,002,766	1,452,148	550,618	37.92%
Income tax expense	385,958	278,141	107,817	38.76%
Current net profit	1,616,808	1,174,007	442,801	37.72%

Analysis and explanations for the changes in the increase or decrease ratios: (The change ratio is 20% and the change amount is NTD 10 million)

1. The Company's operating profit in 2021 reached another peak and related operating expenses were properly controlled, resulting in an increase in operating gross profit, operating net profit, net profit before tax, income tax expenses and net profit for the current period.
2. The increase in operating expenses was mainly due to rising commodity prices, which resulted in an increase in operating expenses.
3. The increase in non-operating income and expenses was mainly due to the dividend paid by the AZOTEK CO., LTD., the growth of sales, and the increase in sales related income.

1. Reasons for changes in main business contents: None.
2. The expected sales volume in the next year and its basis and the main influencing factors of the company's expected sales volume to continue to grow or decline: The Company expects that the sales volume of products in the next year will reach 240,560 tons, which is mainly based on the evaluation of the Company's production capacity, forecasts of future economic changes and consideration of customer orders.

7.3 Analysis of Cash Flow

(1) Cash flow analysis for the recent years

Unit: NT$ thousand

Cash balance at January 1, 2021	Cash flow from Operating activities	Cash flow from Investment activities	Cash flow from Financing activities	Effect of exchange rate changes on cash and cash equivalents	Net cash flow balance	Cash shortage contingency plan	
						Investment plan	Financing plan
443,889	1,423,272	-1,966,335	401,962	-754	302,034	-	-

1. Operating activities: The net cash inflow from operating activities was mainly due to the good operating conditions in the current period.
2. Investment activities: The net cash outflow used in investing activities was mainly due to the purchase of property, plant and equipment.
3. Financing activities: The net cash inflow from financing activities was mainly due to borrowings from banks for the expansion of factories.

(2) Liquidity Analysis

1. Liquidity analysis for the recent two years

Item / Year	2021	2020	% change
Cash flow ratio (%)	50.89	82.93	-38.63
Cash flow adequacy ratio (%)	62.09	76.01	-18.31
Cash flow reinvestment ratio (%)	6.92	11.21	-38.27

Analysis of changes ratio: (The change ratio is more than 20%)
Although the operating profit of the current period was increased, compared with the previous period, the capital required for the expansion of the plant was paid by the Company’s own funds, the insufficient amount was also paid for by bank borrowings, resulting in a decrease in the cash flow ratio and cash reinvestment ratio.

2. Cash flow forecast analysis (2022)

Cash balance at January 1, 2022	Cash flow from Operating activities	Cash flow from Investment activities	Cash flow from Financing activities	Effect of exchange rate changes on cash and cash equivalents	Net cash flow balance	Cash shortage contingency plan	
						Investment plan	Financing plan
302,034	1,600,000	-2,200,000	700,000	-	402,034	-	-

1. Cash flow forecast analysis
 (1) Net cash inflow from operating activities: It is mainly expected to generate cash inflow from operations in the next year and deduct related operating expenses. The estimated net cash inflow for the year is NT$1,600,000 thousand.
 (2) Estimated annual cash outflow: It is mainly the amount expected to increase capital expenditures and distribute dividends in the coming year.
2. Remedial measures for projected cash shortfalls and liquidity analysis: None.

7.4 Influence of major capital expenditure on financial position and operation in the most recent fiscal year: None.

7.5 Investment policies, main causes of profit or loss, and improvement plans in the most recent fiscal year, and investment plans for the Coming Year

(1) The Company's investment is mainly the professional extension of the same industry. Thanks to the vigorous economic development of Asian countries in recent years, the chemical industry, which is a basic industry, is also developing at a high level. The chemical industry is expected to have a prosperous future.

(2) In 2021, the investment income contributed about 0.34 to the Company's EPS. On the premise that the market share and technical level still maintain the existing advantages, it is expected to show stable and favorable growth in the future. Therefore, the future investment plan will focus on maintaining the current industrial advantages, steadily and steadily expanding investment, in-depth operation and management, and improving the profitability of the reinvested company as the main direction.

7.6 Analysis of Risk Management

(1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Changes in interest rate

The interest expenses of the Company and its subsidiaries in 2021 and 2020 were NT$ 2,231 thousand and NT$ 2,162 thousand respectively, which accounted for a small proportion of the Company's net operating income. The Company is based on a stable and conservative financial management foundation, and there are still many references in terms of interest rates. Research reports from various economic research institutions and banks at home and abroad, in order to grasp the future trend of interest rates, and maintain a smooth communication channel with the corresponding banks, so as to grasp the current interest rate level at any time, so as to control the cost of funds.

2. Changes in exchange rates

The exchange gains (losses) of the Company and its subsidiaries in 2021 and 2020 was NT$ 311 thousand and NT$ 5,240 thousand respectively, only 0.003% and 0.067% of the net operating income, respectively, and its impact was very low. As for the export of products, the Company offsets each other with regular purchases and sales of foreign exchange funds, and collects information on exchange rate changes at any time, so as to fully control the exchange rate trend. Effectively reduce exchange risk.

3. Inflation

The Company's products are not basic consumer goods for people's livelihood, and are less susceptible to inflation than ordinary consumer products. However, the company will still pay close attention to the development of the economic situation and make appropriate responses in order to continue to expand its business.

(2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The company did not engage in high-risk, high-leverage investments in the most recent year, nor did it have funds to lend to others or trade in derivatives. As for the endorsement guarantee, it shall be handled in accordance with the relevant regulations formulated by the company.

(3) Future Research & Development Projects and Corresponding Budget

1.In the future, the company will mainly focus on the R&D and production of energy saving and environmental protection, increase production capacity, reduce unit consumption and reduce the use highly toxic substances, and develop specifications with high added value to meet future market demands.

2.The R&D expenses expected to be invested in 2022 and 2023 were NT$ 277,000 thousand and NT$ 286,000 thousand respectively.

(4) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company's daily operations are handled in accordance with relevant domestic and foreign laws and regulations, and it is always aware of domestic and foreign policy trends and changes in laws and regulations, and collects relevant information to provide decision-making reference for the management level, so as to adjust the company's relevant operating strategies. During current year and as of the date of publication of this annual report, changes in related policies or laws have not had a significant impact on our operations.

(5) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The Company always pays attention to the technological changes and technological development and evolution of the industry in which it operates, and keeps abreast of industry trends and industry market information. In addition, it continuously improves product quality and manufacturing processes, actively expands production capacity and improves R&D capabilities, and adopts a prudent financial management strategy, in order to maintain market competitiveness, so technological changes and industrial changes have no significant impact on the Company at present.

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

The company has always adhered to the use of high-quality management, in addition to research and development of environmentally friendly chemical products, continuous improvement, and provide a safe and healthy working environment to satisfy employees and customers, and then contribute to the society, develop the economy, benefit people, and enhance the company's corporate image. In the future, the company While pursuing the maximization of shareholders' rights and interests, we will also fulfill our corporate social responsibilities and enhance our corporate image.

(7) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

At present, the Company has no plan to acquire other companies, but if there is a plan to conduct mergers or acquisitions in the future, it will adhere to a prudent evaluation attitude and consider whether the merger can bring specific synergies to the company, so as to ensure the protection of the rights and interests of the original shareholders.

(8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

In order to expand production capacity and operation scale, the board of directors approved the new plant and equipment plan, which not only can increase production and sales, but also contribute to the improvement of gross profit margin and operating net profit margin. In order to avoid oversupply in the market, the Company not only actively develops new customers, but also actively develops new process technologies and reduces costs, in order to maximize the benefits of capacity expansion and establish a long-term competitive advantage.

(9) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

1. Purchasing

The Company's main suppliers are large international chemical companies with long-term contacts. The relationship with the Company has been very stable and good for a long time. They are also the main purchasers of the global industry. Therefore, the Company’s purchase situation is not abnormal. In addition, the Company’s main raw materials usually have an appropriate amount of inventory. If due to force majeure factors or emergencies, other alternative sources of raw materials can be found to support, so as to avoid the risk of shortage or interruption of supply due to the concentration of purchases.

2. Sales

In addition to establishing a good production and sales cooperative relationship with the existing customer base, the Company actively develops new customers at domestic and abroad, and there is no risk of concentration of sales.

(10) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

(11) Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

(12) Litigation or Non-litigation Matters: None.

(13) Other Major Risks: None.

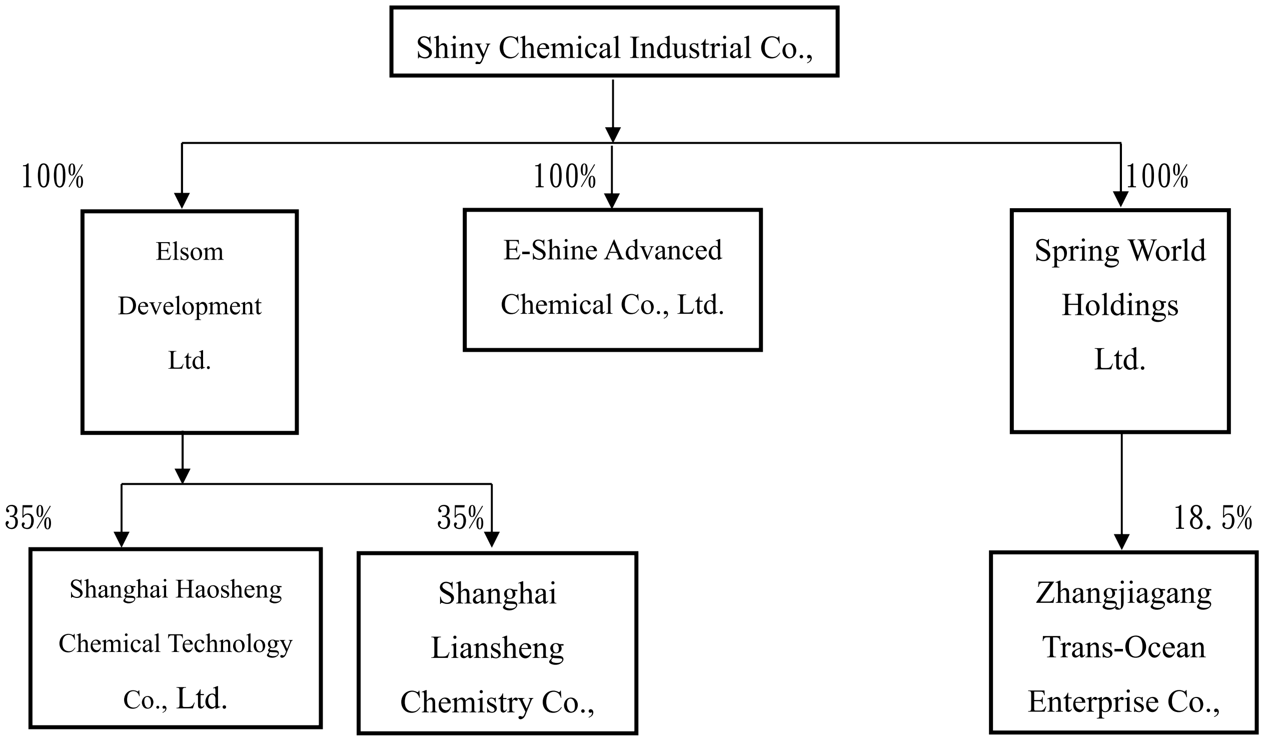
7.7 Other important matters: None.

8. Special disclosure

8.1 Summary of Affiliated Companies

(1) Consolidated Business Report of affiliates

1. Corporate structure of affiliates：



2. Basic Information of affiliate companies:

Unit: NT$ thousand

Company Name	Date of incorporation	Address	Paid in Capital	Type of business
E-Shine Advanced Chemical Co., Ltd.	2002.03.25	No. 3, Xiangong S. 2nd Rd., Xianxi Township, Changhua County 507001, Taiwan (R.O.C.)	NTD500,000	Chemical
Elsom Development Ltd.	1990.01.19	10/F, Diamond Exchange Building, 8-10 Duddell Street Central, HONG KONG	NTD162,451	Investments & trading
Spring World Holdings Ltd.	1995.07.24	Tropic Isle Building, P.O.Box438,Road,Town,Tortola,BVI	NTD147,227	Investments & trading

Note：At the second quarter of 2021, Transsom Technology Co., Ltd. had been liquidated and dissolved.

3. Shareholders presumed to have control and subordinate relationship with the same information: None.

4. Basic Information of affiliate companies: Chemical, Investments and Trading.

5. The names of the directors, supervisors, and general manager of each affiliate and the details of their shareholding or capital contribution in such affiliate:

Company Name	Title	Name or representative	Shares owned	
			Shares (In Thousand)	Percentage %
E-Shine Advanced Chemical Co., Ltd.	Chairman/ General Manager Director Director Supervisor	Shiny Chemical Industrial Co., LTD. Representative: SUN JAN-YEN Shiny Chemical Industrial Co., LTD. Representative: SUN CHI-FA Shiny Chemical Industrial Co., LTD. Representative: WANG HSING-CHIA Shiny Chemical Industrial Co., LTD. Representative: HUANG YEOU-CHING	50,000	100.00
Elsom Development Ltd.	Director Director	Shiny Chemical Industrial Co., LTD. Representative: SUN JAN-YEN Shiny Chemical Industrial Co., LTD. Representative: LI HUAN-YI	39,244	100.00
Spring World Holdings Ltd.	Director Director	Shiny Chemical Industrial Co., LTD. Representative: SUN JAN-YEN Shiny Chemical Industrial Co., LTD. Representative: LI HUAN-YI	4,450	100.00

6. Operating Status of affiliate companies:

Unit: NT$ thousand

Company Name	Capital	Total Assets	Total Liabilities	Net worth	Operating revenue	Operating interest (loss)	Current income (loss) (after tax)	Earnings (loss) per share (NTD) (after tax)
E-Shine Advanced Chemical Co., Ltd.	500,000	1,940,407	741,542	1,198,865	1,681,412	319,591	262,830	5.26
Elsom Development Ltd.	162,451	307,704	47	307,657	21,092	20,513	20,649	0.53
Spring World Holdings Ltd.	147,227	228,736	-	228,736	16,565	16,565	16,567	3.72

(2) Consolidated Business Report of affiliates

The list of companies required to be included in the 2021 consolidated financial statements of affiliated enterprises under “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” by the Company is identical to the list of companies already included in the consolidated financial statements, prepared in accordance with IFRS 10 endorsed by the FSC. Since all information required above has already been disclosed in the consolidated financial statements, the Company would not prepare a separate set of consolidated financial statements for affiliated enterprises.

8.2 Private placement in the most recent fiscal year and up to the date of publication of the annual report: None.

8.3 Holding or disposal of shares in the company by the company’s subsidiaries during the most recent fiscal year and up to the date of publication of the annual report: None.

8.4 Other matters that require additional description: None.

9. Events with material impacts on equity or stock price as specified in item 2, paragraph 2, Article 36 of the Securities and Exchange Act 385 in the most recent fiscal year and up to the date of publication of the annual report: None.

國富浩華聯合會計師事務所
Crowe (TW) CPAs
80250 高雄市苓雅區四維三路 6
號 27 樓之 1
27F-1., No.6, Siwei 3rd Rd.,
Lingya Dist.,
Kaohsiung City 80250, Taiwan
Tel +886 7 3312133
Fax +886 7 3331710
www.crowe.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Shiny Chemical Industrial Co., Ltd.

Opinion

We have audited the accompanying standalone balance sheets of Shiny Chemical Industrial Co., Ltd. (the "Company") as of December 31, 2021 and 2020, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2021 and 2020, and its standalone financial performance and its standalone 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the standalone 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 standalone financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the Company's standalone financial statements for the year ended December 31, 2021 are stated as follows:

Valuation of inventory

Please refer to Note 4(7) to the Standalone financial statements for the accounting policy of inventories, Note 5(2)7. for critical accounting judgments, estimates and key sources of assumption uncertainty of inventories, and Note 6(4) for inventory valuation.

Description of key audit matter:

As of December 31, 2021, inventory was $1,410,749 thousand and accounted for 14% of the total assets. Due to rapid changes in industry and economic status may cause product sales to fluctuate drastically, and increase the risk of inventory cost over their net realizable values, the valuation of inventory has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included evaluating the valuation allowance estimated by the management according to nature of inventories; performing sampling procedures to check the correctness of the inventory aging; evaluating the reasonableness of the valuation and management's assumptions; reviewing the accuracy of the Company's past inventory allowance and compare it with the inventory allowance estimated in the current period to confirm whether the estimation and assumptions are appropriate; considering whether relevant disclosure of inventory allowances is fair.

Impairment assessment of receivable

Please refer to Note 4(6) to the standalone financial statements for the accounting policy of impairment assessment of receivable, Note 6(3) for impairment assessment of receivable.

Description of key audit matter:

The Company’s customers are easily influenced by industry and market environment fluctuation, the top ten customers accounted for around 65% of the Company’s accounts receivable, the provision for impairment assessment related to subject judgments of management, therefore the impairment assessment of receivable has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our audit procedures included analyzing the accounts receivable aging table, historical collection records, industrial economic conditions and customer credit risk concentration, etc.; testing the company's control points related to collection and reviewing the collection records after the period ; Evaluating the reasonableness of the evaluation of the allowance for accounts receivable, including the assumptions for the evaluation of the allowance for accounts receivable, the recent credit status of the industry and the company’s previous years of collections; evaluating whether relevant disclosure of the company is fair.

Depreciation timing of property, plant and equipment

Please refer to Note 4(9) to the standalone financial statements for the accounting policy of property, plant and equipment, Note 6(8) for information of property, plant and equipment, as of December 31, 2021, equipment to be inspected and construction in progress of the company was $1,552,919 thousand.

Description of key audit matter:

In response to market demand, the company continued to expand its factories and expanded production lines, resulting in increased capital expenditures. Property, plant and equipment is recognized as acquisition costs, and depreciation starting when the asset reached a ready state for use. Due to the significant amount of capital expenditure of the company, whether the timing of the depreciation is appropriate have a significant impact on the financial performance of the company. Therefore, the timing of depreciation of property, plant and equipment has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our main audit procedures included understanding and testing the internal control design and implementation effectiveness of the depreciation timing of the property, plant and equipment of the company; understanding the conditions of the management's expected asset availability and related accounting treatments; Verify that the current year's assets are ready for use, and whether the depreciation has been properly started; observe the equipment to be inspected and construction in progress, and check relevant documents to prove that the equipment and unfinished projects have not yet reached ready-for-use status; Verifying the reason why the equipment and the construction in progress have not yet reached the ready-for-use status.

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

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

In preparing the standalone 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 (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the Company 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 standalone 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 Jen Yao Hsieh and Ling Wen Huang.

Crowe (TW) CPAs
Kaohsiung, Taiwan (Republic of China)
February 23, 2022

Notice to Readers

The accompanying Standalone financial statements are intended Standalone to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

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

SHINY CHEMICAL INDUSTRIAL CO., LTD.
STANDALONE BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
Assets	Note	Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	$182,887	2	$274,163	3
Notes receivable, net	6(2)	27,319	-	24,775	-
Accounts receivable, net	6(3)	1,354,204	14	1,033,122	15
Other receivables		46,257	-	28,808	-
Inventories	6(4)	1,410,749	14	962,820	12
Prepayments		101,737	1	31,226	-
Other current financial assets - current	6(5)	51,598	-	18,681	-
Total current assets		3,174,751	31	2,373,595	30
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income or loss - noncurrent	6(6)	204,982	2	180,345	2
Investments accounted for using equity method	6(7)	2,124,275	21	1,801,200	23
Property, plant and equipment	6(8)	4,301,512	40	3,046,497	39
Right-of-use assets	6(9)	203,999	2	177,065	2
Investment properties, net	6(10)	264,499	3	269,031	3
Intangible assets	6(11)	4,127	-	3,239	-
Deferred income tax assets	6(27)	63,006	1	49,678	1
Refundable deposits		13,470	-	14,795	-
Total noncurrent assets		7,179,870	69	5,541,850	70
TOTAL ASSESTS		$10,354,621	100	$7,915,445	100
Liabilities and Equity					
CURRENT LIABLITIES					
Short-term loans	6(12)	$482,000	5	$290,000	4
Contract liabilities - current	6(21)	22,087	-	10,916	-
Notes payable		1,478	-	13,311	-
Accounts payable		521,776	5	399,375	5
Accounts payable - related parties	7	44,762	-	23,294	-
Other payables	6(13)	730,775	8	517,548	6
Current tax liabilities		345,905	3	161,371	2
Provisions - current	6(14)	44,037	-	15,391	-
Lease liabilities - current	6(9)	3,659	-	4,278	-
Current portion of long-term borrowings	6(15)	412,778	4	120,000	2
Total current liabilities		2,609,257	25	1,555,484	19

Liabilities and Equity	Note	December 31, 2021 Amount	%	December 31, 2020 Amount	%
NONCURRENT LIABILITIES					
Long-term loans	6(15)	707,222	7	$380,000	5
Deferred income tax liabilities	6(27)	68,317	1	60,918	1
Lease liabilities - noncurrent	6(9)	154,118	1	119,960	2
Net defined benefit liabilities - noncurrent	6(16)	23,927	-	25,895	-
Guarantee deposits		8,319	-	8,214	-
Total noncurrent liabilities		961,903	9	594,987	8
Total Liabilities		3,571,160	34	2,150,471	27
EQUITY					
Share capital	6(17)				
Ordinary shares		2,000,000	20	1,800,000	23
Capital surplus	6(18)	103,724	1	103,724	1
Retained earnings	6(19)				
Legal reserve		1,224,084	12	1,106,686	14
Special reserve		107,171	1	105,890	1
Unappropriated earnings		3,425,493	33	2,755,845	35
Other equity	6(20)	(77,011)	(1)	(107,171)	(1)
Total Equity		6,783,461	66	5,764,974	73
TOTAL LIABILITIES AND EQUITY		$10,354,621	100	$7,915,445	100

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

SHINY CHEMICAL INDUSTRIAL CO., LTD.
STANDALONE STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Year Ended December 31			
		2021		2020	
	Note	Amount	%	Amount	%
OPERATING REVENUES	6(21)	$10,055,595	100	$7,022,085	100
OPERATING COSTS	6(4)	(7,429,729)	(74)	(5,106,866)	(73)
GROSS PROFIT		2,625,866	26	1,915,219	27
OPERATING EXPENSES					
Sales and marketing		(363,204)	(4)	(286,558)	(4)
General and administrative		(475,953)	(4)	(339,523)	(5)
Research and development		(188,260)	(2)	(157,498)	(2)
Expected credit gain (loss)	6(3)	447	-	(8,863)	-
Total operating expenses		(1,026,970)	(10)	(792,442)	(11)
INCOME FROM OPERATIONS		1,598,896	16	1,122,777	16
NON-OPERATING INCOME AND EXPENSES					
Interest revenue	6(23)	299	-	250	-
Other income	6(24)	33,137	-	17,455	-
Other gains and losses	6(25)	(6,511)	-	1,733	-
Finance costs	6(26)	(1,295)	-	(1,164)	-
Share of profits of subsidiaries, associates and joint ventures		319,674	3	260,096	4
Total non-operating income and expenses		345,304	3	278,370	4
INCOME BEFORE INCOME TAX		1,944,200	19	1,401,147	20
INCOME TAX EXPENSE	6(27)	(327,392)	(3)	(227,140)	(3)
NET INCOME		1,616,808	16	1,174,007	17
OTHER COMPREHENSIVE INCOME (LOSS)	6(28)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		(233)	-	1,489	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income		24,637	-	4,877	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(294)	-	(1,223)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently		46	-	(298)	-
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive loss of subsidiaries, associates and joint ventures		4,550	-	(5,535)	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss		973	-	(623)	-
Total other comprehensive income (loss), net of income tax		29,679	-	(1,313)	-
TOTAL COMPREHENSIVE INCOME		$1,646,487	16	$1,172,694	17
EARNINGS PER SHARE					
Basic	6(29)	$8.08		$5.87	
Diluted	6(29)	$8.04		$5.83	

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

SHINY CHEMICAL INDUSTRIAL CO., LTD.
STANDALONE STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) On Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2020	1,500,000	103,724	1,017,794	80,919	2,325,733	(123,603)	17,713	4,922,280
Appropriations and distributions of prior years' earnings:								
Legal reserve	-	-	88,892	-	(88,892)	-	-	-
Reversal of special reserve	-	-	-	24,971	(24,971)	-	-	-
Cash dividends	-	-	-	-	(330,000)	-	-	(330,000)
Stock dividends	300,000	-	-	-	(300,000)	-	-	-
Net income in 2020	-	-	-	-	1,174,007	-	-	1,174,007
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	(32)	(6,158)	4,877	(1,313)
Total comprehensive income in 2020	-	-	-	-	1,173,975	(6,158)	4,877	1,172,694
BALANCE AT DECEMBER 31, 2020	1,800,000	103,724	1,106,686	105,890	2,755,845	(129,761)	22,590	5,764,974
Appropriations and distributions of prior years' earnings:								
Legal reserve	-	-	117,398	-	(117,398)	-	-	-
Special reserve	-	-	-	1,281	(1,281)	-	-	-
Cash dividends	-	-	-	-	(628,000)	-	-	(628,000)
Stock dividends	200,000	-	-	-	(200,000)	-	-	-
Net income in 2021	-	-	-	-	1,616,808	-	-	1,616,808
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	(481)	5,523	24,637	29,679
Total comprehensive income in 2021	-	-	-	-	1,616,327	5,523	24,637	1,646,487
BALANCE AT DECEMBER 31, 2021	$2,000,000	$103,724	$1,224,084	$107,171	$3,425,493	$(124,238)	$47,227	$6,783,461

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

SHINY CHEMICAL INDUSTRIAL CO., LTD.
STANDALONE STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Year Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$1,944,200	$1,401,147
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation	266,185	241,840
Amortization	3,780	2,384
Expected credit loss (gain)	(447)	8,863
Interest expense	1,295	1,164
Interest income	(299)	(250)
Dividend income	(8,017)	-
Share of profits of subsidiaries, associates and joint ventures	(319,674)	(260,096)
Gain on disposal and retirement of property, plant and equipment	(1,792)	(358)
Transfer of property, plant and equipment to expenses	29,425	1,131
Loss on disposal of Investments accounted for using equity method	4	-
Gain on lease modification	-	(27)
Total adjustments to reconcile profit (loss)	(29,540)	(5,349)
Net changes in operating assets and liabilities		
Decrease (increase) in notes receivable	(2,838)	3,206
Decrease (increase) in accounts receivable	(320,341)	(70,949)
Decrease (increase) in other receivables	(17,449)	16,702
Decrease (increase) in inventories	(447,929)	(190,666)
Decrease (increase) in prepayments	(70,511)	(14,219)
Total changes in operating assets	(859,068)	(255,926)
Net changes in operating liabilities		
Increase (decrease) in contract liabilities	11,171	5,513
Increase (decrease) in notes payable	(11,833)	(29,797)
Increase (decrease) in accounts payable	122,401	58,223
Increase (decrease) in accounts payable - related parties	21,468	(20,946)
Increase (decrease) in other payables	135,887	88,103
Increase (decrease) in provisions	28,646	1,499
Increase (decrease) in net defined benefit liabilities	(2,201)	(2,700)
Total changes in operating liabilities	305,539	99,895
Total net changes in operating assets and liabilities	(553,529)	(156,031)

	Year Ended December 31	
	2021	2020
Total adjustments	(583,069)	(161,380)
Cash generated from operations	1,361,131	1,239,767
Interest received	299	250
Dividends received	8,017	115,008
Interest paid	(1,140)	(927)
Income tax paid	(147,768)	(151,843)
Net cash generated from operating activities	1,220,539	1,202,255
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments accounted for using the equity method	$851	$ -
Acquisition of right-of -use assets	-	(56,822)
Acquisition of property, plant and equipment	(1,458,096)	(725,801)
Proceeds from disposal of property, plant and equipment	1,951	390
Decrease in refundable deposits	1,325	438
Acquisition of intangible assets	(3,590)	(1,388)
Increase in other financial assets	(32,917)	(3,048)
Net cash used in investing activities	(1,490,476)	(786,231)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	192,000	-
Decrease in short-term loans	-	(364,000)
Proceeds from long-term loans	740,000	500,000
Repayment of long-term loans	(120,000)	-
Increase in guarantee deposits	105	49
Repayments of lease principal	(5,444)	(3,921)
Cash dividends paid	(628,000)	(330,000)
Net cash generated from (used in) financing activities	178,661	(197,872)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(91,276)	218,152
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	274,163	56,011
CASH AND CASH EQUIVALENTS - END OF YEAR	$182,887	$274,163

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

SHINY CHEMICAL INDUSTRIAL CO., LTD.
NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Stated Otherwise)

1. GENERAL INFORMATION

Shiny Chemical Industrial Co., Ltd. (collectively as the "Company") was incorporated in December 1979, traded in the emerging stock market from January 28, 2008 and listed in the Taiwan Stock Exchange on February 27, 2009. The Company engages mainly in the manufacturing, processing and import/export trading high-purity chemical solvents, including N-Butyl Acetate, N-Propyl Acetate, Propylene Glycol Monomethyl Ether Propionate and Methanol, etc.

The Standalone financial statements are presented in the Company's functional currency, New Taiwan Dollars.

2. THE AUTHORIZATION OF THE STANDALONE FINANCIAL STATEMENTS

The Standalone financial statements were approved and authorized for issue by the Board of Directors on February 23, 2022.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

(1) Effect of adoption of the amendments to 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 Financial Supervisory Commission (FSC):

The adoption of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

New standards, interpretations and amendments endorsed by the FSC and effective from 2021 are as follows:

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from IFRS 9"	June 25, 2020 (Effective from issue date)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendments to IFRS 16 "Leases regarding COVID-19 related rent concessions after June 30, 2021"	April 1, 2021 (Note)

(Note) Early application from January 1, 2021 is allowed by the FSC.

Base on the Company's assessment, the above standards and interpretations have no significant effect on the Company's financial position and financial performance.

(2) Effect of new issuances or amendments to IFRSs as endorsed by the FSC but not yet adopted:

New standards, interpretations and amendments endorsed by the FSC and effective from

2022 are as follows:

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds Before Intended Use”	January 1, 2022 (Note 2)
Amendments to IAS 37 “Onerous Contract - Cost of Fulfilling a Contract”	January 1, 2022 (Note 3)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 4)
Annual Improvements to IFRSs 2018-2020	January 1, 2022 (Note 5)

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

Note 2:The Company should apply these amendments retrospectively. However, the amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 3: This amendment applies to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 4: This amendment applies to business combinations whose acquisition date starts in the annual reporting period after January 1, 2022.

Note 5: The amendments to IFRS 9 are applicable to swap or modification of terms of financial liabilities incurred during the annual reporting period beginning on January 1, 2022. The amendment to IAS 41 is applicable to fair value measurement during the annual reporting period beginning after January 1, 2022. The amendments to IFRS 1 are retrospectively applied to the annual reporting period beginning after January 1, 2022.

A. Amendment to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendment stipulates that the sales price of the project produced in order to make property, plant and equipment reach the necessary location and state that can meet the expected operation mode of the management is not suitable as a cost reduction of the asset. The aforementioned items should be measured in accordance with IAS 2 “Inventory”, and the sales price and cost should be recognized in profit and loss in accordance with the applicable standards.

This amendment is applicable to factories, property and equipment that reach the necessary locations and conditions for the management's expected operation mode after January 1, 2021 (the beginning of the earliest expression period). When the Company initially applies the amendments, it will recognize the cumulative effect of the amendments applied initially as an adjustment to the opening balance of the retained earnings (or other components of equity, as appropriate) at the beginning of the earliest expression period , and re-edit the information during the comparison period.

B. Amendment to IAS 37 “Onerous Contract - Cost of Fulfilling a Contract”

The amendment stipulates that when assessing whether the contract is onerous, “Cost of Fulfilling a Contract” should include the incremental cost of fulfilling a contract (for example, direct labor and raw materials) and the allocation of other costs directly related to fulfilling a contract (for example, the depreciation expenses of property, plant and equipment items used in fulfilling a contract are allocated).

C. Amendment to IFRS 3“Reference to the Conceptual Framework”

The amendment is to update the index of the conceptual framework and add the requirement that the acquirer shall apply IFRIC 21“Levies”to determine whether there is an obligation to pay levies on the acquisition date.

D. Annual Improvements to IFRS Standards 2018-2020

The annual improvement in the IFRS 2018-2020 includes amendments to certain standards. Among them, the amendment of IFRS 9 “Expenses included in the “10%” test for the purpose of derecognize financial liabilities” is to assess whether there is a significant difference between the swap of financial liabilities or the modification of terms, When comparing cash flow projections of the new and old contract terms (including the net amount of fees charged for signing a new contract or modifying the contract), whether there is a 10% difference, the aforesaid fees collected should only include the payment between the borrower and the lender paid for.

The Company has evaluated the aforementioned standards and interpretations, and there’s no significant effect to the Company’s financial position and performance.

(3) Effect of the IFRSs issued by IASB but not yet endorsed and issued into effect by FSC：

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial application IFRS 17 and IFRS 9 – Compare Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendment to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

As of the date the Standalone financial statements are authorized for issue, the Company is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Standalone financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The accompanying Standalone financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the accompany Standalone financial statements have been prepared under the historical cost convention:

a. Financial assets and financial liabilities at fair value through other comprehensive income.

b. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of Standalone financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Standalone financial statements are disclosed in Note 5.

C.When preparing the Standalone financial statements, the Company accounts for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the Standalone basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the Standalone financial statements.

(3) Foreign currency translation

A. Foreign currency transactions and balance

a. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

b. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

c. 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 on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on 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 in terms of historical cost in foreign currencies are not retranslated.

B. Translation of foreign operations

a. The operating results and financial position of all the Company's subsidiaries, associates and joint ventures that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

b. When the foreign operation partially disposed of or sold is an associate or a joint venture, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate or joint venture after losing significant influence over the former foreign associate or joint venture, such transactions should be accounted for as disposal of all interest in these foreign operations.

c. When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

a. Assets arising from operating activities that are expected to be realized, or intended to be sold or consumed within the normal operating cycle;

b. Assets held mainly for trading purposes;

c. Assets that are expected to be realized within twelve months from the balance sheet date;

d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities;

otherwise they are classified as non-current liabilities:

a. Liabilities that are expected to be paid off within the normal operating cycle;

b. Liabilities held mainly for trading purposes;

c. Liabilities that are to be paid off within twelve months from the balance sheet date (Even if a long-term refinancing or re-arrangement of payment agreements is completed after the balance sheet date and before the issuance of the financial report is approved, it is classified as current liabilities).

d. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

(6) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. 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.

A. Financial assets

a. Category of financial assets

Financial assets are recognized on a trade date basis.

Financial assets are classified into the following categories: financial assets at amortized cost and investments in equity instruments at FVTOCI.

(a) 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 assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Expect for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset:

i. Purchased or originated credit-impaired financial assets: for those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the Company shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

(b) 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 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, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the Company's right clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

(a) At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable and contract assets.

(b) The Company always recognize lifetime Expected Credit Loss (i.e. ECL) for accounts receivables, lease receivable and contract assets. For other financial assets, the Company recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equaling to 12-month ECL.

(c) Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(d) The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c. Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is meet:

(a) The contractual rights to receive cash flows from the financial asset expire.

(b) The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

(c) The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of financial assets at amortized cost in its entirety, the difference between the financial asset’s carrying amount and the sum of the consideration received is recognized in profit or loss.

B. Equity instruments

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

C. Financial liabilities

a. Subsequent measurement

Except for the financial liability is either held for trading or is designated as at fair value through profit or loss, all financial liabilities are measured at amortized cost in accordance with the effective interest method.

b. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the

Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(7) Inventories

Inventories are stated at the lower of cost and net realizable value, accounted for on a perpetual basis. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(8) Investments accounted for using equity method / subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under equity method and are initially recognized at cost.

E. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

F. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

G. When the Company disposes of its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the Standalone financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the Standalone financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(9) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change.

Service lives estimated as follows:

Buildings:
Main building, 3 to 55 years
Engineering system, 5 to 11 years
Others, 5 to 11 years
Machinery and equipment, 3 to 20 years
Utilities equipment, 5 to 15 years
Transportation equipment, 5 to 6 years
Office equipment, 5 to 11 years
Other equipment, 3 to 20 years;

D. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10) Leases

The Company assesses whether the contract is (or includes) a lease at the date of the contract. For a contract that includes a lease component and one or more additional lease or non-lease components, the Company will allocate the consideration to the lease component base on the individual price of each lease component and the aggregated individual price of the non-lease component.

The Company as a lessee

Except for payments for low-value asset and short-term leases which will be recognized as expenses on a straight-line basis, the Company will recognize right-of-use assets and lease liabilities for all leases at the inception of lease.

Right-of-use asset

The right-of-use asset is initially measured at cost (including the initial measurement amount of the lease liability, the payments less incentives, initial direct costs and the estimated recover cost), the subsequent measurement is based on the cost less accumulated depreciation and accumulated impairment loss, and adjusting the amount of re-measures of lease liabilities.

The right-of-use asset recognized depreciation is using the straight-line basis from the date of the lease until the expiration of the useful life or the expiration of the lease term, the depreciation is provided that the title of the underlying asset will be acquired at the end of the lease period or, if the cost of the right-of-use asset reflects the execution of the purchase option.

Lease liability

The lease liability is initially measured by the present value of the lease payment (including fixed payment, substantive fixed payment, change in lease payment depending on the index or rate, etc.). If the implied interest rate on the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, the lessee's increase borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If the lease period, the evaluation of the purchase choice, the amount of expected to be paid under the residual value guarantee or the change in the index or rate used to determine the lease payment result in a change in the future lease payment, the Company will measure the lease liability and adjust the right to use assets relatively. If the carrying amount has been reduced to Zero, the remaining amount will recognize in the profit and loss. Lease liabilities are presented in a single-line project on the Standalone balance sheet.

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.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of 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.

(11) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method for estimated useful lives - 3 to 50 years.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(12) Intangible assets

Intangible assets with finite useful lives that are acquired separately are measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: computer software - 1 to 3 years; The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets are derecognized when disposed of or expected to have no future economic benefits generated through usage or disposal. 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.

(13) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss.

(14) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(15) Employee benefits

A.Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

a. Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b. Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

(b) Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(c) Past service costs are recognized immediately in profit or loss.

C. Employees' bonus and directors' remuneration

Employees' bonus and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

(16) Share capital

Ordinary share is classified as equity. The classification of the preferred stock depends on the essence of the agreement. If the preferred stock matches the definition of the financial liability, it is classified as a liability. Otherwise, it is classified as equity. Incremental cost that can be attributed to the issuance of stocks or options is deducted from the capital issued.

(17) Share-based payment transactions

A.For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B.Cash-settle share-based payment arrangements are the fair value of liabilities undertaken recognized in remuneration costs and liabilities in the vesting period and measured by the fair value of equity instruments offered at each balance sheet date and the settlement date. Any changes are recognized in profit or loss.

(18) Income tax

A.The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B.The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C.Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Standalone financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D.Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E.Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F.Tax preference given for expenditures incurred on acquisitions of equipment or technology, research and development, employees' training and equity investments is recorded using the income tax credits accounting.

(19) Revenue Recognition

The Company recognizes revenues based on the following steps:

A. Identifying the contracts;
B. Identifying obligations in the contracts;
C. Determining prices;
D. Allocating prices into the obligations in the contracts;
E. Recognizing revenues while fulfilling the obligations.

The Company does not adjust the promised amount of consideration for the effects of a significant financing component if the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

A. Goods sales

The Company sells fans and other relevant products. Sales revenues are recognized while the control of goods is transferred to the customers since the customers already have the rights to use, set price, take the major responsibility to resell the good and bear the risk of obsoleteness. The Company recognizes revenues and accounts receivable at the point and presents it in net term after deducting sales return, quantity discount and sales allowance.

The Company does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

B. Service revenue

Revenue from technical services is recognized when services are provided that in accordance with the relevant agreements.

(20) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost 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.

All borrowing costs other than those stated above are recognized in profit or loss in the period in which they are incurred.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND MAJOR SOURCES OF ASSUMPTION UNCERTAINTY

In the preparation of the standalone financial statements, the critical accounting judgments the Company has made and the major sources of estimation and assumption uncertainty are described as follows:

(1) Critical judgements in applying accounting policies

A. Revenue recognition

The Company follows IFRS 15 to determine if it controls the specified good or service before that good or service is transferred to the customer, and the Company is acting as a principal or an agent in that transaction. When the Company acts as an agent, revenue is recognized on a net basis.

The Company acts as a principal as that it meets one the of following situations:

a. The Company gains control over the goods from the other party before transferring goods to customers.
b. The Company controls the right of providing service by the other party in order to control the ability of the party to provide service to customers.
c. The Company gain control over goods or service from the other party in order to combine with other goods or services to provide specific goods or services to

customers.

The indicators (not limited to) which assist making judgment on whether the Company controls the goods or services before transferring goods or services to customers:

a. The Company has primary responsibilities for the goods or services it provides;
b. The Company bears inventory risk before transferring the specific goods or services to customer, or after transferring the control to customer.
c. The Company has the discretion to set prices.

B. Judgment of financial asset classification

The Company assesses the business model of financial assets based on the hierarchy that reflects the Company of financial assets that are jointly managed for specific business purposes. This assessment requires consideration of all relevant evidence, including measures of asset performance, risks affecting performance, and the manner in which the relevant managers are determined, and judgments are required. The Company continues to assess the adequacy of its business model and monitors the financial assets measured by the amortized cost before the maturity date and the debt instrument investments measured at fair value through other comprehensive income. Evaluate whether the disciplinary action has the same goal of business model. If the business model has been changed, the Company delays the adjustment of the subsequent classification of financial assets. The Company reclassifies financial assets in accordance with IFRS 9, and the application will be postponed from the date of reclassification, if the business model has changed.

C. Lease term

In determining the lease term, the Company considers all the facts and circumstances that create an economic incentive to exercise (or not exercise) the option, including all expected change in facts and circumstances from the commencement date until the exercise date of the option. Factors considered include the contractual terms and conditions for the optional period, the significant leasehold improvements made (or expected) during the contract period, and the importance of the underlying assets to the Company's operations, etc. The lease term is reassessed if a significant change in circumstance that are within the control of the Company occurs.

(2) Critical accounting estimates and assumptions

A. Revenue Recognition

The Company recognizes records a refund for estimated future returns and other allowances in the same period the related revenue is recorded. Refund for estimated sales returns and other allowances is generally made and adjusted at a specific percentage based on historical experience and any known factors that would significantly affect the allowance, and our management periodically reviews the adequacy of the percentage used.

B. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

C. Process of fair value measurement and evaluation

When the assets and liabilities at fair value with no active market, the Company determines whether to use outside appraisal and using proper evaluation techniques based on related regulation or its own judgment. If the Level 1 input value is not available while evaluating, the Company refers to the analysis of the investee's financial position and operating outcome, recent trading price, quotes on non-active market of same equity instrument, quotes on active market of similar equity instrument and evaluation multiples of comparable companies. If the future input value is different from expectation, the fair value might change. The Company updates input values quarterly according to the market status in order to monitor if the measurement of fair value is appropriate.

D. Impairment assessment of tangible and intangible assets

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

E. Impairment assessment on investment using equity method

The Company assesses the impairment of investments accounted for using the equity method whenever triggering events or changes in circumstances indicate that an investment may be impaired and carrying value cannot be recoverable. The Company assesses the recoverable amount based on a projected future cash flow and receivable cash dividend of the investees, and disposal-generating future cash flow to ensure the reasonableness of such assumptions.

F. Realizability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the reliability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, laws, and regulations might cause material adjustments to deferred income tax assets.

G. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. The Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value.

H. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company must apply judgments and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

I. Lessees' incremental borrowing rates

At the time of the decision to increase the borrowing rate of the lessee used in the lease payment, the risk-free interest rate and the same currency is used as the reference rate, and the estimated lessee's credit risk sticker and lease specific adjustments (such as asset-specific and secured factors) are taken into account.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31	
Item	2021	2020
Cash on hand	$319	$278
Checking account	70	70
Demand deposits	29,425	189,672
Foreign currency deposit	153,073	84,143
Total	$182,887	$274,163

A. The financial institutions dealing with the Company are credit worthy, and the Company does transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

B. The Company had no cash and cash equivalents pledged to others.

(2) Notes receivable, net

Item	December 31 2021	December 31 2020
At amortized cost		
Notes receivable	$28,095	$25,257
Less: Allowance for impairment loss	(776)	(482)
Net	$27,319	$24,775

A. The Company had no notes receivable pledged to others.

B. Please refer to Note 6(3) for the relevant disclosure of loss allowance for notes receivable.

C. Please refer to Note 7.3.5. for notes receivable with related parties.

(3) Accounts receivable, net

Item	December 31 2021	December 31 2020
At amortized cost		
Accounts receivable	$1,386,976	$1,066,635
Less: Allowance for impairment loss	(32,772)	(33,513)
Net	$1,354,204	$1,033,122

A. Accounts receivable are created by the Company by selling goods, and the average collection period is 30~90 days. The Company's accounts receivables all meet the credit standards stipulated based on the counterparties' industrial characteristics, operation scale and profitability. (The longest credit period on sales of goods is 165 days；the shortest period is 15 days.)

B. The Company had no account receivable pledged to others.

C. Please refer to Note 7.3.5. for accounts receivable with related parties

D. The Company applies the simplified approach to provisions for expected credit losses, which permits the use of a lifetime expected credit losses provision for trade receivables. The expected credit losses on trade receivables are estimated by reference to the provision matrix and past account aging records of the debtor, an analysis of the debtor's current financial position, and industrial trend. As the Company's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status of notes receivable and accounts receivable (including other receivables) is not further distinguished between the Company's different customer base.

E. The Company measures the loss allowance for notes receivable and accounts receivable according to the provision matrix (including other receivables):

December 31, 2021	Expected	Gross Carrying	Loss Allowance	Amortized Cost

	Credit Loss Rate	Amount	(Lifetime ECL)	
Not past due	0%~1.5%	$1,448,712	($20,932)	$1,427,780
Past due 181-365 days	50%	-	-	-
Counterparties show signs of default	100%	12,616	(12,616)	-
Total		$1,461,328	($33,548)	$1,427,780

December 31, 2020	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-1.5%	$1,092,416	($13,623)	$1,078,793
Past due 181-365 days	50%	-	-	-
Counterparties show signs of default	100%	28,284	(20,372)	7,912
Total		$1,120,700	($33,995)	$1,086,705

F. Movements of the loss allowance for notes and accounts receivable (including other receivables) were as follows:

Item	Year Ended December 31 2021	2020
Beginning balance	$33,995	$25,132
Add: Provision for impairment	(447)	8,863
Ending balance	$33,548	$33,995

The above provision has not taken into consideration of collateral or other credit enhancement. The other credit enhancement possessed by above receivables were $148,483 thousand and $15,687 thousand as of December 31, 2021 and 2020, respectively.

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 of the receivable. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss. The Company's trade receivables for offsetting the contract amount are both $0 thousand for the years ended December 31, 2021 and 2020.

H. Please refer to Note 12 for the relevant credit risk management and assessment method.

(4) Inventories and operating costs

Item	December 31 2021	December 31 2020
Raw materials	$639,105	$544,175
Supplies	14,903	14,106
Work in process	98,686	52,602
Finished goods	658,055	351,937
Net	$1,410,749	$962,820

A. The related inventory (gain) loss recognized as operating cost for the years ended December 31, 2021 and 2020 were as follows:

Item	Year Ended December 31 2021	Year Ended December 31 2020
Cost of goods sold	$7,223,689	$4,929,056
Loss on physical inventory	8,404	8,456
Other operating cost	130,949	138,966
Loss on inventory valuation (recovery gain)	43,918	26,063
Loss on onerous contract (recovery gain)	22,769	4,325
Total	$7,429,729	$5,106,866

B. The Company recognized inventory valuation loss (recovery gain) of $43,918 thousand and $26,063 thousand for the years ended December 31, 2021 and 2020, respectively, due to inventory's write-down to net realizable value, or the net realizable value of inventories recovered as a result of market stabilization that enabled the Company to raise prices on certain products.

C. The Company had no inventories pledged to others.

(5) Other financial assets - current

Item	December 31 2021	December 31 2020
Time deposits (Note)	$51,598	$18,681
Interest rate range	0.795%	0.795%-1.045%

(Note) Restricted.

(6) Financial assets at fair value through other comprehensive income or loss -

noncurrent

Item	December 31 2021	December 31 2020
Equity instruments：		
Domestic unlisted stocks	$51,295	$51,295
Foreign unlisted stocks	106,460	106,460
Subtotal	$157,755	$157,755
Valuation adjustment	47,227	22,590
Total	$204,982	$180,345

A. The Company invests in domestic and foreign unlisted stocks in accordance with its medium/long-term strategies and expects to make a profit through long-term investment. Management of the Company believes that it is not consistent with the afore-mentioned long-term investment planning if the short-term fair value changes of such investment are presented in profit or loss. Therefore, the Company elects to designate such investment as to be measured at FVTOCI.

B. For related credit risk management and means of assessing, please refer to Note 12.

(7) Investments accounted for using equity method

Item	December 31 2021	December 31 2020
Subsidiaries:		
Elsom Development Ltd.	$307,658	$289,934
Spring World Holdings Ltd.	228,736	214,109
E-Shine Advanced Chemical Co., Ltd.	1,148,059	897,310
Subsidiaries without significance	-	855
Subtotal	$1,684,453	$1,402,208
Associates with significance:		
Unishine Chemical Corp.	439,822	$398,992
Subtotal	$439,822	$398,992
Total	$2,124,275	$1,801,200

A. For more information regarding the subsidiaries of the Company, please refer to Note 4(3) to the Company’s consolidated financial statements of 2020.

B. Associates:

(1) Significant associates of the Company are as follows:

Company Name	Shareholding Percentage December 31, 2021	Shareholding Percentage December 31, 2020
Unishine Chemical Corp.	49.98%	49.98%

Please refer to Table 5 in Note 13 for the nature of business, main operation location and countries of registration of the associates listed above.

(2) The summarized financial information in respect of the Company's significant associates is as follows:

a. Balance Sheets

	Unishine Chemical Corp.	
	December 31, 2021	December 31, 2020
Current assets	$158,636	$78,733
Noncurrent assets	1,205,001	1,205,488
Current liabilities	(421,175)	(421,143)
Noncurrent liabilities	(62,465)	(64,775)
Equity	$879,997	$798,303
Share in associates' net assets	$439,822	$398,992
Carrying amount of associate	$439,822	$398,992

b.Statements of Comprehensive Income

	Unishine Chemical Corp.	
	2021	2020
Operating revenue	$302,369	$191,787
Net income (loss)	$62,733	59,013
Other comprehensive income (loss) (net after tax)	18,960	(18,480)
Total comprehensive income (loss)	$81,693	$40,533
Dividends received from associate	$ -	$29,990

C. The investments accounted for using 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 financial statements audited by auditors for the same years, except for 2020 financial data of Transsom Technology Co., Ltd. However, the Company's management considers no material impact if the financial statements of above investees had been audited.

D. The Company had no investments accounted for using equity method pledged to others as of December 31, 2021 and 2020.

(8) Property, plant and equipment

Item	December 31, 2021	December 31, 2020
Land	$1,003,385	$949,665
Buildings	1,187,398	1,057,883
Machinery and equipment	1,326,501	1,146,920
Utilities equipment	398,910	339,175
Transportation equipment	53,413	53,601
Office equipment	51,013	46,218
Other equipment	1,662,847	1,276,599
Equipment to be inspected and construction in progress	1,552,919	892,589
Total cost	$7,236,386	$5,762,650
Less: Accumulated depreciation	(2,934,874)	(2,716,153)
Accumulated impairment	-	-
Net	$4,301,512	$3,046,497

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
Cost						
Balance at January 1, 2021	$949,665	$1,057,883	$1,146,920	$1,715,593	$892,589	$5,762,650
Additions	-	2,248	9,214	62,781	1,461,040	1,535,283
Disposals	-	(1,964)	(12,399)	(16,681)	-	(31,044)
Transfer to intangible assets	-	-	-	-	(1,078)	(1,078)
Reclassification	53,720	129,231	182,766	404,514	(770,231)	-
Transfer to expense	-	-	-	(24)	(29,401)	(29,425)
Balance at December 31, 2021	$1,003,385	$1,187,398	$1,326,501	$2,166,183	$1,552,919	$7,236,386
Accumulated Depreciation and Impairment						
Balance at January 1, 2021	$ -	$688,495	$863,346	$1,164,312	$ -	$2,716,153
Depreciation	-	51,838	61,736	136,031	-	249,606
Disposals	-	(1,964)	(12,399)	(16,523)	-	(30,885)
Reclassification	-	-	-	-	-	-
Balance at December 31, 2021	$ -	$738,370	$912,684	$1,283,820	$ -	$2,934,874

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total

Cost						
Balance at January 1, 2020	$896,692	$1,062,930	$1,129,993	$1,687,084	$310,612	$5,087,311
Additions	-	2,200	10,788	22,563	658,284	693,835
Disposals	-	(8,377)	(636)	(7,962)	-	(16,975)
Transfer from investment properties	-	-	750	-	-	750
Transfer to intangible assets	-	-	-	-	(1,140)	(1,140)
Reclassification	52,973	1,130	6,025	13,908	(74,036)	-
Transfer to expenses	-	-	-	-	(1,131)	(1,131)
Balance at December 31, 2020	$949,665	$1,057,883	$1,146,920	$1,715,593	$892,589	$5,762,650
Accumulated depreciation and impairment						
Balance at January 1, 2020	$ -	$649,810	$803,338	$1,050,417	$ -	$2,503,565
Depreciation	-	47,062	60,050	121,825	-	228,937
Disposals	-	(8,377)	(636)	(7,930)	-	(16,943)
Transfer from investment properties		-	594	-	-	594
Reclassification	-	-	-	-	-	-
Balance at December 31, 2020	$ -	$688,495	$863,346	$1,164,312	$ -	$2,716,153

(Note) Including Utilities equipment, transportation equipment, office equipment and other equipment.

A. Reconciliations of current additions and the acquisition of property, plant and equipment in statement of cash flows were as follows:

Item	Year Ended December 31 2021	2020
Increase in property, plant and equipment	$1,535,283	$698,835
Increase/decrease in equipment payable	(77,187)	31,966
Cash paid for acquisition of property, plants and equipment	$1,458,096	$725,801

B. The details of interest capitalized: Please refer to Note 6(26).

C. Impairment losses for property, plant and equipment: None.

D. Property, plant and equipment pledged for the borrowings: Please refer to Note 8.

E. As of December 31, 2021 and 2020, part of the land of the Company amounting to $106,693 thousand and $71,468 thousand was unable to be registered under the name of the Company due to regulation restriction. Accordingly, the ownership was registered under the name of an individual with a mortgage registration amounting to $52,973 thousand and $71,468 thousand as safeguard measures, respectively. As of December 31, 2021, some land amounting to $53,720 thousand that has not undergone mortgage setting registration, in order to ensure the property rights, the Company has obtained the closing letter and guarantee promissory note issued by the registrant, and promised to unconditionally transfer the land to the Company after the restriction is lifted.

(9) Lease agreement

A. Right-of-use assets

Item	December 31 2021	2020
Land	$220,373	$185,402
Building and equipment	2,882	4,272
Total cost	$223,255	$189,674
Less: Accumulated depreciation	(19,256)	(12,609)
Accumulated impairment	-	-
Net	$203,999	$177,065

Cost	Land	Buildings and equipment	Total
Balance at January 1, 2021	$185,402	$4,272	$189,674
Additions	38,981	-	38,981
Disposals	(4,010)	(1,390)	(5,400)
Balance at December 31, 2021	$220,373	$2,882	$223,255
Accumulated Depreciation and Impairment			
Balance at January 1, 2021	$11,036	$1,573	$12,609
Depreciation	11,149	898	12,047
Derecognition	(4,010)	(1,390)	(5,400)
Provision for impairment loss	-	-	-
Balance at December 31, 2021	$18,175	$1,081	$19,256

Cost	Land	Buildings and equipment	Total
Balance at January 1, 2020	$60,641	$4,272	$64,913
Additions	125,323	-	125,323
Disposals	(562)	-	(562)
Balance at December 31, 2020	$185,402	$4,272	$189,674
Accumulated Depreciation and Impairment			
Balance at January 1, 2020	$3,930	$518	$4,448
Depreciation	7,186	1,055	8,241
Derecognition	(80)	-	(80)
Provision for impairment loss	-	-	-
Balance at December 31, 2020	$11,036	$1,573	$12,609

B. Lease liabilities

Item	December 31 2021	2020
Carrying amount of lease liabilities		
- current	$3,659	$4,278

- noncurrent	$154,118	$119,960

Ranges of discount rates for lease liabilities were as follows:

Item	December 31 2021	December 31 2020
Land	1.2%	1.2%
Buildings and equipment	1.2%	1.2%

Please refer to Note 12(2) for lease liabilities with repayment periods.

C. Material lease-in activities and terms

The Company leased some land and buildings for operations and as dormitory, with the lease periods of 2 to 29 years. Part of the lease may be extended with its duration and is calculated based on the area of the land leased and the rate based on the announced land value of the current year. In accordance with the contract, without the lessor's consent, the Company is not allowed to sublet the leased object to the third party. There was no sign of impairment of right-of-use assets, hence the Company didn't assess the impairment as of December 31, 2021.

D. Sublet: None.

E. Other lease information:

(1) Please refer to Note 6(10) for the agreements to lease investment properties under operating lease.

(2) The current lease relevant expense information was as follows:

Item	Year Ended December 31 2021	Year Ended December 31 2020
Short-term lease expense	$718	$309
Variable lease payments that excluded in the measurement of lease liabilities	$7,983	$6,265
Total cash outflow for leases (Note)	$14,145	$10,495

(Note): Including principle paid for current lease liabilities.

The Company does not recognize right-of-use assets and lease liabilities for all leases for short-term leases and low-value asset leases accounted for by applying a recognition exemption.

(10) Investment properties, net

Item	December 31 2021	December 31 2020
Land	$184,707	$184,707
Buildings and equipment	443,064	444,125
Total cost	$627,771	$628,832

Less: Accumulated depreciation	(363,272)	(359,801)
Net	$264,499	$269,031

Cost	Land	Buildings and equipment	Total
Balance at January 1, 2021	$184,707	$444,125	$628,832
Additions	-	-	-
Disposals	-	(1,061)	(1,061)
Balance at December 31, 2021	$184,707	$443,064	$627,771
Accumulated depreciation and impairment			
Balance at January 1, 2021	$ -	$359,801	$359,801
Depreciation	-	4,532	4,532
Disposals	-	(1,061)	(1,061)
Balance at December 31, 2021	$ -	$363,272	$363,272

Cost	Land	Buildings and equipment	Total
Balance at January 1, 2020	$184,707	$451,705	$636,412
Additions	-	-	-
Transfer to property, plant and equipment	-	(750)	(750)
Disposals	-	(6,830)	(6,830)
Balance at December 31, 2020	$184,707	$444,125	$628,832
Accumulated depreciation and impairment			
Balance at January 1, 2020	$ -	$362,563	$362,563
Depreciation	-	4,662	4,662
Transfer to property, plant and equipment	-	(594)	(594)
Disposals	-	(6,830)	(6,830)
Balance at December 31, 2020	$ -	$359,801	$359,801

A. Above mentioned investment properties were land and buildings located at Section 2 of Dunhua Section, Songshan District, Taipei City, and No. 3, Xiangong S. 2nd Rd., Xianxi Township, Changhua County.

B. Rent income and direct operating expense of investment properties:

Item	Year Ended December 31 2021	2020
Rental income of investment properties	$53,951	$54,730

Direct operating expense incurred for the investment properties with current rental income	$6,298	$6,508
Direct operating expenses incurred by the investment properties with no rental revenue generating in current period	$112	$112

C. The maturity analysis of operating lease payments receivable for investment properties was as follows:

	December 31	
	2021	2020
Year 1	$44,006	$45,025
Year 2	32,195	32,044
Year 3	21,293	25,733
Year 4	12,000	17,740
Year 5	12,000	12,000
Over 5 years	24,000	36,000
Total	$145,494	$168,542

D. The fair values of investment properties held by the Company were $759,636 thousand and $715,066 thousand as of December 31, 2021 and 2020. The fair value determination was performed by the Company's management, based on the data reference to the similar transaction prices in the market from the public listing real estate transaction data, and the fair value was measured by using Level 3 inputs.

E. Investment properties pledged for the borrowings: Please refer to Note 8.

(11) Intangible assets

	December 31	
Item	2021	2020
Computer software	$9,885	$5,217
Less: Accumulated amortization	(5,758)	(1,978)
Net	$4,127	$3,239

Cost	Computer Software	Cost	Computer Software
Balance on January 1, 2021	$5,217	Balance on January 1, 2020	$4,710
Additions	3,590	Additions	1,388
Transfer from property, plant and equipment	1,078	Transfer from property, plant and equipment	1,140
Derecognition	-	Derecognition	(2,021)
Balance on December 31, 2021	$9,885	Balance on December 31, 2020	$5,217
Accumulated amortization		Accumulated amortization	

Balance on January 1, 2021	$1,978	Balance on January 1, 2020	$1,615
Amortization expense	3,780	Amortization expense	2,384
Derecognition	-	Derecognition	(2,021)
Balance on December 31, 2021	$5,758	Balance on December 31, 2020	$1,978

(12) Short-term loans

	December 31, 2021	
Type of Loan	Amount	Interest Rate
Credit loans	$482,000	0.68%-0.70%

	December 31, 2020	
Type of Loan	Amount	Interest Rate
Credit loans	$290,000	0.72%

(13) Other payables

	December 31	
Item	2021	2020
Salaries and bonus	$160,700	$103,134
Compensation to employees and remuneration to directors	224,486	176,120
Equipment	99,982	22,795
Fuel cost	20,265	16,518
Shipping fee	39,634	28,031
Discount	70,803	65,283
Others	114,905	105,667
Total	$730,775	$517,548

Please refer to Note 7.3.6 for other payables with related parties.

(14) Provisions - current

	December 31	
Item	2021	2020
Employee benefits	$16,943	$11,066
Onerous contract	27,094	4,325
Total	$44,037	$15,391

Item	Employee benefits	Onerous contract	Total
January 1, 2021	$11,066	$4,325	$15,391
Recognized in current period	13,259	22,769	36,028
Used in current period	(7,382)	-	(7,382)
December 31, 2021	$16,943	$27,094	$44,037

Item	Employee benefits	Onerous contract	Total
January 1, 2020	$13,892	$ -	$13,892
Recognized in current period	12,321	4,325	16,646
Used in current period	(15,147)	-	(15,147)
December 31, 2020	$11,066	$4,325	$15,391

1. Provision for employee benefits is an estimate of the short-term service leave vested to employees.
2. Provision for onerous contracts are material purchase contracts in which the Company's unavoidable costs incurred in fulfilling contractual obligations exceed the economic benefits expected to be received from the contract.

(15) Long-term loans

	December 31	
Item	2021	2020
Credit loans	$1,120,000	$500,000
Less: current portion	(412,778)	(120,000)
Long-term loans	$707,222	$380,000
Interest rate range	0.75%-1.03%	0.75%-0.85%

A. Under the above loan contract, the Company should maintain debt ratio and interest coverage ratio at a certain level, calculated based on the audited annual consolidated financial statements for the duration of the contracts. As of December 31, 2021, the Company had no irregularities.

(16) Pension

A. Defined contribution plans

a. The plan under the Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

b. The total expenses recognized in the statements of comprehensive income were $13,783 thousand and $12,074 thousand, representing the contributions payable to these plans by the Company at the rates specified in the plans for the years ended December 31, 2021 and 2020, respectively.

B. Defined benefit plans

a. The Company has defined benefit plans under the Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The aforementioned companies contribute an amount equal to 4% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds. The contribute amount made to the Funds were both $0 thousand in March, 2020 and 2021.

b. The amounts arising from the defined benefit obligation of the Company in the balance sheets were as follows:

	December 31	
Item	2021	2020
Present value of defined benefit obligation	$204,529	$209,046
Fair value of plan assets	(180,602)	(183,151)
Net defined benefit liabilities	$23,927	$25,895

c. Movements of the net defined benefit liabilities were as follows:

	Year Ended December 31, 2021		
Item	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance, at January 1	$209,046	$(183,151)	$25,895

Service cost			
Current service cost	841	-	841
Interest expense (income)	1,612	(1,419)	193
Recognized in profit or loss	$2,453	$(1,419)	$1,034
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	$ -	($1,855)	($1,855)
Actuarial loss (gain)			
Changes in demographics assumptions	-	-	-
Changes in financial assumptions	2,175	-	2,175
Experience adjustments	(87)	-	(87)
Recognized in other comprehensive income	$2,088	$(1,855)	$233
Contributions from the employer	$ -	($3,235)	($3,235)
Benefits paid from plan assets	(9,058)	9,058	-
Balance at December 31	$204,529	$(180,602)	$23,927

	Year Ended December 31, 2020		
Item	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1	$222,982	($192,898)	$30,084
Service cost			
Current service cost	926	-	926
Interest expense (income)	2,155	(1,874)	281
Recognized in profit or loss	$3,081	($1,874)	$1,207
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	$ -	($5,036)	($5,036)
Actuarial loss (gain) -			
Changes in demographics assumptions	-	-	-
Changes in financial assumptions	1,963	-	1,963
Experience adjustments	1,584	-	1,584
Recognized in other comprehensive income	$3,547	($5,036)	($1,489)
Contributions from the employer	($425)	($3,482)	($3,907)
Benefits paid from plan assets	(20,139)	20,139	-
Balance at December 31	$209,046	($183,151)	$25,895

d. Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

(a) Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

(b) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

(c) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

e. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	Measurement Date	
	December 31, 2021	December 31, 2020
Discount rate	0.55%	0.8%
Future salary increase rate	1.00%	1.00%
The weighted average duration of the defined benefit obligation	6.7 years	7.5 years

(a) Assumptions regarding future mortality experience are set based on actuarial valuation in accordance with the 6th version of Taiwan Standard Ordinary Experience Mortality Tables.

(b) If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
Item	2021	2020
Discount Rate		
0.25% higher	($2,175)	($2,448)

0.25% lower	$2,232	$2,513
Expected rates of salary increase		
1.00% higher	$9,302	$10,466
1.00% lower	($8,566)	($9,599)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

f. The Company expects to make contributions of $3,240 thousand to the defined benefit plans for the year ended December 31, 2022.

(17) Share capital

Movements in the number of the Company's ordinary shares outstanding were as follows:

Item	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Shares (in thousands)	Amount	Shares (in thousands)	Amount
Balance at January 1	180,000	$1,800,000	150,000	$1,500,000
Capital increase in cash	-	-	-	-
Capitalization of retained earnings	20,000	200,000	30,000	300,000
Balance at December 31	200,000	$2,000,000	180,000	$1,800,000

A. As of December 31, 2021, the authorized capital is $2,000,000 thousand, consisting of 200,000 thousand shares.

B. The Company's shareholders' meeting held on May 19, 2021 resolved to capitalize earnings of $200,000 thousand. The plan was approved by FSC on July 6, 2021 and 30,000 thousand shares of common share at the par value of $10 were issued. The record date for capital increase was set on August 21, 2021 and registration process had completed.

C. The Company's shareholders' meeting held on May 21, 2020 resolved to capitalize earnings of $300,000 thousand. The plan was approved by FSC on June 2, 2020 and 30,000 thousand shares of common share at the par value of $10 were issued. The record date for capital increase was set on July 14, 2020 and registration process had completed.

(18) Capital surplus

Item	December 31	
	2021	2020

Share premium	$101,165	$101,165
From associates accounted for using equity method	2,559	2,559
Total	$103,724	$103,724

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and donations can be used to offset deficit or may be distributed as stock dividends or in cash. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's paid-in capital. Capital surplus can't be used to offset deficit unless legal reserve is insufficient. The capital surplus from investments accounted for using equity method may not be used for any purpose.

(19) Retained earnings and dividend policy

(1) In accordance with the dividend policy as set forth in the Company's Articles of Incorporation, 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 legal reserve 10% of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, and the remainder plus prior year's unappropriated earnings may be used as dividends or bonus for shareholders after proposed by the Board of Directors and resolved by the shareholders meeting.

In consideration of operation growth and capital expenditure demands in future, the Company stipulates appropriate dividend distribution ratio, and proposes for approval in the shareholders' meeting. However, at least 10% of total dividends should be distributed in cash.

(2) Legal reserve may be used to offset a deficit, and be transferred to capital or distributed in cash. However, legal reserve can be transferred to capital or distributed in cash only when the legal reserve has exceeded 25% of the Company's paid-in capital.

(3) Special reserve

	December 31	
Item	2021	2020
Reserve for the debit balance of other equities	$74,575	$73,294
Reserve for first-time adoption of IFRS	32,596	32,596
Total	$107,171	$105,890

A. While earning distribution, the earnings can be distributed after appropriation of the equivalent amount of the debit balance of the other equities of the balance sheet.

B. Under Rule No.1010012865 issued by the FSC for first-time adoption of IFRS, the special reserve can be reversed while usage, disposal and reclassification of related assets.

(4) The appropriation of 2020 and 2019 earnings had been resolved at the shareholders' meeting in May 2021 and May 2020, respectively. Details were summarized below:

Item	Earnings appropriation proposal		Dividends Per Share (NTD)	
	2020	2019	2020	2019
Legal reserve	$117,398	$88,892		
Special reserve	1,281	24,971		
Cash dividends	628,000	330,000	3.49	2.20
Stock dividends	200,000	300,000	1.11	2.00
Total	$946,679	$743,863		

(5) The appropriation of 2021 earnings had been proposed by the Board of Directors on February 23, 2022. Details were summarized below:

Item	Earnings appropriation proposal	Dividends Per Share (NTD)
Legal reserve	$161,633	
Special reserve	(30,161)	
Cash dividends	600,000	3.00
Stock dividends	500,000	2.50
Total	$1,231,472	

The appropriations of earnings for 2021 are to be presented for approval in the shareholders' meeting to be held in May 2022.

(6) Information on the earnings appropriation proposed by the Company's Board of Directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(20) Other equity

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Total
Balance, January 1, 2021	($129,761)	$22,590	($107,171)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	24,637	24,637
Share of subsidiaries, associates and joint ventures accounted for using equity method	5,523	-	5,523
Balance, December 31, 2021	($124,238)	$47,227	($77,011)

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Total
Balance, January 1, 2020	($123,603)	$17,713	($105,890)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	4,877	4,877
Share of subsidiaries, associates and joint ventures accounted for using equity method	(6,158)	-	(6,158)
Balance, December 31, 2020	($129,761)	$22,590	($107,171)

(21) Operating revenues

Item	Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sales of finished goods	$8,306,458	$5,231,893
Revenue from sales of raw materials	1,488,849	1,523,097
Processing revenue	256,723	261,649
Total sales revenue from contracts with customers	$10,052,030	$7,016,639
Less: Sales return	(4,958)	(7,197)
Sales discount	(45,428)	(42,087)
Net sales revenue from contracts with customers	$10,001,644	$6,967,355
Other operating revenue	53,951	54,730
Net operating revenue	$10,055,595	$7,022,085

A. Explain of contract revenue

The sales and processing revenue of chemical raw materials and products (including electronic grade chemical solvents) are mainly targeted at downstream manufacturers, and those are sold at a fixed price as agreed in the contract.

B. Other operating revenue

Revenue from operating leases are recognized on a straight-line basis over the terms of the relevant leases.

C. Segments of revenue from contracts with customers

The Company's revenue can be split into the following segments:

(1) Segmented by revenue from different service lines and areas:

2021：

	Chemical product	Processing	Total
Main area of market			
Taiwan	$6,632,547	$256,723	$6,889,270
South Korea	1,243,738	-	1,243,738
Vietnam	439,205	-	439,205
Arabia	245,033	-	245,033
Thailand	233,728	-	233,728
Japan	220,754	-	220,754
Malaysia	120,199	-	120,199
Others	609,717	-	609,717
Total	$9,744,921	$256,723	$10,001,644
Major service line			
Yeong An plant	$9,744,921	$256,723	$10,001,644
Total	$9,744,921	$256,723	$10,001,644
Timing of revenue recognition			
Revenue recognized at a specific timing	$9,744,921	$256,723	$10,001,644
Total	$9,744,921	$256,723	$10,001,644

2020：

	Chemical product	Processing	Total
Main area of market			

Taiwan	$4,786,347	$261,649	$5,047,996
South Korea	859,476	-	859,476
Vietnam	261,019	-	261,019
Thailand	159,411	-	159,411
India	98,086	-	98,086
Malaysia	90,715	-	90,715
Japan	134,394	-	134,394
Others	316,258	-	316,258
Total	$6,705,706	$261,649	$6,967,355
Major service line			
Yeong An plant	$6,705,706	$261,649	$6,967,355
Total	$6,705,706	$261,649	$6,967,355
Timing of revenue recognition			
Revenue recognized at a specific timing	$6,705,706	$261,649	$6,967,355
Total	$6,705,706	$261,649	$6,967,355

D. Contract balances

The Company recognized contract assets and contract liabilities related to contract revenue as follows:

Item	December 31 2021	December 31 2020
Accounts receivable	$1,381,439	$1,057,590
Contract assets	$ -	$ -
Contract liabilities - current	$22,087	$10,916

a. Significant changes in contract assets and contract liabilities

The changes in the contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment, and there are no other significant changes.

b. Allowance for contract assets: None.

c. Amount from previous period's performance obligations satisfied and beginning contract liabilities recognized in the current period as income were as follows:

	Year Ended December 31	
Revenue in the current period	2021	2020

From beginning contract liabilities	$10,916	$5,403
From previous period's performance obligations satisfied	$ -	$ -

(22) Labor cost, depreciation and amortization

Item	Year ended December 31, 2021		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	$149,074	$330,087	$479,161
Insurance	11,540	20,135	31,675
Pension	5,396	9,421	14,817
Remuneration to directors	-	68,330	68,330
Others	5,368	9,183	14,551
Depreciation	165,722	100,463	266,185
Amortization	122	3,658	3,780
Total	$337,222	$541,277	$878,499

Item	Year ended December 31, 2020		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	$117,926	$250,830	$368,756
Insurance	9,218	17,227	26,445
Pension	4,635	8,646	13,281
Remuneration to directors	-	49,242	49,242
Others	4,695	8,484	13,179
Depreciation	142,677	99,163	241,840
Amortization	-	2,384	2,384
Total	$279,151	$435,976	$715,127

1. Additional information of the number of employees and employee benefits expenses for the years ended December 31, 2021 and 2020 were as follows:

Item	December 31	
	2021	2020

The number of employees	$379	$341
The number of directors did not serve concurrently as employee	7	6
Average employee benefits expenses	$1,452	$1,259
Average employee salaries	$1,288	$1,101
Changes in adjusting average employee salary	16.98%	9.44%
Remuneration of supervisors	$ -	$738

2. The Company's salary and remuneration policy, including that for directors, managers and employees, is as follows:
   (1) Directors' remuneration:
   The remuneration to the directors shall be determined by the Board of Directors according to their degree of participation in the operation of the Company, the value of their contribution, and levels of the industry. The Company's Articles of Incorporation clearly stipulate that not higher than 3% of the annual profit shall be allocated as the director's remuneration.
   (2) Managers' remuneration:
   The remuneration to the managers is based on their duties, contributions, the Company's annual operation performance and in consideration of the Company's future risks, and is reviewed by the remuneration committee and submitted to the Board of Directors for resolution.
   (3) Employees' compensation:
   The Company is committed to providing employees with a salary and benefits above the industry average level. On the premise of considering external competition, internal fairness and legality, the Company has a competitive salary system and uphold the concept of profit sharing with employees to retain and motivate employees.
   The employees' compensation includes monthly salary and various bonuses, annual year-end and performance bonuses, as well as remuneration issued by the Company based on annual profitability. The Company's Articles of Incorporation clearly stipulate that not less than 6% of the annual profit is used as employees' compensation.

3. The Articles of Incorporation of the Company stipulated the Company to distribute employees' compensation and remuneration of directors and supervisors at the rates not less than 6% and not higher than 3%,of net income, respectively. The Company accrued employees' compensation and remuneration to directors and supervisors at

the rates not less than 6% and not higher than 3% of net income for the years ended December 31, 2021 and 2020, respectively.

4. The employees' compensation and remuneration to directors for the years ended December 31, 2021 and 2020 had been approved by the Company's Board of Directors meeting held on February 23, 2022 and February 25, 2021, respectively, and the relevant amounts recognized in the Standalone financial statement were as follows:

	Year ended December 31			
	2021		2020	
	Employees' compensation	Remuneration to directors and supervisors	Employees' compensation	Remuneration to directors and supervisors
Resolution amount of allotment	$159,448	$65,038	$129,620	$46,500
Recognized in financial statements	159,448	65,038	129,620	46,500
Difference	$ -	$ -	$ -	$ -

The above mentioned employees' compensation will be paid by cash.

5. Information on employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(23) Interest income

	Year Ended December 31	
Item	2021	2020
Interest on bank deposits	$299	$250

(24) Other income

	Year Ended December 31	
Item	2021	2020
Dividends	$8,017	$ -
Additional services	19,215	11,598
Others	5,905	5,857
Total	$33,137	$17,455

(25) Other gains and losses

	Year Ended December 31	
Item	2021	2020

Net foreign exchange gain (loss)	($1,100)	$4,520
Gain (loss) on disposal of property, plant and equipment	1,792	358
Gain from lease remeasurement	-	27
Gain from bargain purchases on acquisition of Subsidiaries (Note)	(4)	-
Others	(7,199)	(3,172)
Total	($6,511)	$1,733

(26) Finance costs

Item	Year Ended December 31 2021	2020
Interest on loans	$7,879	$4,713
Interest on lease liabilities	1,104	665
Less: capitalized amount for qualified assets	(7,688)	(4,214)
Finance costs	$1,295	$1,164

Interest capitalization

Item	2021	2020
Capitalized amount for qualifies assets	$7,688	$4,214
Interest rate	0.73%-0.77%	0.73%-0.82%

(27) Income tax expense

A. The major components of tax expense were as follows:

	Year Ended December 31	
Current income tax	2021	2020
Current tax expense	$338,815	$234,985
Adjustments in tax of prior periods	(11,003)	1,723
Income tax on unappropriated earnings	4,490	-
Total	$332,302	$236,708
Deferred income tax		
The origination and reversal of temporary differences	($4,910)	($9,568)
Total	($4,910)	($9,568)
Income tax expense	$327,392	$227,140

B. Income tax expense recognized in other comprehensive income were as follows:

	Year Ended December 31	
Item	2021	2020

Exchange differences on translation of foreign financial statements	($973)	$623
Remeasurement of defined benefit plans	(46)	298
Total	($1,019)	$921

C. Reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

Item	Year Ended December 31 2021	2020
Income before income tax	$1,944,200	$1,401,147
Income tax expense at the statutory rate	$388,840	$280,229
Tax effect of adjusting items:		
Unrealized inventory valuation loss	8,784	4,608
Investment loss (gain) recognized under equity method	(440)	(540)
Realized pension expenses	(63,935)	(52,019)
Others	5,566	2,707
Adjustments for prior year's tax adjustments	(11,003)	1,723
Income tax on unappropriated earnings	4,490	-
Deferred income tax expense		
Temporary differences	(4,910)	(9,568)
Income tax expense recognized in profit or loss	$327,392	$227,140

The applicable income tax rate used by the Company is 20%. In addition, the tax rate applicable to unappropriated earning is 5%.

According to the amendments to the Statute for Industrial Innovation announced in July 2019, the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company has already deducted the amount of the unappropriated earnings that has been reinvested as capital expenditures.

D. Deferred tax assets and liabilities from temporary differences

	Year Ended December 31, 2021			
	Balance, Beginning of	Recognized in Profit or Loss	Recognized in Other Comprehensive	Balance, End of Year

	Year		Income	
Deferred income tax assets:				
Temporary differences				
Net defined benefit liability	$5,179	$(440)	$46	$4,785
Unrealized loss on inventories	8,332	8,784	-	17,116
Unused compensated absences	2,213	1,176	-	3,389
Unrealized discount and expenses	13,056	498	-	13,554
Exchange differences on translation of foreign financial statements	10,352	-	973	11,325
Others	10,546	2,291	-	12,837
Subtotal	$49,678	$12,309	$1,019	$63,006
Deferred income tax liabilities:				
Provision for land value increment tax	($1,118)	$ -	$ -	($1,118)
Temporary differences				
Gain on foreign investment under equity method	(59,739)	(7,443)	-	(67,182)
Others	(61)	44	-	(17)
Subtotal	($60,918)	($7,399)	$ -	($68,317)
Total	($11,240)	$4,910	$1,019	($5,311)

	Year Ended December 31, 2020			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets:				
Temporary differences				
Net defined benefit liability	$6,017	($540)	($298)	$5,179
Unrealized loss on inventories	3,724	4,608	-	8,332
Unused compensated absences	2,779	(566)	-	2,213
Unrealized discount and expenses	12,050	1,006	-	13,056
Exchange differences on translation of foreign financial statements	10,975	-	(623)	10,352
Others	5,163	5,383	-	10,546
Subtotal	$40,708	$9,891	($921)	$49,678
Deferred income tax liabilities:				
Provision for land value increment tax	($1,118)	$ -	$ -	($1,118)
Temporary differences				
Gain on foreign investment under equity method	(59,346)	(393)	-	59,739
Others	(131)	70	-	(61)
Subtotal	($60,595)	($323)	$ -	($60,918)
Total	($19,887)	$9,568	($921)	($11,240)

E. The tax authorities have ratified the Company’s income tax returns through Year 2019.

(28) Other comprehensive income (loss)

Item	Year Ended December 31, 2021 Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	($233)	$46	($187)
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	24,637	-	24,637
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Remeasurement of defined benefit obligation	(294)	-	(294)
Subtotal	$24,110	$46	$24,156
Items that may be reclassified subsequently to profit or loss:			
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Exchange differences on translation of foreign financial statements	$4,550	$973	$5,523
Subtotal	$4,550	$973	$5,523
Recognized in other comprehensive income (loss)	$28,660	$1,019	$29,679

Item	Year Ended December 31, 2020 Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	$1,489	($298)	$1,191
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	4,877	-	4,877
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Remeasurement of defined benefit obligation	(1,223)	-	(1,223)
Subtotal	$5,143	($298)	$4,845
Items that may be reclassified subsequently to profit or loss:			
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Exchange differences on translation of foreign financial statements	($5,535)	($623)	($6,158)
Subtotal	($5,535)	($623)	($6,158)
Recognized in other comprehensive income (loss)	($392)	($921)	($1,313)

(29) Earnings per share

Item	Year Ended December 31 2021	2020
A.Basic earnings per share		
Net income	$1,616,808	$1,174,007
Weighted average number of outstanding shares (thousand shares)	200,000	180,000
Weighted average number of outstanding shares (thousand shares) after retrospective adjustment	200,000	200,000
Basic earnings per share (after tax) (NT$)	$8.08	$5.87
B.Diluted earnings per share		
Net income	$1,616,808	$1,174,007
Weighted average number of outstanding shares (thousand shares)	200,000	200,000
Impact on employees' compensation (Note)	1,162	1,233
Weighted average number of ordinary shares outstanding after dilution (thousand shares)	201,162	201,233
Diluted earnings per share (after tax) (NT$)	$8.04	$5.83

The shareholders' meeting held on May 19, 2021 resolved to capitalize earnings and 20,000 thousand shares of common share at the par value of $10 were issued. The record date for capital increase was set on August 21, 2021. The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively to 200,000 thousand shares for the years ended December 31, 2021 and 2020.

(Note) Since 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, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party:

The Company is the ultimate controlling party.

(2) Related party name and category:

Related Party Name	Related Party Category

E-Shine Advanced Chemical Co., Ltd.	Subsidiary
Unishine Chemical Corp.	Associate
Shanghai Liansheng Chemistry Co., Ltd.	Associate
Shanghai Haosheng Chemical Technology Co., Ltd.	Associate
Ninghan Development Co., Ltd.	Other related party
AZOTEK Co., Ltd.	Other related party

(3) Significant transactions with related parties:

A. Sales:

Item	Related party category/Name	Year Ended December 31	
		2021	2020
Sales revenue	Subsidiaries	$60,218	$46,001
Rent revenue	Subsidiaries	$12,000	$12,000

(a) Selling price and trading terms to the Company's related parties were the same with those to other customers. Payment terms were within 3 months. In addition, both parties can agree to postpone the payment.

(b) Rent revenue

Year Ended December 31, 2021

Type of related party	lease target	Periods	Rent & payment terms
Subsidiary	Land, buildings and Equipment located at No. 3, Xiangong S. 2nd Rd., Xianxi Township, Changhua County.	2018.12.01-2028.12.31	Total $12,000 $1,000 per month, Payment terms were wit hin 3 months

Year Ended December 31, 2020

Type of related party	lease target	Periods	Rent & payment terms
Subsidiary	Land, buildings and Equipment located at No. 3, Xiangong S. 2nd Rd., Xianxi Township, Changhua County.	2018.12.01-2028.12.31	Total $12,000 $1,000 per month, Payment terms were wit hin 3 months

B. Purchase:

Related Party Category	Year Ended December 31	
	2021	2020
Subsidiaries	$333,050	$318,268
Associates	2,059	1,062

Total	$335,109	$319,330

The purchase prices with the related parties are equivalent to those with ordinary suppliers. Payment terms were 3 months for related parties. However, both parties can agree to postpone the payments.

C. Contract assets: None.

D. Contract liabilities: None.

E. Balance of receivables (excluding lending to related parties and contract assets):

	December 31	
Related Party Category	2021	2020
Notes and accounts receivable:		
Subsidiaries	$6,986	$4,592
Other receivables:		
Subsidiaries		
E-Shine Advanced Chemical Co., Ltd.	$11,037	$9,950
Associates	60	575
Total	$11,097	$10,525

F. Balance of payables (excluding borrowing from related parties):

	December 31	
Related Party Category	2021	2020
Accounts payables:		
Subsidiaries		
E-Shine Advanced Chemical Co., Ltd.	$44,762	$23,294
Other payables:		
Subsidiaries	$13,901	$24,142

G. Prepayments: None.

H. Property transactions

a. Purchase of property, plant and equipment:

	Acquisition Price	
	Year Ended December 31	
Related Party Category	2021	2020
Subsidiaries	$4,715	$ -

Above mentioned transaction price were negotiated by both parties, and paid in full as of December 31, 2021.

b. Disposal of property, plant and equipment:

Related Party Category	Disposal Price Year Ended December 31 2021	2020
Subsidiaries	$109	$ -

Related Party Category	Disposal Gain Year Ended December 31 2021	2020
Subsidiaries	$2	$ -

Above mentioned transaction price were negotiated by both parties, and paid in full as of December 31, 2021.

I. Lessee arrangements:

Item	Related Party Category	Year Ended December 31 2021	2020
Acquisition of right-of-use asset	Other related parties	$ -	$ -

Item	Related Party Category	December 31 2021	2020
Lease liabilities	Other related parties (Note)	$1,834	$2,187

(Note) Due to the application of IFRS 16.

Item	Related Party Category	Year Ended December 31 2021	2020
Interest expense	Other related parties	$24	$29

Above lease terms are based on the contract, and rent is paid monthly.

J. Financing activities - lending to related parties: None.

K. Financing activities - borrowing from related parties: None.

L. Guarantee for related parties:

Related Party Category	December 31 2021	2020
Subsidiaries	$970,000	$1,090,000
E-Shine Advanced Chemical Co., Ltd.		

Associates		
Unishine Chemical Corp.	362,649	241,080
Total	$1,332,649	$1,331,080

M. Others:

a. Miscellaneous expenses:

Related Party Category	Year Ended December 31 2021	2020
Subsidiaries	$189,916	$171,285

Miscellaneous expenses were mainly processing expenses.

b. Miscellaneous income:

Related Party Category	Year Ended December 31 2021	2020
Subsidiaries	$2,259	$2,474
Associates	57	1,085
Total	$2,316	$3,559

Miscellaneous income was mainly technical service income.

The raw materials purchased by the Company on behalf of E-Shine Advanced Chemical Co., Ltd. for years ended December 31, 2021 and 2020 were 164,733 thousand and 75,018 thousand, respectively. The Company did not recognize sales revenue and cost because the transaction was recognized as collection and payment.

(4) Key management compensation

Related Party Category	Year Ended December 31 2021	2020
Salaries and other short-term employee benefits	$79,191	$54,927
Post-employment benefits	108	198
Total	$79,299	$55,125

8. PLEDGED ASSETS

The following assets have been pledged as collateral for loans and contracts performance:

Item	December 31 2021	2020
Property, plant and equipment (net)	$274,142	$275,379

Item	December 31 2021	2020
Investment properties	139,739	139,937
Other financial assets – current	51,598	18,681
Refundable deposits	400	400
Total	$465,879	$434,397

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2021 and 2020, the Company issued guarantee notes for bank loans amounting to $4,326,280 thousand (including USD 52,250 thousand) and $3,768,720 thousand (including USD 45,250 thousand), respectively.

(2) As of December 31, 2021 and 2020, Guarantee notes received by the Company for its contract performance and creditor's right totaled $558,847 thousand and $265,202 thousand, respectively.

(3) As of December 31, 2021 and 2020, guarantees provided by banks to the Company for bonded warehouse were both USD $3,000 thousand.

(4) The unused letters of credit as of December 31, 2021 and 2020 were as follows:

December 31, 2021	December 31, 2020
L/C Amount	L/C Amount
USD 9,976 thousand	USD 2,740 thousand

(5) The bank acceptance relevant to imported goods as of December 31, 2021 and 2020 were as follows:

December 31, 2021	December 31, 2020
Bank acceptance	Bank acceptance
USD 422 thousand	USD 2,170 thousand

(6) For the Company's endorsement for others for the years ended December 31, 2021 and 2020, please refer to Note 13.

(7) Part of property, plant and equipment was unable to be registered under the name of the Company due to regulation restriction. Accordingly, the ownership was registered under the name of an individual, please refer to Note 6.(8).

(8) The Company entered a processing contract with Lyondellbasell Taiwan CO., Ltd. Materials (Oxypropane, methanol and catalyst) were provided by Lyondellbasell Taiwan CO., Ltd. then processed by the Company into PM and DPM. Processing revenue were $256,723 thousand and $261,649 thousand for the years ended December 31, 2021 and 2020, respectively.

(9) Establishment of important construction contracts

(a)As of December 31, 2021, estimated total contract costs, contract costs paid, and expected completion year were summarized below:

Type of construction	Contract price	Construction cost paid	Expected year of completion
Intercontinental Container Terminal logistics center	$2,561,618	$1,406,111	2022
Small batches purification process unit	350,000	70,206	2022

(b)As of December 31, 2020, estimated total contract costs, contract costs paid, and expected completion year were summarized below:

Type of construction	Contract price	Construction cost paid	Expected year of completion
Intercontinental Container Terminal logistics center	$2,561,618	$510,617	2022
Blending tank and filling station	328,885	279,867	2021
Blending tank Phase II	162,407	40,415	2021

(10)The Company signed a land lease contract with Kaohsiung branch of Taiwan International Ports Corporation, Ltd. in December 2013. Kaohsiung Port Intercontinental Container Center 2nd Phase Project Petrochemical Oil Storage and Transportation Center S12-S15 Pier Post line Land was leased and the Company invested to build the construction of petrochemical oil storage and transportation facilities for the purpose of import and export and transport of petrochemical oil handling, storage and transportation. Kaohsiung branch of Taiwan International Ports Corporation, Ltd. should deliver the land to the Company before the end of December 2017. The term of the lease was 25 years from the date of delivery and the Company had the right to renew the lease at the end of the period. Per the contract, the Company had to pay rent at 5% of value of leased land since the land was delivered. 3 years and 6 months from the land delivery date, the Company need to pay the management fees of $24,346 thousand per year. Kaohsiung branch of Taiwan International Ports Corporation, Ltd. already completed the transaction procedure before November 2017. In June 2021, due to the impact of the epidemic and the delay of pipeline design engineering, Kaohsiung branch of Taiwan International Ports Corporation, Ltd. agreed to postpone the payment of management fees until September 2021. The Company started to implement factory service, pipeline and fire control project and started paying the land rent of those projects, which were $3,773 thousand and $2,141 thousand for the years ended December 31, 2021 and 2020, respectively.

10. SIGNIFICANT DISASTER LOSS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS

(1) Capital risk management

The Company should maintain an adequate capital structure to enable the expansion and enhancement of equipment. Therefore, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases and debt service requirements associated with its existing operations over the next 12 months.

(2) Financial instruments

A. Financial risk of financial instruments

Financial risk management policies

The Company's activities expose to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To lower down the related financial risk, the Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

The plans for material treasury activities are reviewed by board of directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Company Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

Significant financial risks and degrees of financial risks

a. Market risk

(a) Foreign exchange rate risk

The Company's functional currency is New Taiwan dollars. Many operating activities of the Company are denominated in foreign currencies. Consequently, the Company is exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company arranged future receivables and payables denominated in the same foreign currency to mitigate foreign exchange risk. These help to reduce, but do not eliminate, the impact of foreign exchange rate movements. The net investment in foreign operation is strategic investment. Therefore, the Company does no hedge for it.

(b) Foreign currency risk and sensitivity analysis

		December 31, 2021			
			Sensitivity Analysis		
Foreign Currency	Exchange Rate	Carrying Value (NTD)	Variation	Profit and Loss Impact	Equity Impact

	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Variation	Profit and Loss Impact	Equity Impact
Financial assets						
Monetary item						
USD:NTD	13,831	27.68	383,496	increase 1%	3,835	-
JPY:NTD	107,468	0.2405	25,826	increase 1%	258	-
Non-monetary item						
USD:NTD	8,264	27.68	228,736	increase 1%	-	2,287
HKD:NTD	87,977	3.549	307,658	increase 1%	-	3,077
Financial liabilities						
Monetary item						
USD:NTD	1,077	27.68	29,807	increase 1%	(298)	-

			December 31, 2020			
				Sensitivity Analysis		
	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Variation	Profit and Loss Impact	Equity Impact
Financial assets						
Monetary item						
USD:NTD	8,343	28.48	237,586	increase 1%	2,376	-
JPY:NTD	85,254	0.28	23,556	increase 1%	236	-
Non-monetary item						
USD:NTD	7,518	28.48	214,109	increase 1%	-	2,141
HKD:NTD	78,936	3.673	289,934	increase 1%	-	2,899
Financial liabilities						
Monetary item						
USD:NTD	1,776	28.48	51,177	increase 1%	(512)	-

When New Taiwan dollar appreciates and other variation factors stay unchanged, there will be the same but opposite amount of influence as of December 31, 2021 and 2020.

(c) Due to the exchange rate volatility, total exchange gains (losses) (including realized and unrealized) from the Company’s monetary items amounted to ($1,100) thousand and $4,520 thousand for the years ended December 31, 2021 and 2020, respectively.

b. Price risk

Since the Company’s investment in securities was classified as financial assets at FVTOCI on the standalone balance sheet, the Company exposed to price risks of securities.

The Company mainly invest in domestic or foreign unlisted stocks. The price of such securities can be affected by changes in future value of those investment targets.

If the security price goes up or down by 1%, the post-tax other comprehensive income for the year 2021 and 2020 will increase or decrease by $2,050 thousand and $1,803 thousand due to the increase or decrease of the fair value of financial assets measured at FVTOCI.

c. Interest rate risk

The carrying amount of the financial assets and liabilities that exposed to interest rate risk as reporting date was as follow:

Item	Carrying Value December 31, 2021	Carrying Value December 31, 2020
Fair value interest rate risk:		
Financial assets	$51,598	$18,681
Financial liabilities	(157,777)	(124,238)
Net	($106,179)	($105,557)
Cash flow interest rate risk:		
Financial assets	$182,898	$274,215
Financial liabilities	(1,602,000)	(790,000)
Net	($1,419,102)	($515,785)

(a) Sensitivity analysis of fair value interest rate risk tools

The Company does not classify any fixed-rate instruments as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. In addition, the Company does not designate derivatives (interest rate swap) as hedge instruments under hedge accounting. Therefore, the change of interest rate at reporting date does not have influence on net income and other comprehensive income.

(b) Sensitivity analysis of cash flow interest rate risk tools

The Company's financial instruments with variable interest rate are those with floating-rate. If interest rate increases 1%, the net income will decrease ($14,191) thousand and ($5,158) thousand for the years ended December 31, 2021 and 2020, respectively.

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a contract leading to a financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily accounts receivables, and from investing activities, primarily deposit and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

a. Business related credit risk

In order to maintain the credit quality of accounts receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed in the consideration of the relevant factors which may affects the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions.

b. Financial credit risk

The Company's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Company Treasury function. The Company only deals with creditworthy counterparties, banks, and government so that no significant credit risk was identified. In addition, the Company has no financial assets at amortized and investments in debt instruments at fair value through other comprehensive income.

(a) Credit concentration risk

As of December 31, 2021 and 2020, the top ten clients accounted for both 65% of the Company's accounts receivable, indicating a credit concentration risk. However, no significant credit concentration risk was shown from the remaining accounts receivables.

(b) Expected credit loss measurement

i. Account receivables adopts a simplified approach, please prefer to Note 6(3).

ii. Identification basis for whether credit risk is significantly increased: None (the Company didn't hold debt instruments at amortized cost or at FVTOCI).

c. Collaterals and other credit enhancement held to avoid credit risks from financial assets:

Related information of the maximum exposure to credit risk regarding financial assets recognized in the Standalone balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Company as of December 31, 2021 and 2020:

		Decreased amount of maximum exposure to credit risks			
December 31, 2021	Carrying Amount	Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	$ -	$ -	$ -	$ -	$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable：					
Financial assets measured at FVTOCI	204,982	-	-	-	-
Total	$204,982	$ -	$ -	$ -	$ -

December 31, 2020	Carrying Amount	Decreased amount of maximum exposure to credit risks: Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	7,912	$ -	$ -	$ -	$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable：					
Financial assets measured at FVTOCI	180,345	-	-	-	-
Total	$188,257	$ -	$ -	$ -	$ -

C. Liquidity risk

a. Liquidity risk management:

The Company's objecting in managing liquidity risk is to maintain a sufficient level of cash and cash equivalents, highly-liquid marketable securities and credit lines with banks for daily operations in order to ensure the financial flexibility of the Company.

b. Financial liabilities with repayment periods:

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

Non-derivative Financial Liabilities	December 31, 2021: Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
Short-term loans	$482,000	$ -	$ -	$ -	$ -	$482,000	$482,000
Notes payable	1,478	-	-	-	-	1,478	1,478
Accounts payable	566,538	-	-	-	-	566,538	566,538
Other payables	665,737	65,038	-	-	-	730,775	730,775
Lease liabilities	2,614	2,104	4,791	15,420	151,240	176,169	157,777
Long-term loans (Inclusive of current portion)	60,000	352,778	226,667	480,555	-	1,120,000	1,120,000
Guarantee deposits	4,097	918	1,669	1,635	-	8,319	8,319
Total	$1,782,464	$420,838	$233,127	$497,610	$151,240	$3,085,279	$3,066,887

Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted

							payments
Lease liabilities	$4,718	$20,211	$26,116	$54,552	$49,372	$21,200	$176,169

Non-derivative Financial Liabilities	December 31, 2020 Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
Short-term loans	$290,000	$ -	$ -	$ -	$ -	$290,000	$290,000
Notes payable	13,311	-	-	-	-	13,311	13,311
Accounts payable	422,669	-	-	-	-	422,669	422,669
Other payables	471,048	465,000	-	-	-	517,548	517,548
Lease liabilities	2,801	2,132	3,029	9,089	120,448	137,499	124,338
Long-term loans (Inclusive of current portion)	-	120,000	122,778	257,222	-	500,000	500,000
Guarantee deposits	1,546	1,556	3,443	1,669	-	8,214	8,214
Total	$1,201,375	$170,188	$129,250	$267,980	$120,448	$1,889,241	$1,875,980

Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	$4,933	$12,118	$11,449	$45,314	$48,331	$15,354	$137,499

The Company does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

B. Categories of financial instruments

The carrying values of financial assets and liabilities of the Company as of December 31, 2021 and 2020 were as follow:

Financial assets	December 31 2021	2020
Financial assets measured at amortized cost		
Cash and cash equivalents	$182,887	$274,163
Notes and accounts receivable (including related parties)	1,381,523	1,057,897
Other receivables	46,257	28,808
Other financial assets - current	51,598	18,681
Refundable deposits	13,470	14,795
Financial assets at fair value through		
Other comprehensive income noncurrent	204,982	180,345

Financial liabilities		
Financial liabilities measured at amortized cost		
Short-term loans	482,000	290,000
Notes and accounts payable (including related parties)	568,016	435,980
Other payables	730,775	517,548
Lease liabilities (including current and noncurrent)	157,777	124,238
Long-term loans (including current portion)	1,120,000	500,000
Guarantee deposits	8,319	8,214

(3) Fair value information

A. Details of the fair value of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12(3)C. Details of the fair value of the Company's investment property measured at cost are provided in Note 6(10).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investments in government bonds, corporate bonds, financial debentures, convertible bonds, and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investments in equity instruments without active market is included in Level 3.

C. Financial instruments that are not measured at fair value

The Company considers that the carrying amounts of financial instruments including cash and cash equivalents, receivables, other financial assets, refundable deposits, long-term (short-term) loans, payables, lease liabilities and guarantee deposits that are not measured at fair value approximate their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level:

Item	December 31, 2021 Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets measured at FVTOCI				
Equity instruments				
Domestic unlisted stocks	$ -	$ -	$159,039	$159,039
Domestic unlisted stocks	-	-	45,593	45,593
Total	$ -	$ -	$204,982	$204,982

Item	December 31, 2020 Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets measured at FVTOCI				
Equity instruments				
Domestic unlisted stocks	$ -	$ -	$135,992	$135,992
Domestic unlisted stocks	-	-	44,353	44,353
Total	$ -	$ -	$180,345	$180,345

E. Valuation techniques of financial instruments valued at fair value

(a) The fair value of financial instruments with quoted prices in active markets held by the Company : None.

(b) Except for financial assets with an active market, the fair value of other financial assets is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, the discounted cash flow method, or other valuation technique e.g. the one that applies market information available on the balance sheet date to a pricing model for calculation

The assets measured by the fair value of the third level of the fair value hierarchy of the Company are used to measure the significant unobservable inputs of fair value.

	Measurement technique	Major unobservable input value	Range	Relationship between input value and fair value
Financial assets at fair value through other comprehensive income - stocks	Market Approach	Lack of liquidity discount rate	20%~30%	The lower the degree of lack of liquidity, the lower the fair value estimate

F. Transfer between Level 1 and Level 2: None.

G. Changes in Level 3 instruments(financial assets measured at FVTOCI):

Item	Investment in unquoted financial instruments — Year Ended December 31 2021	2020
Beginning balance	$180,345	$175,468
Recognized in other comprehensive income	24,637	4,877
Ending balance	$204,982	$180,345

H. Valuation process for Level 3 fair value measurement:

Valuation process regarding fair value Level 3 is conducted by the Company's finance department, by which the independence of fair value of financial instruments is verified though use of independent data source in order to make the valuation results close to market conditions. Such valuation results are regularly reviewed so as to ensure their reasonableness.

(4) Transfer of financial assets: None.

(5) Offset of financial assets and liabilities: None.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Financings provided: None.

B. Endorsement/guarantee provided: Table 1.

C. Marketable securities held: Table 2.

D. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: Table 3.

F. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Table 4.

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

I. Information about the derivative financial instrument transaction: None.

(2) Information on investees: Table 5.

(3) Information on investments in Mainland China: Table 6.

(4) Information on major shareholders (including name of the shareholders with shareholding above 5%, shares held and shareholding ratio): Table 7.

Table 1

SHINY CHEMICAL INDUSTRIAL CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED

DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Endorsers	Endorsees		Endorsement Limit for a Single Entity (Note 3)	Highest Balance During the Period	Ending Balance	Actual Amount Drawn	Balance Secured by Collaterals	Ratio of Accumulated Amount to net Worth of the Company	Maximum Amount of Endorsement (Note 4)	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Party in Mainland China
		Name of endorsees	Relationship (Note 2)										
0	Shiny Chemical Industrial Co., Ltd.	Unishine Chemical Corp.	6	6,783,461	362,649	362,649	192,550	-	5.34%	6,783,461	N	N	N
		E-Shine Advanced Chemical Co., Ltd.	2	6,783,461	970,000	970,000	309,780	-	14.29%	6,783,461	Y	N	N

Note 1: The description of the number column is as follows:

(1) The issuer is represented in 0.

(2) The investee company is numbered sequentially from Arabic numeral 1.

Note 2: The following code represents the relationship with the Company :

1. Trading partner.
2. Majority owned subsidiary
3. The Company direct and indirect owns over 50% ownership of the investee company.
4. A subsidiary jointly owned over 90% by the Company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
7. Joint and several guaranteed by the Company according to the pre-construction contract under Consumer protection Act.

Note 3: Endorsements/guarantees provided by the Company to a single enterprise shall not exceed 100% of the Company’s net worth, respectively.

Note 4: The maximum amount of the endorsements/guarantees provided by the Company shall not exceed 100% of the Company’s net worth.

Table 2

SHINY CHEMICAL INDUSTRIAL CO., LTD.

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Investor	Type and Name of Securities	Relationship with the Issuer	General Ledger Account	Ending balance				Remarks
				Number of Shares (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	
Shiny Chemical Industrial Co., Ltd.	Shares / SEPANGAR CHEMICAL INDUSTRY SDN BHD.	The key management of the Company	Financial assets at fair value through other comprehensive income or loss - noncurrent	3,800	45,943	19.00%	45,943	
	Shares /AZOTEK CO., LTD.	The key management of the Company	Financial assets at fair value through other comprehensive income or loss - noncurrent	8,017	158,323	13.36%	158,323	
	Shares / LINKOU INTERNATIONAL GOLF & COUNTRY CLUB	None	Financial assets at fair value through other comprehensive income or loss - noncurrent	-	716	0.10%	716	
		Total			204,982		204,982	

Table 3

SHINY CHEMICAL INDUSTRIAL CO., LTD.

Acquisition of individual Real Estate Properties at Costs of At Least NT$300 Million or 20% of the Paid-in Capital

YEAR ENDED DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Real Estate	Transaction Date	Transaction Amount	Payment Term	Counterparty	Relationship with the Seller	Prior transaction of related counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Shiny Chemical Industrial Co., Ltd.	Buildings	November 13, 2019 to December 31, 2021	661,216	484,019	JTE CHI CORPORATION, HSIEN-WUANG MECHANICAL INDUSTRI CO., LTD., SHENG SHYANG MECHANICAL ENGINEERING CO., LTD….etc.	None	-	-	-	-	Determined at prices agreed by both parties upon negotiation or through price comparison	Increase production capacity.	-
E-Shine Advanced Chemical Co., Ltd.	Buildings	March 31, 2019 to December 31, 2021	544,033	393,101	CHUN CHENG CONSTRUCTIO N CO., LTD., JIN CHI TECHNOLOGY ENGINEERING INC, ZHUANG JIE ENGINEERING CO., LTD., HSIEN-WUANG MECHANICAL INDUSTRI CO., LTD.….etc.	None	-	-	-	-	Determined at prices agreed by both parties upon negotiation or through price comparison	Increase production capacity.	-

Table 4

SHINY CHEMICAL INDUSTRIAL CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST

NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		(Notes/Accounts Payable) Or Receivable		Remarks
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Shiny Chemical Industrial Co., Ltd.	E-Shine Advanced Chemical Co., Ltd.	Subsidiary	Purchases	333,050	5.18%	3 months	Equivalent to ordinary suppliers.	3 months	(44,762)	7.88%	
			Outsourcing processing fee	188,149	100.00%						

Table 5

SHINY CHEMICAL INDUSTRIAL CO., LTD.

NAMES, LOCATIONS AND OTHER INFORMATION OF INVESTEE COMPANIES (EXCLUDING INVESTEE IN MAINLAND)

DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee
				As of December 31, 2021	As of December 31, 2020	Shares (In Thousands)	Percentage of Ownership	Carrying Value		
Shiny Chemical Industrial Co., Ltd.	Unishine Chemical Corp.	Taipei City	Warehousing	59,980	59,980	28,491	49.98%	439,822	62,733	31,354
	Elsom Development Ltd.	Hong Kong	Investments & trading	162,451 (USD 5,047)	162,451 (USD 5,047)	39,244	100.00%	307,658 (HKD87,977)	20,649 (HKD 5,718)	20,649 (HKD 5,718)
	Spring World Holdings Ltd.	British Virgin Islands	Investments & trading	147,227 (USD 4,450)	147,227 (USD 4,450)	4,450	100.00%	228,736 (USD 8,264)	16,567 (USD 590)	16,567 (USD 590)
	E-Shine Advanced Chemical Co., Ltd.	Changhua County	Chemical	75,000	75,000	50,000	100.00%	1,148,059	262,830	251,104
	Transsom Technology Co., Ltd.	Taipei City	Manufacturing of synthetic resin and plastic product.	-	860	-	-	-	-	-
Elsom Development Ltd.	Shanghai Liansheng Chemistry Co., Ltd.	China	Chemical	69,408 (USD 2,166)	69,408 (USD 2,166)	-	35.00%	103,117 (HKD29,055)	35,788 (HKD 9,911)	12,526 (HKD 3,469)
	Shanghai Haosheng Chemical Technology Co., Ltd.	China	Chemical	145,014 (USD 4,543)	145,014 (USD 4,543)	-	35.00%	176,704 (HKD49,790)	24,474 (HKD 6,778)	8,566 (HKD 2,372)
Spring World Holdings Ltd.	Zhangjiagang Trans-Ocean Enterprise Co., Ltd.	China	Chemical	156,162 (USD 4,740)	156,162 (USD 4,740)	-	18.50%	212,306 (USD 7,670)	89,539 (USD 3,189)	16,565 (USD 590)

Table 6

SHINY CHEMICAL INDUSTRIAL CO., LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA

DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profit/Loss (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Shanghai Liansheng Chemistry Co., Ltd.	Production and sales of polyethylene oxide and after-sales service.	NTD 242,250 (RMB 50,000) (Note 4)	(2)	NTD 64,844 (USD 2,029)	-	-	NTD 64,844 (USD 2,029)	NTD 35,788 (HKD 9,911)	35.00%	NTD 12,526 (HKD 3,469) (2).B	NTD 103,117 (HKD 29,055)	NTD 90,247
Shanghai Haosheng Chemical Technology Co., Ltd.	Production and sales of metal alkyl compounds, etc. and after-sales service.	NTD 436,050 (RMB 90,000)	(2)	NTD 97,607 (USD 3,018)	-	-	NTD 97,607 (USD 3,018)	NTD 24,474 (HKD 6,778)	35.00%	NTD 8,566 (HKD 2,372) (2).B	NTD 176,704 (HKD 49,790)	-
Zhangjiagang Trans-Ocean Enterprise Co., Ltd.	Loading, unloading, storage, repackaging and transfer of chemical products, etc.	NTD 1,031,985 (RMB 213,000) (Note 5)	(2)	NTD 147,227 (USD 4,450)	-	-	NTD 147,227 (USD 4,450)	NTD 89,539 (USD 3,189)	18.50%	NTD 16,565 (USD 590) (2).B	NTD 212,306 (USD 7,670)	NTD 146,638

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
309,678 (USD 9,497)	365,874 (USD 13,218)	4,070,077

Note 1: The investment methods are divided into the following three types:

(1) Investing directly to the Mainland China;

(2) Reinvesting in the Mainland China through third-region companies (please refer to Table 5);

(3) Others.

Note 2: In the current period, the investment profit and loss column are recognized:

(1) If during incorporation with no investment income or loss, it should be indicated;

(2) The basis for recognition of investment gains and losses divided into the following three types, which should be indicated:

A. Audited financial statements by international accounting firms with cooperation relationship with accounting firms in the Republic of China.

B. Audited financial statements by parent company's auditors.

C. Others.

Note 3: The relevant figures in this form should be listed in New Taiwan Dollars.

Note 4: Including capitalization of retained earning RMB 8,760 thousand.

Note 5: Including capitalization of retained earning RMB 13,189 thousand.

Note 6: The figures in the Table shall be expressed in New Taiwan Dollars. Carrying amount at the end of the period is converted using the exchange rate on the reporting date (USD:NTD 1: 27.68; HKD: NTD 1: 3.549). Investment gain or loss recognized in the current period is converted using the average exchange rate in from January 1 to December 31, 2021 (USD: NTD 1: 28.08; HKD: NTD 1: 3.611)

(2)The Company's major transactions during year 2020 directly or indirectly through the third place and the mainland invested company are listed as follows:

Investee Company	Sales/ Purchases	Sales/ Purchases		Transaction Terms			(Notes/Accounts Payable) Or Receivables	
		Amount	%	Price	Payment Terms	Comparison with general transactions	Ending Balance	% to Total
Shanghai Liansheng Chemistry Co., Ltd.	Purchases	2,059	0.03%	Equivalent to ordinary suppliers.	3 months	Both parties can agree to postpone the payment.	-	-

Table 7

SHINY CHEMICAL INDUSTRIAL CO., LTD.

INFORMATION ON MAJOR SHAREHOLDERS

DECEMBER 31, 2021

(Unit: share)

Name of Major Shareholder \ Shares	Number of Shares	Percentage of Ownership (%)
NINGHAN DEVELOPMENT CO., LTD.	61,259,497	30.62%
YU KUO PLYWOOD CORP.	24,839,482	12.41%

Note: The information of major shareholders is based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

14. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements.

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Shiny Chemical Industrial Co., Ltd. as of and for the year ended December 31, 2021, under the "Criteria Governing the 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 the International Financial Reporting Standards No.10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Shiny Chemical Industrial Co., Ltd. and its subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Shiny Chemical Industrial Co., Ltd.

By

Ching-yuan Sun
Chairman

February 23, 2022

國富浩華聯合會計師事務所
Crowe (TW) CPAs
80250 高雄市苓雅區四維三路 6 號 27 樓之 1
27F-1., No.6, Siwei 3rd Rd.,
Lingya Dist.,
Kaohsiung City 80250, Taiwan
Tel +886 7 3312133
Fax +886 7 3331710
www.crowe.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Shiny Chemical Industrial Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Shiny Chemical Industrial Co., Ltd. and its subsidiaries (the "Group") as of December 31, 2021 and 2020, and the related 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.

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 the 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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, we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Valuation of inventory

Please refer to Note 4(8) to the consolidated financial statements for the accounting policy of inventories, Note 5(2)G for critical accounting judgments, estimates and key sources of assumption uncertainty of inventories, and Note 6(4) for inventory valuation.

Description of key audit matter:

As of December 31, 2021, inventory was $1,454,097 thousand and accounted for 13% of the total assets. Due to rapid changes in industry and economic status may cause product sales to fluctuate drastically, and increase the risk of inventory cost over their net realizable values, the valuation of inventory has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include evaluating the valuation allowance estimated by the management according to nature of inventories; performing sampling procedures to check the correctness of the inventory aging; evaluating the reasonableness of the valuation and management's assumptions; reviewing the accuracy of the Group's past inventory allowance and compare it with the inventory allowance estimated in the current period to confirm whether the estimation and assumptions are appropriate; considering whether relevant disclosure of inventory allowances is fair.

Impairment assessment of receivable

Please refer to Note 4(7) to the consolidated financial statements for the accounting policy of impairment assessment of receivable, Note 6(3) for impairment assessment of receivable.

Description of key audit matter:

The Group's customers are easily influenced by industry and market environment fluctuation, the top ten customers accounted for 64% of the Group's accounts receivable, the provision for impairment assessment is related to subject judgments of management, therefore the impairment assessment of receivable has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our audit procedures include analyzing the accounts receivable aging table, historical collection records, industrial economic conditions and customer credit risk concentration, etc.; testing the Group's control points related to collection and reviewing the collection records after the period ; Evaluating the reasonableness of the evaluation of the allowance for accounts receivable, including the assumptions for the evaluation of the allowance for accounts receivable, the recent credit status of the industry and the Group's previous years of collections; evaluating whether relevant disclosure of the Group is fair.

Depreciation timing of property, plant and equipment

Please refer to Note 4(10) to the consolidated financial statements for the accounting policy of property, plant and equipment, Note 6(8) for information of property, plant and equipment, as of December 31, 2021, equipment to be inspected and construction in progress of the Group was $2,104,379 thousand.

Description of key audit matter:

In response to market demand, the Group continued to expand its factories and production lines, resulting in increased capital expenditures. Property, plant and equipment is recognized as acquisition costs, and depreciation starting when the asset reached a ready state for use. Due to the significant amount of capital expenditure of the Group, whether the timing of the depreciation is appropriate have a significant impact on the financial performance of the Group. Therefore, the timing of depreciation of property, plant and equipment has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our main audit procedures include understanding and testing the internal control design and implementation effectiveness of the depreciation timing of the property, plant and equipment of the Group; understanding the conditions of the management’s expected asset availability and related accounting treatments; Verify that the current year’s assets are ready for use, and whether the depreciation has been properly started; observe the equipment to be inspected and construction in progress, and check relevant documents to prove that the equipment and unfinished projects have not yet reached ready-for-use status; verifying the reason why the equipment and the construction in progress have not yet reached the ready-for-use status.

Other Matters

We have also audited the standalone financial statements of Shiny Chemical Industrial Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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 the 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 (inclusive of 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:

Crowe

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 appropriate audit evidence regarding the financial information of the 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 Jen Yao Hsieh and Ling Wen Huang.

Crowe (TW) CPAs
Kaohsiung, Taiwan (Republic of China)
February 23, 2022

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of

China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
Assets	Note	Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	$302,034	3	$443,889	5
Notes receivable, net	6(2)	30,040	-	24,875	-
Accounts receivable, net	6(3)	1,635,050	15	1,240,196	17
Other receivables		35,219	-	26,401	-
Current tax assets		4,219	-	714	-
Inventories	6(4)	1,454,097	13	1,013,795	12
Prepayments	6(5)	204,551	2	37,532	-
Other financial assets - current	8	58,598	1	18,681	-
Total current assets		3,723,808	34	2,806,083	34
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income - noncurrent	6(6)	204,982	2	180,345	2
Investments accounted for using equity method	6(7)	931,949	9	885,456	11
Property, plant and equipment	6(8)	5,620,652	51	3,927,863	47
Right-of-use assets	6(9)	203,999	2	177,065	2
Investment properties, net	6(10)	125,962	1	131,009	2
Intangible assets	6(11)	6,575	-	5,757	-
Deferred income tax assets	6(27)	78,743	1	63,117	1
Refundable deposits		42,743	-	60,615	1
Total noncurrent assets		7,215,605	66	5,431,227	66
TOTAL ASSESTS		$10,939,413	100	$8,237,310	100
Liabilities and Equity	Note				
CURRENT LIABLITIES					
Short-term loans	6(12)	$482,000	4	$290,000	4
Contract liabilities - current		22,087	-	10,916	-
Notes payable		28,179	-	27,992	-
Accounts payable		582,041	6	459,049	6
Other payables	6(13)	827,827	8	572,234	7
Current tax liabilities		382,982	4	192,305	2
Provisions - current	6(14)	47,000	-	17,941	-
Lease liabilities - current	6(9)	3,659	-	4,278	-
Current portion of long-term borrowings	6(15)	419,978	4	127,560	2
Other current liabilities		950	-	950	-
Total current liabilities		2,796,703	26	1,703,225	21

Liabilities and Equity	Note	December 31, 2021 Amount	%	December 31, 2020 Amount	%
NONCURRENT LIABILITIES					
Long-term loans	6(15)	$1,097,202	10	$546,319	6
Deferred income tax liabilities	6(27)	68,317	1	60,918	1
Lease liabilities - noncurrent	6(9)	154,118	1	119,960	1
Net defined benefit liabilities - noncurrent	6(16)	30,977	-	32,434	1
Guarantee deposits		8,319	-	8,214	-
Other non-current liabilities, Others		316	-	1,266	-
Total noncurrent liabilities		1,359,249	12	769,111	9
Total Liabilities		4,155,952	38	2,472,336	30
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	6(17)				
Ordinary shares		2,000,000	19	1,800,000	22
Capital surplus	6(18)	103,724	1	103,724	1
Retained earnings	6(19)				
Legal reserve		1,224,084	11	1,106,686	13
Special reserve		107,171	1	105,890	1
Unappropriated earnings		3,425,493	31	2,755,845	34
Other equity	6(20)	(77,011)	(1)	(107,171)	(1)
Total equity attributable to owners of the parent		6,783,461	62	5,764,974	70
NON-CONTROLLING INTERESTS		-	-	-	-
Total Equity		6,783,461	62	5,764,974	70
TOTAL LIABILITIES AND EQUITY		$10,939,413	100	$8,237,310	100

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

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Year Ended December 31			
		2021		2020	
	Note	Amount	%	Amount	%
OPERATING REVENUES	6(21)	$11,143,603	100	$7,778,275	100
OPERATING COSTS	6(4)	(8,011,023)	(72)	(5,456,673)	(70)
GROSS PROFIT		3,132,580	28	2,321,602	30
OPERATING EXPENSES					
Sales and marketing		(401,770)	(4)	(320,371)	(4)
General and administrative		(578,660)	(5)	(414,625)	(5)
Research and development		(243,466)	(2)	(201,957)	(3)
Expected credit gain (loss)	6(3)	(576)	-	(9,264)	-
Total operating expenses		(1,224,472)	(11)	(946,217)	(12)
INCOME FROM OPERATIONS		1,908,108	17	1,375,385	18
NON-OPERATING INCOME AND EXPENSES					
Interest revenue	6(23)	516	-	340	-
Other income	6(24)	34,085	-	17,667	-
Other gains and losses	6(25)	(6,723)	-	1,591	-
Finance costs	6(26)	(2,231)	-	(2,162)	-
Share of loss (profit) of associates and joint ventures accounted for using equity method		69,011	1	59,327	1
Total non-operating income and expenses		94,658	1	76,763	1
INCOME BEFORE INCOME TAX		2,002,766	18	1,452,148	19
INCOME TAX EXPENSE	6(27)	(385,958)	(3)	(278,141)	(4)
NET INCOME		1,616,808	15	1,174,007	15
OTHER COMPREHENSIVE INCOME (LOSS)	6(28)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		(677)	-	693	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income		24,637	-	4,877	-
Share of other comprehensive income (loss) of associates and joint ventures		61	-	(586)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently		135	-	(139)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(4,865)	-	3,115	-
Share of other comprehensive income (loss) of associates and joint ventures		9,415	-	(8,650)	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss		973	-	(623)	-
Total other comprehensive income (loss), net of income tax		29,679	-	(1,313)	-
TOTAL COMPREHENSIVE INCOME		$1,646,487	15	$1,172,694	15
NET INCOME ATTRIBUTABLE TO:					
Owners of the parent		$1,616,808	15	$1,174,007	15
Non-controlling interests		-	-	-	-
Total		$1,616,808	15	$1,174,007	15
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the parent		$1,646,487	15	$1,172,694	15
Non-controlling interests		-	-	-	-
Total		$1,646,487	15	$1,172,694	15
EARNINGS PER SHARE					
Basic earnings per share	6(29)	$8.08		$5.87	
Diluted earnings per share	6(29)	$8.04		$5.83	

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

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent									
						Other				
			Retained Earnings							
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating foreign Operations	Unrealized Gain (Loss) On Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020	$1,500,000	$103,724	$1,017,794	$80,919	$2,325,733	($123,603)	$17,713	$4,922,280	$ -	$4,922,280
Appropriations and distributions of prior years' earnings:										
Legal reserve	-	-	88,892	-	(88,892)	-	-	-	-	-
Special reserve	-	-	-	24,971	(24,971)	-	-	-	-	-
Cash dividends	-	-	-	-	(330,000)	-	-	(330,000)	-	(330,000)
Stock dividends	300,000	-	-	-	(300,000)	-	-	-	-	-
Net income in 2020	-	-	-	-	1,174,007	-	-	1,174,007	-	1,174,007
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	(32)	(6,158)	4,877	(1,313)	-	(1,313)
Total comprehensive income in 2020	-	-	-	-	1,173,975	(6,158)	4,877	1,172,694	-	1,172,694
BALANCE AT DECEMBER 31, 2020	$1,800,000	$103,724	$1,106,686	$105,890	$2,755,845	($129,761)	$22,590	$5,764,974	$ -	$5,764,974
Appropriations and distributions of prior years' earnings:										
Legal reserve	-	-	117,398	-	(117,398)	-	-	-	-	-
Special reserve	-	-	-	1,281	(1,281)	-	-	-	-	-
Cash dividends	-	-	-	-	(628,000)	-	-	(628,000)	-	(628,000)
Stock dividends	200,000	-	-	-	(200,000)	-	-	-	-	-
Net income in 2021	-	-	-	-	1,616,808	-	-	1,616,808	-	1,616,808
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	(481)	5,523	24,637	29,679	-	29,679
Total comprehensive income in 2021	-	-	-	-	1,616,327	5,523	24,637	1,646,487	-	1,646,487
BALANCE AT DECEMBER 31, 2021	$2,000,000	$103,724	$1,224,084	$107,171	$3,425,493	($124,238)	$47,227	$6,783,461	$ -	$6,783,461

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

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Year Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$2,002,766	$1,452,148
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation	317,449	291,872
Amortization	5,276	3,986
Expected credit gain	576	9,264
Interest expense	2,231	2,162
Interest income	(516)	(340)
Dividend income	(8,017)	-
Share of loss (profit) of associates and joint ventures accounted for using equity method	(69,011)	(59,327)
Loss (gain) on disposal and retirement of property, plant and equipment	(1,792)	(597)
Transfer of property, plant and equipment to expenses	29,949	1,235
Gain on lease modification	-	(27)
Others	(950)	(950)
Total adjustments to reconcile profit (loss)	275,195	247,278
Net changes in operating assets and liabilities		
Decrease (increase) in notes receivable	(5,499)	3,112
Decrease (increase) in accounts receivable	(395,096)	(98,862)
Decrease (increase) in other receivables	(16,385)	19,706
Decrease (increase) in inventories	(440,302)	(162,663)
Decrease (increase) in prepayments	(167,019)	(12,989)
Total changes in operating assets	(1,024,301)	(251,696)
Net changes in operating liabilities		
Increase (decrease) in contract liabilities	11,171	5,513
Increase (decrease) in notes payable	187	(25,207)
Increase (decrease) in accounts payable	122,992	54,196
Increase (decrease) in other payables	172,334	91,785
Increase (decrease) in provisions	29,059	1,543
Increase (decrease) in net defined benefit liabilities	(2,134)	(4,605)
Total changes in operating liabilities	333,609	123,225
Total net changes in operating assets and liabilities	(690,692)	(128,471)
Total adjustments	(415,497)	118,807
Cash generated from operations	1,587,269	1,570,955
Interest received	516	340
Dividends received	43,469	43,160
Interest paid	(2,077)	(1,919)
Income tax paid	(205,905)	(199,980)
Net cash generated from operating activities	1,423,272	1,412,556

	Year Ended December 31	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	($1,941,225)	($843,946)
Proceeds from disposal of property, plant and equipment	1,951	753
Increase in refundable deposits	-	(15,949)
Decrease in refundable deposits	17,872	-
Acquisition of intangible assets	(5,016)	(2,290)
Acquisition of right-of-use assets	-	(56,821)
Increase in other financial assets	(39,917)	(3,048)
Net cash used in investing activities	(1,966,335)	(921,301)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	192,000	-
Decrease in short-term loans	-	(414,000)
Repayments of short-term bills payable	-	(100,000)
Proceeds from long-term loans	975,381	679,399
Repayments of long-term loans	(132,080)	(5,520)
Increase in guarantee deposits	105	33
Repayments of lease principal	(5,444)	(3,921)
Cash dividends paid	(628,000)	(330,000)
Net cash generated from (used in) financing activities	401,962	(174,009)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(754)	(1,288)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(141,855)	315,958
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	443,889	127,931
CASH AND CASH EQUIVALENTS, END OF YEAR	$302,034	$443,889

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

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Stated Otherwise)

1. GENERAL INFORMATION

Shiny Chemical Industrial Co., Ltd. (the "Company") was incorporated in December 1979, traded in the emerging stock market from January 28, 2008 and listed in the Taiwan Stock Exchange on February 27, 2009. The Company engages mainly in the manufacturing, processing and import/export trading high-purity chemical solvents, including N-Butyl Acetate, N-Propyl Acetate, Propylene Glycol Monomethyl Ether Propionate and Methanol, etc. The principal operating activities of the Company and its subsidiaries (collectively as the "Group") are described in Note 4(3)B. In addition, the Company has no ultimate parent company.

The consolidated financial statements are presented in the Company's functional currency, New Taiwan Dollars.

2. THE AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on February 23, 2022.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

(4) Effect of adoption of the amendments to 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 Financial Supervisory Commission (FSC):

New standards, interpretations and amendments endorsed by the FSC and effective from 2021 are as follows:

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from IFRS 9"	June 25, 2020 (Effective from issue date)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendments to IFRS 16 "Leases regarding COVID-19 related rent concessions after June 30, 2021"	April 1, 2021 (Note)

(Note) Early application from January 1, 2021 is allowed by the FSC.

Base on the Group's assessment, the above standards and interpretations have no significant effect on the Group's financial position and financial performance.

(5) Effect of new issuances or amendments to IFRSs as endorsed by the FSC but not yet adopted:

New standards, interpretations and amendments endorsed by the FSC and effective from 2022 are as follows:

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds Before Intended Use"	January 1, 2022 (Note 2)
Amendments to IAS 37 "Onerous Contract - Cost of Fulfilling a Contract"	January 1, 2022 (Note 3)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 4)
Annual Improvements to IFRSs 2018-2020	January 1, 2022 (Note 5)

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

Note 2:The Group should apply these amendments retrospectively. However, the amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 3: This amendment applies to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 4: This amendment applies to business combinations whose acquisition date starts in the annual reporting period after January 1, 2022.

Note 5: The amendments to IFRS 9 are applicable to swap or modification of terms of financial liabilities incurred during the annual reporting period beginning on January 1, 2022. The amendment to IAS 41 is applicable to fair value measurement during the annual reporting period beginning after January 1, 2022. The amendments to IFRS 1 are retrospectively applied to the annual reporting period beginning after January 1, 2022.

A. Amendment to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendment stipulates that the sales price of the project produced in order to make property, plant and equipment reach the necessary location and state that can meet the expected operation mode of the management is not suitable as a cost reduction of the asset. The aforementioned items should be measured in accordance with IAS 2 "Inventory", and the sales price and cost should be recognized in profit and loss in accordance with the applicable standards.

This amendment is applicable to factories, property and equipment that reach the necessary locations and conditions for the management's expected operation mode after January 1, 2021 (the beginning of the earliest expression period). When the Group initially applies the amendments, it will recognize the cumulative effect of the amendments applied initially as an adjustment to the opening balance of the retained earnings (or other components of equity, as appropriate) at the beginning of the earliest expression period , and re-edit the information during the comparison period.

B. Amendment to IAS 37 “Onerous Contract - Cost of Fulfilling a Contract”
The amendment stipulates that when assessing whether the contract is onerous, “Cost of Fulfilling a Contract” should include the incremental cost of fulfilling a contract (for example, direct labor and raw materials) and the allocation of other costs directly related to fulfilling a contract (for example, the depreciation expenses of property, plant and equipment items used in fulfilling a contract are allocated).

C. Amendment to IFRS 3“Reference to the Conceptual Framework”
The amendment is to update the index of the conceptual framework and add the requirement that the acquirer shall apply IFRIC 21“Levies”to determine whether there is an obligation to pay levies on the acquisition date.

D. Annual Improvements to IFRS Standards 2018-2020
The annual improvement in the IFRS 2018-2020 includes amendments to certain standards. Among them, the amendment of IFRS 9 “Expenses included in the “10%” test for the purpose of derecognize financial liabilities” is to assess whether there is a significant difference between the swap of financial liabilities or the modification of terms, When comparing cash flow projections of the new and old contract terms (including the net amount of fees charged for signing a new contract or modifying the contract), whether there is a 10% difference, the aforesaid fees collected should only include the payment between the borrower and the lender paid for.

The Group has evaluated the aforementioned standards and interpretations, and there’s no significant effect to the Group’s financial position and performance.

(6) Effect of the IFRSs issued by IASB but not yet endorsed and issued into effect by FSC：

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial application IFRS 17 and IFRS 9 – Compare Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendment to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

As of the date the accompany consolidated financial statements are authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the IFRSs, IASs, interpretations as well as related guidance endorsed by the FSC with the effective dates.

(2) Basis of preparation

A.Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

a. Financial assets and financial liabilities at fair value through other comprehensive income.

b. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B.The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

a. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

b. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

c. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

d. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

e. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. The consolidated entities were as follows:

		Percentage of Ownership	
Investee / Subsidiary	Main Businesses	December 31, 2021	December 31, 2020
E-Shine Advanced Chemical Co., Ltd.	Chemical	100.00%	100.00%
Elsom Development Ltd.	Investments	100.00%	100.00%
Spring World Holdings Ltd.	Investments	100.00%	100.00%
Transsom Technology Co., Ltd.	Manufacturing of synthetic resin and plastic product.	-	100.00%

a. The above-mentioned subsidiaries included in the consolidated financial report were all non-significant subsidiaries. The financial statements of Transsom Technology Co., Ltd. for 2020 was not audited. The management considered unaudited financial statements of the subsidiary had no significant impact on the consolidated financial statements.

b. Changes in subsidiaries: At the second quarter of 2021, Transsom Technology Co., Ltd. had been liquidated and dissolved.

C. Subsidiaries not included in the consolidated financial reports: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Material restrictions: None.

F. Contents of the parent company's securities held by subsidiaries: None.

G. Subsidiaries that have non-controlling interest that are material to the Group: None.

(4) Foreign currency translation

A. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

B. In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (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. Such exchange differences are recognized in profit or loss in the year 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 on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on 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 in terms of historical cost in foreign currencies are not retranslated.

C. For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan Dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to noncontrolling interests as appropriate).

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

a. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

b. Assets held mainly for trading purposes;

c. Assets that are expected to be realized within twelve months from the balance sheet date;

d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B.Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

a. Liabilities that are expected to be paid off within the normal operating cycle;

b. Liabilities held mainly for trading purposes;

c. Liabilities that are to be paid off within twelve months from the balance sheet date (Even if a long-term refinancing or re-arrangement of payment agreements is completed after the balance sheet date and before the issuance of the financial report is approved, it is classified as current liabilities).

d. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. 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.

A. Financial assets

a. Category of financial assets

Financial assets are recognized on a trade date basis.

Financial assets are classified into the following categories: financial assets at amortized cost and investments in equity instruments at FVTOCI.

(c) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Expect for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

a. Purchased or originated credit-impaired financial assets: for those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the Group shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

(d) 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 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, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the Group’s right clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

(a) At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable and contract assets.

(b) The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for accounts receivables, lease receivable and contract assets. For other financial assets, the Group recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equaling to 12-month ECL.

(c) Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(d) The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c. Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is meet:

(a) The contractual rights to receive cash flows from the financial asset expire.

(b) The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

(c) The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of financial asset at amortized cost in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received is recognized in profit or loss.

B. Equity instruments

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

C. Financial liabilities

a. Subsequent measurement

Except for the financial liability is either held for trading or is designated as at fair value through profit or loss, all financial liabilities are measured at amortized cost in accordance with the effective interest method.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(8) Inventories

Inventories are stated at the lower of cost and net realizable value, accounted for on a perpetual basis. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(9) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

D. When the Group disposes of its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(10) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change.

The estimated useful lives as follows:

Buildings:

Main building, 3 to 55 years

Engineering system, 5 to 11 years

Others, 5 to 11 years

Machinery and equipment, 3 to 20 years

Utilities equipment, 5 to 15 years

Transportation equipment, 5 to 6 years

Office equipment, 5 to 11 years

Other equipment, 3 to 20 years;

D. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(11) Leases

A. The Group as a lessee

The Group assesses whether the contract is (or includes) a lease at the date of the contract. For a contract that includes a lease component and one or more additional lease or non-lease components, the Group will allocate the consideration to the lease component base on the individual price of each lease component and the aggregated individual price of the non-lease component.

Except for payments for low-value asset and short-term leases which will be recognized as expenses on a straight-line basis, the Group will recognize right-of-use assets and lease liabilities for all leases at the inception of lease.

Right-of-use asset

The right-of-use asset is initially measured at cost (including the initial measurement amount of the lease liability, the payments less incentives, initial direct costs and the estimated recover cost), the subsequent measurement is based on the cost less accumulated depreciation and accumulated impairment loss, and adjusting the amount of re-measures of lease liabilities.

The right-of-use asset recognized depreciation is using the straight-line basis from the date of the lease until the expiration of the useful life or the expiration of the lease term, the depreciation is provided that the title of the underlying asset will be acquired at the end of the lease period or, if the cost of the right-of-use asset reflects the execution of the purchase option.

Lease liability

The lease liability is initially measured by the present value of the lease payment (including fixed payment, substantive fixed payment, change in lease payment depending on the index or rate, etc.). If the implied interest rate on the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, the lessee's increase borrowing rate is used.

Subsequently , lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If the lease period, the evaluation of the purchase choice, the amount of expected to be paid under the residual value guarantee or the change in the index or rate used to determine the lease payment result in a change in the future lease payment, the Group will measure the lease liability and adjust the right to use assets relatively. If the carrying amount has been reduced to zero, the remaining amount will recognize in the profit and loss. Lease liabilities are presented in a single-line project on the consolidated balance sheet.

B. The Group 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.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of 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.

(12) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method for estimated useful lives - 3 to 50 years.

Investment properties in the course of construction are stated at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(13)Intangible assets

Intangible assets with finite useful lives that are acquired separately are measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: computer software - 1 to 3 years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets are derecognized when disposed of or expected to have no future economic benefits generated through usage or disposal. 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.

(14)Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss.

(15)Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(16)Employee benefits

A.Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B.Pensions

a. Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b. Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

(b) Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(c) Past service costs are recognized immediately in profit or loss.

C. Employees' bonus and directors' remuneration

Employees' bonus and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

(17) Share capital

Ordinary share is classified as equity. The classification of the preferred stock depends on the essence of the agreement. If the preferred stock matches the definition of the financial liability, it is classified as a liability. Otherwise, it is classified as equity. Incremental cost that can be attributed to the issuance of stocks or options is deducted from the capital issued.

(18) Share-based payment transactions

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B.Cash-settle share-based payment arrangements are the fair value of liabilities undertaken recognized in remuneration costs and liabilities in the vesting period and measured by the fair value of equity instruments offered at each balance sheet date and the settlement date. Any changes are recognized in profit or loss.

(19) Income tax

A.The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B.The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C.Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. Tax preference given for expenditures incurred on acquisitions of equipment or technology, research and development, employees' training and equity investments is recorded using the income tax credits accounting.

(20) Revenue Recognition

The Group recognizes revenues based on the following steps:

F. Identifying the contracts;

G. Identifying obligations in the contracts;

H. Determining prices;

I. Allocating prices into the obligations in the contracts;

J. Recognizing revenues while fulfilling the obligations.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component if the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

1. Goods sales

The Group sells fans and other relevant products. Sales revenues are recognized while the control of goods is transferred to the customers since the customers already have the rights to use, set price, take the major responsibility to resell the good and bear the risk of obsoleteness. The Group recognizes revenues and accounts receivable at the point and presents it in net term after deducting sales return, quantity discount and sales allowance.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

2. Service revenue

Revenue from technical services is recognized when services are provided that in accordance with the relevant agreements.

(21) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost 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.

All borrowing costs other than those stated above are recognized in profit or loss in the period in which they are incurred.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of the Group's consolidated financial statements is adopting accounting policies based on the following significant judgements, significant accounting estimates and assumptions:

(3) Critical judgements in applying accounting policies

D. Revenue recognition

The Group follows IFRS 15 to determine if it controls the specified good or service before that good or service is transferred to the customer, and the Group is acting as a principal or an agent in that transaction. When the Group acts as an agent, revenue is recognized on a net basis.

The Group acts as a principal as that it meets one the of following situations:

d. The Group gains control over the goods from the other party before transferring goods to customers.
e. The Group controls the right of providing service by the other party in order to control the ability of the party to provide service to customers.
f. The Group gain control over goods or service from the other party in order to combine with other goods or services to provide specific goods or services to customers.

The indicators (not limited to) which assist making judgment on whether the Group controls the goods or services before transferring goods or services to customers:

d. The Group has primary responsibilities for the goods or services it provides;
e. The Group bears inventory risk before transferring the specific goods or services to customer, or after transferring the control to customer.
f. The Group has the discretion to set prices.

E. Judgment of financial asset classification

The Group assesses the business model of financial assets based on the hierarchy that reflects the Group of financial assets that are jointly managed for specific business purposes. This assessment requires consideration of all relevant evidence, including measures of asset performance, risks affecting performance, and the manner in which the relevant managers are determined, and judgments are required. The Group continues to assess the adequacy of its business model and monitors the financial assets measured by the amortized cost before the maturity date and the debt instrument investments measured at fair value through other comprehensive income. Evaluate whether the disciplinary action has the same goal of business model. If the business model has been changed, the Group delays the adjustment of the subsequent classification of financial assets. The Group reclassifies financial assets in accordance with IFRS 9, and the application will be postponed from the date of reclassification, if the business model has changed.

F. Lease term

In determining the lease term, the Group considers all the facts and circumstances that create an economic incentive to exercise (or not exercise) the option, including all expected change in facts and circumstances from the commencement date until the exercise date of the option. Factors considered include the contractual terms and conditions for the optional period, the significant leasehold improvements made (or expected) during the contract period, and the importance of the underlying assets to the Group's operations, etc. The lease term is reassessed if a significant change in circumstance that are within the control of the Group occurs.

(4) Critical accounting estimates and assumptions

J. Revenue Recognition

The Group recognizes records a refund for estimated future returns and other allowances in the same period the related revenue is recorded. Refund for estimated sales returns and other allowances is generally made and adjusted at a specific percentage based on historical experience and any known factors that would significantly affect the allowance, and our management periodically reviews the adequacy of the percentage used.

K. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward looking estimates at the end of each reporting period. Please refer to Note 6(3) for the important assumptions and inputs. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

L. Process of fair value measurement and evaluation

When the assets and liabilities at fair value with no active market, the Group determines whether to use outside appraisal and using proper evaluation techniques based on related regulation or its own judgment. If the Level 1 input value is not available while evaluating, the Group refers to the analysis of the investee's financial position and operating outcome, recent trading price, quotes on non-active market of same equity instrument, quotes on active market of similar equity instrument and evaluation multiples of comparable companies. If the future input value is different from expectation, the fair value might change. The Group updates input values quarterly according to the market status in order to monitor if the measurement of fair value is appropriate.

Please refer to Note 12(3) for the inputs and evaluation techniques of fair value.

M. Impairment assessment of tangible and intangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

N. Impairment assessment on investment using equity method

The Group assesses the impairment of investments accounted for using the equity method whenever triggering events or changes in circumstances indicate that an investment may be impaired and carrying value cannot be recoverable. The Group assesses the recoverable amount based on a projected future cash flow and receivable cash dividend of the investees, and disposal-generating future cash flow to ensure the reasonableness of such assumptions.

O. Realizability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realizability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, laws, and regulations might cause material adjustments to deferred income tax assets.

P. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value.

Q. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group must apply judgments and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

R. Lessees' incremental borrowing rates

At the time of the decision to increase the borrowing rate of the lessee used in the lease payment, the risk-free interest rate and the same currency is used as the reference rate, and the estimated lessee's credit risk sticker and lease specific adjustments (such as asset-specific and secured factors) are taken into account.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

Item	December 31 2021	December 31 2020
Cash on hand	$367	$418
Checking account	90	90
Demand deposits	286,577	393,372
Cash equivalents – commercial paper (with original maturities within three months)	15,000	50,009
Total	$302,034	$443,889

A. The financial institutions dealing with the Group are credit worthy, and the Group does transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

B. The Group had no cash and cash equivalents pledged to others.

(2) Notes receivable, net

Item	December 31 2021	December 31 2020
At amortized cost		
Notes receivable	$30,857	$25,358
Less: Allowance for impairment loss	(817)	(483)
Net	$30,040	$24,875

A. The Group had no notes receivable pledged to others.

B. Please refer to Note 6(3) for the relevant disclosure of loss allowance for notes receivable.

(3) Accounts receivable, net

Item	December 31 2021	December 31 2020
Amortized cost		
Account receivable-non-related party	$1,660,425	$1,270,463

Less: Allowance for impairment loss	(36,978)	(36,736)
Subtotal	$1,623,447	$1,233,727
Accounts receivable-related party	11,603	6,469
Net	$1,635,050	$1,240,196

A. Accounts receivable are created by the Group by selling goods, and the average collection period is 30~90 days. The Group's accounts receivables all meet the credit standards stipulated based on the counterparties' industrial characteristics, operation scale and profitability. (The longest credit period on sales of goods is 165 days；the shortest period is 15 days.)

B. The Group had no account receivable pledged to others.

C. The Group applies the simplified approach to provisions for expected credit losses, which permits the use of a lifetime expected credit losses provision for trade receivables. The expected credit losses on trade receivables are estimated by reference to the provision matrix and past account aging records of the debtor, an analysis of the debtor's current financial position, and industrial trend. As the Group's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status of notes receivables, accounts receivable and other receivable is not further distinguished between the Group's different customer base.

D. The Group measures the loss allowance for notes receivable and accounts receivable (including other receivables) according to the provision matrix:

December 31, 2021	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-1.5%	$1,725,488	($25,179)	$1,700,309
Past due 181-365 days	50%	-	-	-
Counterparties show signs of default	50%-100%	12,616	(12,616)	-
Total		$1,738,104	($37,795)	$1,700,309

December 31, 2020	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-1.5%	$1,300,407	($16,847)	$1,283,560
Past due 181-365 days	50%	-	-	-
Counterparties show signs of default	50%-100%	28,284	(20,372)	7,912
Total		$1,328,691	($37,219)	$1,291,472

E. Movements of the loss allowance for notes, accounts receivable and other receivable were as follows:

Year Ended December 31

	2021	2020
Beginning balance	$37,219	$27,955
Add: Provision for impairment	1,023	9,264
Less: Write-offs	(447)	-
Ending balance	$37,795	$37,219

The above provision has not taken into consideration of collateral or other credit enhancement. The other credit enhancement possessed by above receivables were $148,483 thousand and $15,687 thousand as of December 31, 2021 and 2020, respectively.

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 of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss. The Group's trade receivables for offsetting the contract amount were $0 thousand for the years ended December 31, 2021 and 2020, respectively.

F. Please refer to Note 12 for the relevant credit risk management and assessment method.

(4) Inventories and operating costs

Item	December 31	
	2021	2020
Raw materials	$637,299	$591,669
Supplies	20,219	19,031
Work in process	101,175	54,331
Finished goods	695,404	348,764
Net	$1,454,097	$1,013,795

A. The related inventory gain (loss) recognized as operating cost for the years ended December 31, 2021 and 2020 were as follows:

Item	Year Ended December 31	
	2021	2020
Cost of goods sold	$7,726,855	$5,203,737
loss on physical inventory	8,718	8,932
Other operating cost	211,121	213,110
Loss on inventory valuation (recovery gain)	41,560	26,569
Loss on onerous contract (recovery gain)	22,769	4,325
Total	$8,011,023	$5,456,673

B. The Group recognized inventory valuation loss (recovery gain) of $41,560 thousand and $26,569 thousand for the years ended December 31, 2021 and 2020, respectively, due to inventory's write-down to net realizable value, or the net realizable value of inventories recovered as a result of market stabilization that enabled the Group to raise prices on certain products.

C. The Group had no inventories pledged to others.

(5) Prepayments

Item	December 31 2021	December 31 2020
Advance payment	$161,247	$16,035
Prepaid expenses	34,944	18,249
Supplies inventory	7,257	2,319
Other prepayment	1,103	929
Total	$204,551	$37,532

(6) Financial assets at fair value through other comprehensive income or loss - noncurrent

Item	December 31 2021	December 31 2020
Equity instruments：		
Domestic unlisted stocks	$51,295	$51,295
Foreign unlisted stocks	106,460	106,460
Subtotal	$157,755	$157,755
Valuation adjustment	47,227	22,590
Total	$204,982	$180,345

A. The Group invests in domestic and foreign unlisted stocks in accordance with its medium/long-term strategies and expects to make a profit through long-term investment. Management of the Group believes that it is not consistent with the afore-mentioned long-term investment planning if the short-term fair value changes of such investment are presented in profit or loss. Therefore, the Group elects to designate such investment as to be measured at FVTOCI.

B. For related credit risk management and means of assessing, please refer to Note 12.

(7) Investments accounted for using equity method

Item	December 31 2021	December 31 2020
Associates with significance:		

Unishine Chemical Corp.	$439,822	$398,992
Associates without significance	492,127	486,464
Total	$931,949	$885,456

C. Associates:

(1) Significant associates of the Group are as follows:

Company Name	Shareholding Percentage	
	December 31, 2021	December 31, 2020
Unishine Chemical Corp.	49.98%	49.98%

Please refer to Table 6 in Note 13 for the nature of business, main operation location and countries of registration of the associates listed above.

(2) The summarized financial information in respect of the Group's significant associates was as follows:

a. Balance Sheets

	Unishine Chemical Corp.	
	December 31, 2021	December 31, 2020
Current assets	$158,636	$78,733
Noncurrent assets	1,205,001	1,205,488
Current liabilities	(421,175)	(421,143)
Noncurrent liabilities	(62,465)	(64,775)
Equity	$879,997	$798,303
Share in associates' net assets	$439,822	$398,992
Carrying amount of associate	$439,822	$398,992

b.Statements of Comprehensive Income

	Unishine Chemical Corp.	
	2021	2020
Operating revenue	$302,369	$191,787
Net income (loss)	$62,733	59,013
Other comprehensive income (loss) (net after tax)	18,960	(18,480)
Total comprehensive income (loss)	$81,693	$40,533
Dividends received from associate	$ -	$29,990

(3) Share of individually insignificant associates of the Group were summarized as follows:

	Year Ended December 31	
	2021	2020
Share of:		
Net income (loss)	$37,657	$29,830
Other comprehensive income (loss) (net after tax)	(4,865)	3,115
Total comprehensive income (loss)	$32,792	$32,945

B. The investments 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.

C. The Group had no investments accounted for using equity method pledged to others as of December 31, 2021 and 2020.

(8) Property, plant and equipment

	December 31	
Item	2021	2020
Land	$1,410,603	$1,356,883
Buildings	1,505,926	1,337,486
Machinery and equipment	1,551,055	1,370,510
Utilities equipment	428,446	368,904
Transportation equipment	59,467	59,655
Office equipment	56,510	52,606
Other equipment	2,061,813	1,643,985
Equipment to be inspected and construction in progress	2,104,379	1,041,704
Total cost	$9,178,199	$7,231,733
Less: Accumulated depreciation	(3,557,547)	(3,303,870)
Accumulated impairment	-	-
Net	$5,620,652	$3,927,863

Cost	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
Balance at January 1, 2021	$1,356,883	$1,337,486	$1,370,510	$2,125,150	$1,041,704	$7,231,733
Additions	-	2,705	9,214	80,040	1,932,371	2,024,330
Disposals	-	(2,313)	(12,399)	(32,125)	-	(46,837)
Transfer to intangible assets	-	-	-	-	(1,078)	(1,078)
Reclassification	53,720	168,048	183,730	433,195	(838,693)	-
Transfer to expense	-	-	-	(24)	(29,925)	(29,949)
Balance at December 31, 2021	$1,410,603	$1,505,926	$1,551,055	$2,606,236	$2,104,379	$9,178,199

Accumulated Depreciation and Impairment						
Balance at January 1, 2021	$ -	$843,653	$1,034,497	$1,425,720	$ -	$3,303,870
Depreciation	-	59,815	70,023	170,517	-	300,355
Disposals	-	(2,313)	(12,398)	(31,967)	-	(46,678)
Reclassification	-	-	-	-	-	-
Balance at December 31, 2021	$ -	$901,155	$1,092,122	$1,564,270	$ -	$3,557,547

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
Cost						
Balance at January 1, 2020	$1,303,910	$1,340,422	$1,360,775	$2,088,196	$366,084	$6,459,387
Additions	-	2,700	11,137	36,303	759,013	809,153
Disposals	-	(8,796)	(7,427)	(18,209)	-	(34,432)
Transfer to intangible assets	-	-	-	-	(1,140)	(1,140)
Reclassification	52,973	3,160	6,025	18,860	(81,018)	-
Transfer to expenses	-	-	-	-	(1,235)	(1,235)
Balance at December 31, 2020	$1,356,883	$1,337,486	$1,370,510	$2,125,150	$1,041,704	$7,231,733
Accumulated depreciation and impairment						
Balance at January 1, 2020	$ -	$798,050	$973,376	$1,288,215	$ -	$3,059,641
Depreciation	-	54,273	68,548	155,684	-	278,505
Disposals	-	(8,670)	(7,427)	(18,179)	-	(34,276)
Reclassification	-	-	-	-	-	-
Balance at December 31, 2020	$ -	$843,653	$1,034,497	$1,425,720	$ -	$3,303,870

(Note) Including Utilities equipment, transportation equipment, office equipment and other equipment.

A. Reconciliations of current additions and the acquisition of property, plant and equipment in statement of cash flows were as follows:

Item	Year Ended December 31 2021	2020
Increase in property, plant and equipment	$2,024,330	$809,153
Increase/decrease in equipment payable	(83,105)	34,793
Cash paid for acquisition of property, plants and equipment	$1,941,225	$843,946

B. The details of interest capitalized: Please refer to Note 6(26).

C. Impairment losses for property, plant and equipment recognized for 2021 and 2020 were both $0 thousand.

D. Property, plant and equipment pledged for the borrowings: Please refer to Note 8.

E. As of December 31, 2021 and 2020, part of the land of the Group amounting to $106,693 thousand and $71,468 thousand as of December 31, 2021 and 2020 was unable to be registered under the name of the Group due to regulation restriction. Accordingly, the ownership was registered under the name of an individual with a mortgage registration amounting to $52,973 thousand and $71,468 thousand as safeguard measures, respectively. As of December 31, 2021, some land amounting to $53,720 thousand that has not undergone mortgage setting registration, in order to ensure the property rights, the Group has obtained the closing letter and guarantee promissory note issued by the registrant, and promised to unconditionally transfer the land to the Group after the restriction is lifted.

(9) Lease agreement

A. Right-of-use assets

Item	December 31 2021	December 31 2020
Land	$220,373	$185,402
Building and equipment	2,882	4,272
Total cost	$223,255	$189,674
Less: Accumulated depreciation	(19,256)	(12,609)
Net	$203,999	$177,065

Cost	Land	Buildings and equipment	Total
Balance at January 1, 2021	$185,402	$4,272	$189,674
Additions	38,981	-	38,981
Disposals	(4,010)	(1,390)	(5,400)
Balance at December 31, 2021	$220,373	$2,882	$223,255
Accumulated Depreciation			
Balance at January 1, 2021	$11,036	$1,573	$12,609
Depreciation	11,149	898	12,047
Derecognition	(4,010)	(1,390)	(5,400)
Balance at December 31, 2021	$18,175	$1,081	$19,256

Cost	Land	Buildings and equipment	Total
Balance at January 1, 2020	$60,641	$4,272	$64,913
Additions	125,323	-	125,323
Disposals	(562)	-	(562)
Balance at December 31, 2020	$185,402	$4,272	$189,674
Accumulated Depreciation			
Balance at January 1, 2020	$3,930	$518	$4,448
Depreciation	7,186	1,055	8,241
Derecognition	(80)	-	(80)

Balance at December 31, 2020	$11,036	$1,573	$12,609

B. Lease liabilities

Item	December 31 2021	December 31 2020
Carrying amount of lease liabilities		
- current	$3,659	$4,278
- noncurrent	$154,118	$119,960

Ranges of discount rates for lease liabilities were as follows:

Item	December 31 2021	December 31 2020
Land	1.2%	1.2%
Buildings and equipment	1.2%	1.2%

Please refer to Note 12(2) for lease liabilities with repayment periods.

C. Material lease-in activities and terms

The Group leased some land and buildings for operations and as dormitory, with the lease terms of 2 to 29 years. Part of the lease may be extended with its duration and is calculated based on the area of the land leased and the rate based on the announced land value of the current year. In accordance with the contract, without the lessor's consent, the Group is not allowed to sublet the leased object to the third party. There was no sign of impairment of right-of-use assets, hence the Group didn't assess the impairment as of December 31, 2021.

D. Sublet: None.

E. Other lease information:

(1) Please refer to Note 6(10) for the agreements to lease investment properties under operating lease.

(2) The current lease relevant expense information was as follows:

Item	Year Ended December 31 2021	Year Ended December 31 2020
Short-term lease expense	$1,020	$763
Low-value asset lease expense	$144	$126
Variable lease payments that excluded in the measurement of lease liabilities	$11,052	$8,328
Total cash outflow for leases (Note)	$17,660	$13,138

(Note): Including principle paid for current lease liabilities.

The Group does not recognize right-of-use assets and lease liabilities for all leases for short-term leases and low-value asset leases accounted for by applying a recognition exemption.

(10) Investment properties, net

Item	December 31 2021	December 31 2020
Land	$50,888	$50,888
Buildings and equipment	177,882	177,882
Total cost	$228,770	$228,770
Less: Accumulated depreciation	(102,808)	(97,761)
Net	$125,962	$131,009

Cost	Land	Buildings and equipment	Total
Balance at January 1, 2021	$50,888	$177,882	$228,770
Additions	-	-	-
Balance at December 31, 2021	$50,888	$177,882	$228,770
Accumulated depreciation			
Balance at January 1, 2021	$ -	$97,761	$97,761
Depreciation	-	5,047	5,047
Balance at December 31, 2021	$ -	$102,808	$102,808

Cost	Land	Buildings and equipment	Total
Balance at January 1, 2020	$50,888	$177,882	$228,770
Additions	-	-	-
Balance at December 31, 2020	$50,888	$177,882	$228,770
Accumulated depreciation			
Balance at January 1, 2020	$ -	$92,635	$92,635
Depreciation	-	5,126	5,126
Balance at December 31, 2020	$ -	$97,761	$97,761

A. Above mentioned investment properties were land and buildings located at Section 2 of Dunhua Section, Songshan District, Taipei City, and Tze-Chiang section Zhubei City, Hsinchu County with the lease periods of 1 to 5.25 years. These arrangements do not contain renewal or purchase options at the end.

B. Rent income and direct operating expense of investment properties:

Item	Year Ended December 31 2021	Year Ended December 31 2020
Rental income of investment properties	$42,901 (Note1)	$43,681 (Note2)
Direct operating expense incurred for the investment properties with current rental income	$6,262	$6,405
Direct operating expenses incurred by the investment properties with no rental revenue generating in current period	$112	$112

(Note1) Including recognized as operating revenue 41,951 thousand and other income 950 thousand.

(Note2) Including recognized as operating revenue 42,731 thousand and other income 950 thousand.

C. The maturity analysis of operating lease payments receivable for investment properties was as follows:

	December 31 2021	December 31 2020
Year 1	$32,006	$33,025
Year 2	20,195	20,044
Year 3	9,294	13,733
Year 4	-	5,740
Year 5	-	-
Over 5 years	-	-
Total	$61,495	$72,542

D. The fair values of investment properties held by the Group were $471,996 thousand and $427,480 thousand as of December 31, 2021 and 2020. The fair value determination was performed by the Group's management, based on the data reference to the similar areas and types transaction price in the market from the public listing real estate transaction data, and the fair value was measured by using Level 3 inputs.

E. The Group had no investment properties pledged to others as of December 31, 2021 and 2020.

(11) Intangible assets

Item	December 31 2021	December 31 2020
Computer software	$15,484	$10,442

Less: Accumulated amortization	(8,909)	(4,685)
Net	$6,575	$5,757

Cost	Computer Software	Cost	Computer Software
Balance on January 1, 2021	$10,442	Balance on January 1, 2020	$9,510
Additions	5,016	Additions	2,290
Transfer from property, plant and equipment	1,078	Transfer from property, plant and equipment	1,140
Derecognition	(1,052)	Derecognition	(2,498)
Balance on December 31, 2021	$15,484	Balance on December 31, 2020	$10,442
Accumulated amortization		Accumulated amortization	
Balance on January 1, 2021	$4,685	Balance on January 1, 2020	$3,197
Amortization	5,276	Amortization	3,986
Derecognition	(1,052)	Derecognition	(2,498)
Balance on December 31, 2021	$8,909	Balance on December 31, 2020	$4,685

(12) Short-term loans

	December 31, 2021	
Borrowings Nature	Amount	Interest rate range
Unsecured loan	$482,000	0.68%~0.70%

	December 31, 2020	
Borrowings Nature	Amount	Interest rate range
Unsecured loan	$290,000	0.72%

(13) Other payables

	December 31	
Item	2021	2020
Salaries and bonus	$217,824	$146,919
Compensation to employees and remuneration to directors	224,486	176,120
Equipment	108,031	24,926
Fuel cost	23,483	20,159
Shipping fee	42,118	30,387
Discount	70,803	65,283
Others	141,082	108,440
Total	$827,827	$572,234

(14) Provisions - current

Item	December 31 2021	December 31 2020
Employee benefits	$19,906	$13,616
Onerous contract	27,094	4,325
Total	$47,000	$17,941

Item	Year Ended December 31, 2021 Employee benefits	Onerous contract	Total
January 1, 2021	$13,616	$4,325	$17,941
Recognized in current period	16,339	22,769	39,108
Used in current period	(10,049)	-	(10,049)
December 31, 2021	$19,906	$27,094	$47,000

Item	Year Ended December 31, 2020 Employee benefits	Onerous contract	Total
January 1, 2020	$16,398	$ -	$16,398
Recognized in current period	14,978	4,325	19,303
Used in current period	(17,760)	-	(17,760)
December 31, 2020	$13,616	$4,325	$17,941

1. Provision for employee benefits is an estimate of the short-term service leave vested to employees.
2. Provision for onerous contracts are material purchase contracts in which the Group's unavoidable costs incurred in fulfilling contractual obligations exceed the economic benefits expected to be received from the contract.

(15) Long-term loans

Item	December 31 2021	December 31 2020
Parent Company		
Credit loans	$1,120,000	$500,000
Subsidiary		
Credit loans	309,780	74,399
Secured loan	87,400	99,480
Subtotal	$1,517,180	$673,879

Less: current portion	(419,978)	(127,560)
Long-term loans	$1,097,202	$546,319
Interest rate range	0.05%-1.03%	0.05%-0.8931%

A. Refer to Note 8 for assets pledged as collateral for long-term loans.

B. Under the above loan contract, the Company should maintain debt ratio and interest coverage ratio at a certain level, calculated based on the audited annual consolidated financial statements for the duration of the contracts. As of December 31, 2021, the Company had no irregularities.

C. Under the above loan contract, the subsidiary should maintain current ratio, debt ratio and interest coverage ratio at a certain level, calculated based on the audited annual consolidated financial statements for the duration of the contracts. As of December 31, 2021, the subsidiary had no irregularities.

D. The normal interest rate range of the Group were 0.7% - 1.03%. One subsidiary received government low-interest loans $309,780 thousand due to the application of the accelerated investment action plan, the interest rate range were 0.05%.

(16)Pension

A. Defined contribution plans

a.The plan under the Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Company and E-Shine Advanced Chemical Co., Ltd. have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. The employees of the Group's foreign subsidiaries are members of a state-managed retirement benefit plan operated by local government. The subsidiary is required to contribute amounts calculated at a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

b.The total expenses recognized in the consolidated statement of comprehensive income were $18,016 thousand and $15,663 thousand, representing the contributions payable to these plans by the Group at the rates specified in the plans for the years ended December 31, 2021 and 2020, respectively.

B. Defined benefit plans

a.The Company and E-Shine Advanced Chemical Co., Ltd. have defined benefit plans under the Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The aforementioned companies contribute an amount equal to 4% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who confirm to retirement requirements in the next year, the companies are required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Group does not have any right to intervene in the investments of the Funds. The contribute amount made to the Funds were both $0 thousand in March, 2021 and 2020.

b.The amounts arising from the defined benefit obligation of the Group in the consolidated balance sheets were as follows:

Item	December 31 2021	December 31 2020
Present value of defined benefit obligation	$221,966	$225,595
Fair value of plan assets	(190,989)	(193,161)
Net defined benefit liabilities	$30,977	$32,434

C. Movements of the net defined benefit liabilities were as follows:

Item	Year Ended December 31, 2021		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1	$225,595	($193,161)	$32,434
Service cost			
Current service cost	1,064	-	1,064
Interest expense (income)	1,736	(1,495)	241
Recognized in profit or loss	$2,800	($1,495)	$1,305
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	$ -	($1,952)	($1,952)
Actuarial loss (gain) -			
Changes in financial assumptions	2,312	-	2,312
Experience adjustments	317	-	317
Recognized in other comprehensive income	$2,629	($1,952)	$677
Contributions from the employer	$ -	($3,439)	($3,439)
Benefits paid from plan assets	(9,058)	9,058	-
Balance at December 31	$221,966	($190,989)	$30,977

Item	Year Ended December 31, 2020		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities

Balance at January 1	$238,118	($200,386)	$37,732
Service cost			
Current service cost	1,143	-	1,143
Interest expense (income)	2,306	(1,960)	346
Recognized in profit or loss	$3,449	($1,960)	$1,489
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	$ -	($5,285)	($5,285)
Actuarial loss (gain) -			
Changes in financial assumptions	2,329	-	2,329
Experience adjustments	2,263	-	2,263
Recognized in other comprehensive income	$4,592	($5,285)	($693)
Contributions from the employer	($425)	($5,669)	($6,094)
Benefits paid from plan assets	(20,139)	20,139	-
Balance at December 31	$225,595	($193,161)	$32,434

D. Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

a. Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

b. Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

c. Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

E. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	Measurement Date	
	December 31, 2021	December 31, 2020

Discount rate	0.55%-0.65%	0.75%-1.00%
Future salary increase rate	1.00%-1.5%	1.00%-1.25%
The weighted average duration of the defined benefit obligation	6.7-12 years	7.5-14 years

(a) Assumptions regarding future mortality experience are set based on actuarial valuation in accordance with the 6th version of Taiwan Standard Ordinary Experience Mortality Tables.

(b) If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
Item	2021	2020
Discount Rate		
0.25% higher	($2,515)	($2,814)
0.25% lower	$2,585	$2,894
Expected rates of salary increase		
1.00% higher	$10,772	$12,058
1.00% lower	($9,862)	($10,984)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

F. The Group expects to make contributions of $3,510 thousand to the defined benefit plans for the year ended December 31, 2022.

(17) Share capital

	Year Ended December 31, 2021	
Item	Shares (in thousands)	Amount
Balance at January 1	180,000	$1,800,000
Capital increase in cash	-	-
Capitalization of retained earnings	20,000	200,000
Balance at December 31	200,000	$2,000,000

	Year Ended December 31, 2020	
Item	Shares (in thousands)	Amount
Balance at January 1	150,000	$1,500,000
Capital increase in cash	-	-

Capitalization of retained earnings	30,000	300,000
Balance at December 31	180,000	$1,800,000

A. As of December 31, 2021, the authorized capital is $2,000,000 thousand, consisting of 200,000 thousand shares.

B. The company's shareholders' meeting held on May 19, 2021 resolved to capitalize earnings of $200,000 thousand. The plan was approved by FSC on July 2, 2021 and $20,000 thousand shares of common share at the par value of $10 were issued. The record date for capital increase was set on August 21, 2021 and registration procedures had been completed.

C. The Company's shareholders' meeting held on May 21, 2020 resolved to capitalize earnings of $300,000 thousand. The plan was approved by FSC on June 2, 2020 and 30,000 thousand shares of common share at the par value of $10 were issued. The record date for capital increase was set on July 14, 2020 and registration procedures had been completed.

(18) Capital surplus

Item	December 31 2021	December 31 2020
Share premium	$101,165	$101,165
From associates accounted for using equity method	2,559	2,559
Total	$103,724	$103,724

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and donations can be used to offset deficit or may be distributed as stock dividends or in cash. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's paid-in capital. Capital surplus can't be used to offset deficit unless legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

(19) Retained earnings and dividend policy

(1) In accordance with the dividend policy as set forth in the Company's Articles of Incorporation, 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 legal reserve 10% of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, and the remainder plus prior year's unappropriated earnings may be used as dividends or bonus for shareholders after proposed by the Board of Directors and resolved by the shareholders meeting.

In consideration of its operation and capital expenditure demands, the Company stipulates appropriate dividend distribution ratio, and proposes for approval in the shareholders' meeting. However, at least 10% of total dividends should be distributed in cash.

(2) Legal reserve may be used to offset a deficit, and be transferred to capital or distributed in cash. However, legal reserve can be transferred to capital or distributed in cash only when the legal reserve has exceeded 25% of the Company's paid-in capital.

(3) Special reserve

Item	December 31 2021	December 31 2020
Reserve for the debit balance of other equities	$74,575	$73,294
Reserve for first-time adoption of IFRS	32,596	32,596
Total	$107,171	$105,890

A. While earning distribution, the earnings can be distributed after appropriation of the equivalent amount of the debit balance of the other equities of the balance sheet.

B. Under Rule No.1010012865 issued by the FSC for first-time adoption of IFRS, the special reserve can be reversed while usage, disposal and reclassification of related assets.

(4) The appropriation of 2020 and 2019 earnings had been resolved at the shareholders' meeting in May 2021 and May 2020, respectively. Details were summarized below:

	Earnings appropriation proposal		Dividends Per Share (NTD)	
Item	2020	2019	2020	2019
Legal reserve	$117,398	$88,892		
Special reserve	1,281	24,971		
Cash dividends	628,000	330,000	$3.49	$2.20
Stock dividends	200,000	300,000	1.11	2.00
Total	$946,679	$743,863		

(5) The appropriation of 2021 earnings had been proposed by the Board of Directors on February 23, 2022. Details were summarized below:

Item	Earnings appropriation proposal	Dividends Per Share (NTD)

Legal reserve	$161,633	
Special reserve	(30,161)	
Cash dividends	600,000	3.00
Stock dividends	500,000	2.50
Total	$1,231,472	

The appropriations of earnings for 2021 are to be presented for approval in the shareholders' meeting to be held in May 2022.

(6) Information on the earnings appropriation proposed by the Company's Board of Directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(20) Other equity

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Total
Balance, January 1, 2021	($129,761)	$22,590	($107,171)
Exchange differences arising on translation of foreign operations	(3,892)	-	(3,892)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	24,637	24,637
Share of associates and joint ventures accounted for using equity method	9,415	-	9,415
Balance, December 31, 2021	($124,238)	$47,227	($77,011)

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Total
Balance, January 1, 2020	($123,603)	$17,713	($105,890)
Exchange differences arising on translation of foreign operations	2,492	-	2,492

Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	4,877	4,877
Share of associates and joint ventures accounted for using equity method	(8,650)	-	(8,650)
Balance, December 31, 2020	($129,761)	$22,590	($107,171)

(21) Operating revenues

Item	Year Ended December 31 2021	2020
Revenue from contracts with customers		
Revenue from sales of finished goods	$9,002,316	$5,797,604
Revenue from sales of raw materials	1,890,943	1,726,748
Processing revenue	258,913	261,944
Total sales revenue from contracts with customers	$11,152,172	$7,786,296
Less: Sales return	(5,083)	(8,665)
Sales discount	(45,437)	(42,087)
Net sales revenue from contracts with customers	$11,101,652	$7,735,544
Other operating revenue	41,951	42,731
Net operating revenue	$11,143,603	$7,778,275

A. Explain of contract revenue

The sales and processing revenue of chemical raw materials and products (including electronic grade chemical solvents) are mainly targeted at downstream manufacturers, and those are sold at a fixed price as agreed in the contract.

B. Other operating revenue

Revenue from operating leases are recognized on a straight-line basis over the terms of the relevant leases.

C. Segments of revenue from contracts with customers

The Group's source of revenue can be split into the following main service lines and areas:

(1) Segmented by revenue from different types:

2021：

Main area of market	Chemical product	Processing	Total
Taiwan	$7,730,366	$258,913	$7,989,279
South Korea	1,243,738	-	1,243,738
Vietnam	439,205	-	439,205
Arabia	245,033	-	245,033

Thailand	233,728	-	233,728
Japan	220,754	-	220,754
Malaysia	120,199	-	120,199
Others	609,716	-	609,716
Total	$10,842,739	$258,913	$11,101,652
Major service line			
Yeong An plant	$9,684,703	$256,723	$9,941,426
Changhua Coastal plant	1,158,036	2,190	1,160,226
Total	$10,842,739	$258,913	$11,101,652
Timing of revenue recognition			
Revenue recognized at a specific timing	$10,842,739	$258,913	$11,101,652
Revenue recognized over time	-	-	-
Total	$10,842,739	$258,913	$11,101,652

2020：

Main area of market	Chemical product	Processing	Total
Taiwan	$5,554,241	$261,944	$5,816,185
South Korea	859,476	-	859,476
Vietnam	261,019	-	261,019
Thailand	159,411	-	159,411
Others	639,453	-	639,453
Total	$7,473,600	$261,944	$7,735,544
Major service line			
Yeong An plant	$6,659,705	$261,649	$6,921,354
Changhua Coastal plant	813,895	295	814,190
Total	$7,473,600	$261,944	$7,735,544
Timing of revenue recognition			
Revenue recognized at a specific timing	$7,473,600	$261,944	$7,735,544
Revenue recognized over time	-	-	-
Total	$7,473,600	$261,944	$7,735,544

D. Contract balances

The Group recognized contract assets and contract liabilities related to contract revenue as follows:

December 31

Item	2021	2020
Receivable (note)	$1,665,005	$1,264,764
Contract assets	$ -	$ -
Contract liabilities - current	$22,087	$10,916

(Note) Including notes receivable and accounts receivable.

a. Significant changes in contract assets and contract liabilities

The changes in the contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment, and there are no other significant changes.

b. Allowance for contract assets: None.

c. Amount from previous period's performance obligations satisfied and beginning contract liabilities recognized in the current period as income were as follows:

	Year Ended December 31	
Revenue in the current period	2021	2020
From beginning contract liabilities	$10,916	$5,403
From previous period's performance obligations satisfied	$ -	$ -

(22) Labor cost, depreciation and amortization

	Year Ended December 31, 2021		
Item	Operating cost	Operating expenses	Total
Labor cost			
Salaries	$199,519	$474,115	$673,634
Insurance	15,818	27,426	43,244
Pension	7,270	12,051	19,321
Others	7,392	12,299	19,691
Depreciation (Note)	189,349	127,000	316,349
Amortization	149	5,127	5,276
Total	$419,496	$658,018	$1,077,515

	Year Ended December 31, 2020		
Item	Operating cost	Operating expenses	Total
Labor cost			
Salaries	$164,196	$358,608	$522,804
Insurance	13,219	21,411	34,630
Pension	6,474	10,678	17,152
Others	6,574	10,752	17,326
Depreciation (Note)	170,148	120,623	290,771
Amortization	9	3,977	3,986
Total	$360,620	$526,049	$886,669

(Note) Not including depreciation of Investment properties recognized as other gains and losses.

A. The Articles of Incorporation of the Company stipulated the Company to distribute employees' compensation and remuneration of directors and supervisors at the rates no less than 6% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The Company accrued employees' compensation and remuneration to directors and supervisors at the rates not less than 6% and not higher than 3% of net income, employees' compensation and remuneration to directors for the years ended December 31, 2021 and 2020, respectively.

B. The employees' compensation and remuneration to directors for the years ended December 31, 2021 and 2020 had been approved by the Company's Board of Directors meeting held on February 23, 2022 and February 25, 2021, respectively, and the relevant amounts recognized in the Standalone financial statement were as follows:

	Year ended December 31			
	2021		2020	
	Employees' compensation	Remuneration to directors and supervisors	Employees' compensation	Remuneration to directors and supervisors
Resolution amount of allotment	$159,448	$65,038	$129,620	$46,500
Recognized in financial statements	$159,448	65,038	129,620	46,500
Difference	$ -	$ -	$ -	$ -

The above mentioned employees' compensation will be paid by cash.

C. Information on employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(23) Interest income

	Year ended December 31	
Item	2021	2020
Interest on bank deposits	$516	$340

(24) Other income

	Year ended December 31	
Item	2021	2020
Dividends	$8,017	$ -
Additional services	950	950
Rental income	15,578	8,617

Others	9,540	8,100
Total	$34,085	$17,667

(25) Other gains and losses

Item	Year ended December 31 2021	2020
Net foreign exchange gain (loss)	$311	$5,240
Gain (loss) on disposal of property, plant and equipment	1,792	597
Gain from lease remeasurement	-	27
Depreciation of Investment properties	(1,100)	(1,101)
Others	(7,725)	(3,172)
Total	($6,723)	$1,591

(26) Finance costs

Item	Year ended December 31 2021	2020
Interest on bank loans	$8,815	$5,711
Interest on lease liabilities	1,104	665
Others	-	-
Less: capitalized amount for qualified assets	(7,688)	(4,214)
Finance costs	$2,231	$2,162

Interest capitalization

Item	2021	2020
Capitalized amount for qualifies assets	$7,688	$4,214
Interest rate	0.73%-0.77%	0.73%-0.82%

(27) Income tax expense

A. The major components of tax expense were as follows:

Current income tax	Year Ended December 31 2021	2020
Current tax expense	$403,349	$292,654
Adjustments in tax of prior periods	(14,762)	(601)
Income tax on unappropriated earrings	4,490	-
Total	$393,077	$292,053
Deferred income tax		
The origination and reversal of temporary differences	($7,119)	($13,912)

Total	($7,119)	($13,912)
Income tax expense	$385,958	$278,141

B. Income tax expense recognized in other comprehensive income were as follows:

Item	Year Ended December 31 2021	2020
Exchange differences on translation of foreign financial statements	($973)	$623
Remeasurement of defined benefit plans	(135)	139
Total	($1,108)	$762

C. Reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

Item	Year Ended December 31 2021	2020
Income before income tax	$2,002,766	$1,452,148
Income tax expense at the statutory rate	$396,517	$286,697
Tax effect of adjusting items:		
Realized pension expenses	(427)	(921)
Others	7,259	6,878
Adjustments for prior year's tax adjustments	(14,762)	(601)
Income tax on unappropriated earrings	4,490	-
Deferred income tax expense		
Temporary differences	(7,119)	(13,912)
Income tax expense recognized in profit or loss	$385,958	$278,141

The applicable income tax rate used by the Group is 20%. In addition, the tax rate applicable to unappropriated earning is 5%; tax rates applied by other subsidiaries operating in other jurisdictions are based on the tax laws in those jurisdictions.

According to the amendments to the Statute for Industrial Innovation announced in July 2019, the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group has already deducted the amount of the unappropriated earnings that has been reinvested as capital expenditures.

D. Deferred tax assets and liabilities from temporary differences

	Year Ended December 31, 2021			
	Balance,	Recognized in	Recognized in Other	Balance, End of

	Beginning of Year	Profit or Loss	Comprehensive Income	Year
Deferred income tax assets:				
Temporary differences				
Net defined benefit liability	$6,486	($427)	$135	$6,194
Unrealized loss on inventories	9,402	8,312	-	17,714
Unused compensated absences	2,722	1,258	-	3,980
Exchange differences on translation of foreign financial statements	10,352	-	973	11,325
Unrealized discount and expenses	13,056	498	-	13,554
Others	21,099	4,876	-	25,975
Subtotal	$63,117	$14,517	$1,108	$78,743
Deferred income tax liabilities:				
Provision for land value increment tax	($1,118)	$ -	$ -	($1,118)
Temporary differences				
Gain on foreign investment under equity method	(59,739)	(7,443)	-	(67,182)
Others	(61)	45	-	(17)
Subtotal	($60,918)	($7,399)	$ -	($68,317)
Total	$2,199	$7,119	$1,108	$10,426

	Year Ended December 31, 2020			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets:				
Temporary differences				
Net defined benefit liability	$7,546	($921)	($139)	$6,486
Unrealized loss on inventories	4,693	4,709	-	9,402
Unused compensated absences	3,279	(557)	-	2,722
Exchange differences on translation of foreign financial statements	10,975	-	(623)	10,352
Unrealized discount and expenses	12,050	1,006	-	13,056
Others	11,101	9,998	-	21,099
Subtotal	$49,644	$14,235	($762)	$63,117
Deferred income tax liabilities:				
Provision for land value increment tax	($1,118)	$ -	$ -	($1,118)
Temporary differences				
Gain on foreign investment under equity method	(59,346)	(393)	-	(59,739)
Others	(131)	70	-	(61)
Subtotal	($60,595)	($323)	$ -	($60,918)
Total	($10,951)	$13,912	($762)	$2,199

E. The tax authorities have ratified the Company’s income tax returns through Year

2019.

(28) Other comprehensive income (loss)

Item	Year Ended December 31, 2021 Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	($677)	$135	($542)
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	24,637	-	24,637
Share of associates and joint ventures accounted for using equity method:			
Remeasurement of defined benefit obligation	61	-	61
Subtotal	$24,021	$135	$24,156
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	($4,865)	$973	($3,892)
Share of associates and joint ventures accounted for using equity method:			
Exchange differences on translation of foreign financial statements	9,415	-	9,415
Subtotal	$4,550	$973	$5,523
Recognized in other comprehensive income (loss)	$28,571	$1,108	$29,679

Item	Year Ended December 31, 2020 Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	$693	($139)	$554
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	4,877	-	4,877
Share of associates and joint ventures accounted for using equity method:			
Remeasurement of defined benefit obligation	(586)	-	(586)
Subtotal	$4,984	($139)	$4,845
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	$3,115	($623)	$2,492
Share of associates and joint ventures accounted for using equity method:			
Exchange differences on translation of foreign financial statements	(8,650)	-	(8,650)

Subtotal	($5,535)	($623)	($6,158)
Recognized in other comprehensive income (loss)	($551)	($762)	($1,313)

(29) Earnings per share

Item	Year Ended December 31 2021	2020
A.Basic earnings per share		
Net income attributable to shareholders of parent company	$1,616,808	$1,174,007
Weighted average number of outstanding shares (thousand shares)	200,000	180,000
Weighted average number of outstanding shares (thousand shares) after retrospective adjustment	200,000	200,000
Basic earnings (loss) per share (after tax) (NT$)	$8.08	$5.87

Item	2021	2020
B.Diluted earnings per share		
Net income attributable to shareholders of parent company	$1,616,808	$1,174,007
Weighted average number of outstanding shares (thousand shares)	200,000	200,000
Impact on employees' compensation (Note)	1,162	1,233
Weighted average number of ordinary shares outstanding after dilution (thousand shares)	201,162	201,233
Diluted earnings (loss) per share (after tax) (NT$)	$8.04	$5.83

The shareholders' meeting held on May 19, 2021 resolved to capitalize earnings and 20,000 thousand shares of common share at the par value of $10 were issued. The record date for capital increase was set on August 21, 2021. The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of shares for the years ended December 31, 2021 and 2020.

(Note) Since 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, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party:

The Group is ultimate controlling party.

(2) Related party name and category:

Related Party Name	Related Party Category
Unishine Chemical Corp.	Associate
Shanghai Liansheng Chemistry Co., Ltd.	Associate
AZOTEK CO., Ltd.	Other related party
Ninghan Development Co., Ltd.	Other related party

(3) Significant transactions with related parties:

A. Sales:

Item	Related Party Category	Year Ended December 31	
		2021	2020
Sales	Associates	$32,747	$19,685

The sales prices with the related parties were equivalent to those with ordinary suppliers. Payment terms were 2 months for related parties. However, both parties can agree to postpone the payment.

B. Purchase:

Related Party Category	Year Ended December 31	
	2021	2020
Associates	$2,059	$1,062

The purchase prices with the related parties were equivalent to those with ordinary suppliers. Payment terms were 3 months for related parties. However, both parties can agree to postpone the payments.

C. Contract assets: None.

D. Contract liabilities: None.

E. Balance of receivables (excluding lending to related parties):

Item	Related Party Category	December 31	
		2021	2020
Accounts receivable	Other related party	$11,603	$6,469
Other receivable	Associates	$60	$575

F. Balance of payables (excluding borrowing from related parties): None.

G. Prepayments: None.

H. Property transactions: None.

I. Lessee arrangements:

Item	Related Party Category	Year Ended December 31	
		2021	2020
Acquisition of right-	Other related parties	$ -	$ -

of-use asset

Item	Related Party Category	December 31	
		2021	2020
Lease liabilities	Other related parties	$1,834	$2,187

Item	Related Party Category	Year Ended December 31	
		2021	2020
Interest expense	Other related parties	$24	$29

Above lease terms were based on the contract, and rent is paid monthly.

J. Financing activities - lending to related parties: None.

K. Financing activities - borrowing from related parties : None.

L. Guarantee for related parties:

Related Party Category	December 31	
	2021	2020
Associates		
Unishine Chemical Corp.	$362,649	$241,080

M. Others:

a. Miscellaneous income:

Related Party Category	Year Ended December 31	
	2021	2020
Other related parties	$57	$1,085

Miscellaneous income was mainly technical service and endorsement/guarantee income.

(4) Key management compensation

Related Party Category	Year Ended December 31	
	2021	2020
Salaries and other short-term employee benefits	$83,699	$57,794
Post-employment benefits	108	198
Total	$83,807	$57,992

8. PLEDGED ASSETS

The following assets have been pledged as collateral for loans and contracts performance:

Item	December 31 2021	2020
Property, plant and equipment (net)	$687,280	$688,716
Other financial assets – current	58,598	18,681
Refundable deposits	400	400
Total	$746,278	$707,797

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2021 and 2020, the Group issued guarantee notes for bank loans amounting to $4,326,280 thousand (included USD 52,250 thousand) and $3,768,720 thousand (included USD 45,250 thousand), respectively.

(2) As of December 31, 2021 and 2020, Guarantee notes received by the Group for its contract performance and creditor's right totaled $727,925 thousand and $357,121 thousand, respectively.

(3) As of December 31, 2021 and 2020, guarantees provided by banks to the Group for bonded warehouse were both USD $3,000 thousand.

(4) The unused letters of credit as of December 31, 2021 and 2020 were as follows:

December 31, 2021	December 31, 2020
L/C Amount	L/C Amount
USD 9,976 thousand	USD 2,740 thousand

(5) The bank acceptance related to imported goods as of December 31, 2021 and 2020 were as follows:

December 31, 2021	December 31, 2020
Bank acceptance	Bank acceptance
USD 422 thousand	USD 2,170 thousand

(6) For the Group's endorsement for others for the years ended December 31, 2021 and 2020, please refer to Note 7.(3)L. and Note 13.

(7) Part of property, plant and equipment was unable to be registered under the name of the Group due to regulation restriction. Accordingly, the ownership was registered under the name Ching-yuan Sun, please refer to Note 6.(8).

(8) The Group entered a processing contract with Lyondellbasell Taiwan CO., Ltd. Materials (Oxypropane, methanol and catalyst) were provided by Lyondellbasell Taiwan CO., Ltd. then processed by the Group into PM and DPM. Processing revenue were $256,723 thousand and $261,649 thousand for the years ended December 31, 2021 and 2020, respectively.

(9) Establishment of important construction contracts

(a)As of December 31, 2021, estimated total contract costs, contract costs paid, and expected completion years were summarized below:

Type of construction	Contract price	Construction cost paid	Expected year of completion
Intercontinental Container Terminal logistics center	$2,561,618	$1,406,111	2022
Small batches purification process unit	350,000	70,206	2022
Tanks - Changhua Coastal 3rd plant	544,033	393,101	2022

(b)As of December 31, 2020, estimated total contract costs, contract costs paid, and expected completion years were summarized below:

Type of construction	Contract price	Construction cost paid	Expected year of completion
Intercontinental Container Terminal logistics center	$ 2,561,618	$ 510,617	2022
Blending tank and filling station	328,885	279,867	2021
Blending tank Phase II	162,407	40,415	2021
Tanks - Changhua Coastal 3rd plant	228,249	118,716	2021

(10)The Group signed a land lease contract with Kaohsiung branch of Taiwan International Ports Corporation, Ltd. in December 2013. Kaohsiung Port Intercontinental Container Center 2nd Phase Project Petrochemical Oil Storage and Transportation Center S12-S15 Pier Post line Land was leased and the Group invested to build the construction of petrochemical oil storage and transportation facilities for the purpose of import and export and transport of petrochemical oil handling, storage and transportation. Kaohsiung branch of Taiwan International Ports Corporation, Ltd. should deliver the land to the Group before the end of December 2017. The term of the lease was 25 years from the date of delivery and the Group had the right to renew the lease at the end of the period. Per the contract, the Group had to pay rent at 5% of value of leased land since the land was delivered. 3 years and 6 months from the land delivery date, the Group need to pay the management fees of $24,346 thousand per year. Kaohsiung branch of Taiwan International Ports Corporation, Ltd. already completed the transaction procedure before November 2017. In June 2021, due to the impact of the epidemic and the delay of pipeline design engineering, Kaohsiung branch of Taiwan International Ports Corporation, Ltd. agreed to postpone the payment of management fees until September 2022. The Group started to implement factory service, pipeline and fire control project and started paying the land rent of those projects, which were $3,773 thousand and $2,141 thousand for years ended December 31, 2021 and 2020, respectively.

10. SIGNIFICANT DISASTER LOSS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS

(1) Capital risk management

The Group should maintain an adequate capital structure to enable the expansion and enhancement of equipment. Therefore, the Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases and debt service requirements associated with its existing operations over the next 12 months.

(2) Financial instruments

A. Financial risk of financial instruments

Financial risk management policies

The Group’s activities expose to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To lower down the related financial risk, the Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial position and financial performance. The plans for material treasury activities are reviewed by board of directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

Significant financial risks and degrees of financial risks

a. Market risk

(a) Foreign exchange rate risk

The Group’s functional currency is New Taiwan dollars. Many of the Group’s operating activities are denominated in foreign currencies. Consequently, the Group is exposed to foreign exchange risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group arranged future receivables and payables denominated in the same foreign currency to mitigate foreign exchange risk. These help to reduce, but do not eliminate, the impact of foreign exchange rate movements. The net investment in foreign operation is strategic investment. Therefore, the Group does no hedge for it.

(b) Foreign currency risk and sensitivity analysis (including consolidated elimination items and incompletely write-off of exchange rate risk)

			December 31, 2021			
				Sensitivity Analysis		
	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Variation	Profit and Loss Impact	Equity Impact
Financial assets						
Monetary item						

	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Variation	Profit and Loss Impact	Equity Impact
USD:NTD	14,177	27.68	392,416	increase 1%	3,924	-
USD:HKD	841	7.7994	23,278	increase 1%	233	-
JPY:NTD	107,468	0.2405	25,846	increase 1%	258	-
Non-monetary item						
RMB:USD	48,873	0.1569	212,306	increase 1%	-	2,123
RMB:HKD	64,416	1.224	279,821	increase 1%	-	2.798
Financial liabilities						
Monetary item						
USD:NTD	1,077	27.68	29,798	increase 1%	(298)	-

			December 31, 2020			
				Sensitivity Analysis		
	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Variation	Profit and Loss Impact	Equity Impact
Financial assets						
Monetary item						
USD:NTD	8,811	28.48	250,938	increase 1%	2,509	-
USD:HKD	227	7.7526	6,451	increase 1%	65	-
JPY:NTD	85,253	0.2763	23,556	increase 1%	236	-
Non-monetary item						
RMB:USD	48,908	0.1537	214,072	increase 1%	-	2,141
RMB:HKD	62,231	1.1917	272,392	increase 1%	-	2,724
Financial liabilities						
Monetary item						
USD:NTD	1,776	28.48	51,177	increase 1%	(512)	-

When New Taiwan dollar appreciates and other variation factors stay unchanged, there will be the same but opposite amount of influence as of December 31, 2021 and 2020.

(c) Due to the exchange rate volatility, total exchange gains and losses (including realized and unrealized) from the Group’s monetary items amounted to $311 thousand and $5,240 thousand for the years ended December 31, 2021 and 2020, respectively.

b. Price risk

The Group is exposed to equity instrument price risk because the equity instrument investments held by the Group are classified on the consolidated balance sheet as at FVTOCI.

The Group mainly invest in domestic or foreign unlisted stocks. The price of such securities can be affected by changes in future value of those investment targets.

If the price of the Group’s equity instruments rises (or falls) 1%, the other comprehensive income resulting from equity instruments at FVTOCI will increase (or decrease) $2,050 thousand and $1,803 thousand for the years ended

December 31, 2021 and 2020, respectively.

c. Interest rate risk

The carrying amount of the financial assets and liabilities that exposed to interest rate risk as reporting date was as follow:

Item	Carrying Value	
	December 31, 2021	December 31, 2020
Fair value interest rate risk:		
Financial assets	$66,598	$68,690
Financial liabilities	(157,777)	(124,238)
Net	($91,179)	($55,548)
Cash flow interest rate risk:		
Financial assets	$293,977	$393,772
Financial liabilities	(1,999,180)	(963,879)
Net	($1,705,203)	($570,107)

(a) Sensitivity analysis of fair value interest rate risk instrument

The Group does not classify any fixed-rate instruments as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. In addition, the Group does not designate derivatives (interest rate swap) as hedge instruments under hedge accounting. Therefore, the change of interest rate at reporting date does not have influence on net income and other comprehensive income.

(b) Sensitivity analysis of cash flow interest rate risk instrument

The Group's financial assets (liabilities) with variable interest rate are those with floating-rate. If interest rate increases (decrease) 1%, the net income will increase (decrease) ($17,052) thousand and ($5,701) thousand for the years ended December 31, 2021 and 2020, respectively.

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a contract leading to a financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily accounts receivables, and from investing activities, primarily deposit and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

a. Business related credit risk

In order to maintain the credit quality of accounts receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed in the consideration of the relevant factors which may affects the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions.

b. Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Group Treasury function. The Group only deals with creditworthy counterparties, banks, and government so that no significant credit risk was identified. In addition, the Group has no financial assets at amortized and investments in debt instruments at fair value through other comprehensive income.

(a) Credit concentration risk

As of December 31, 2021 and 2020, the Group's top ten largest customers accounted for 64% and 67% of accounts receivable, respectively. The Group believes the concentration of credit risk is insignificant for the remaining accounts receivable.

The Group continuously evaluated customers' financial situation. To reduce major credit risk, the Group bought credit guarantee insurance, and asked customers to make payment in advance.

(b) Expected credit loss measurement

i. Account receivables adopts a simplified approach, please prefer to Note 6(3).

ii. Identification basis for whether credit risk is significantly increased: None (the Group didn't hold debt instruments at amortized cost or at FVTOCI).

c. Collaterals and other credit enhancement held to avoid credit risks from financial assets.

The following table shows the maximum exposure to credit risk regarding financial assets recognized in the consolidated balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Group:

		Decreased amount of maximum exposure to credit risks			
December 31, 2021	Carrying Amount	Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	$ -	$ -	$ -	$ -	$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable：					
Financial assets measured at FVTOCI	204,982	-	-	-	-
Total	$204,982	$ -	$ -	$ -	$ -

		Decreased amount of maximum exposure to credit risks			
December 31, 2020	Carrying Amount	Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	$7,912	$ -	$ -	$ -	$ -

Financial instruments to which the impairment requirements of IFRS 9 are not applicable：					
Financial assets measured at FVTOCI	180,345	-	-	-	-
Total	$188,257	$ -	$ -	$ -	$ -

C. Liquidity risk

a. Liquidity risk management:

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations.

b. Financial liabilities with repayment periods:

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

	December 31, 2021						
Non-derivative Financial liabilities	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
Short-term loans	$482,000	$ -	$ -	$ -	$ -	$482,000	$482,000
Notes receivable	28,179	-	-	-	-	28,179	28,179
Accounts payable	582,041	-	-	-	-	582,041	582,041
Other payables	762,789	65,038	-	-	-	827,827	827,827
Lease liabilities	2,614	2,104	4,791	15,420	151,240	176,169	157,777
Long-term loans (Inclusive of current portion)	63,600	356,378	454,704	642,498	-	1,517,180	1,517,180
Guarantee deposits	4,097	918	1,669	1,636	-	8,319	8,319
Total	$1,925,320	$424,437	$461,163	$659,554	$151,240	$3,621,715	$3,603,323

Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	$4,718	$20,211	$26,116	$54,552	$49,372	$21,200	$176,169

	December 31, 2020						
Non-derivative Financial liabilities	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
Short-term loans	$290,000	$ -	$ -	$ -	$ -	$290,000	$290,000
Notes receivable	27,992	-	-	-	-	27,992	27,992
Accounts payable	459,049	-	-	-	-	459,049	459,049
Other payables	525,734	46,500	-	-	-	572,234	572,234
Lease liabilities	2,801	2,132	3,029	9,089	120,448	137,499	124,238
Long-term loans (Inclusive of current portion)	3,780	123,780	130,338	415,981	-	673,879	673,879
Guarantee deposits	1,546	1,556	3,443	1,669	-	8,214	8,214
Total	$1,310,902	$173,968	$136,810	$426,739	$120,448	$2,168,867	$2,155,606

Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	$4,933	$12,118	$11,449	$45,314	$48,331	$15,354	$137,499

The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

2. Categories of financial instruments

The carrying value of financial assets and liabilities of the Group as of December 31, 2021 and 2020 was as follow:

	December 31	
Financial assets	2021	2020
Financial assets measured at amortized cost		
Cash and cash equivalents	$302,034	$443,889
Notes and accounts receivable (including related parties)	1,665,090	1,265,071
Other receivables	35,219	26,401
Other financial assets - current	58,598	18,681
Refundable deposits	42,743	60,615
Financial assets measured at FVTOCI	204,982	180,345
Financial liabilities		
Financial liabilities measured at amortized cost		
Short-term loans	482,000	290,000
Notes and accounts payable (including related parties)	610,220	487,041
Other payables	827,827	572,234
Lease liabilities (including current and noncurrent)	157,777	124,238
Long-term loans (including current and noncurrent)	1,517,180	673,879
Guarantee deposits	8,319	8,214

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(3)C. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(10).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1：

The input value of this category of financial instruments in active market shall be the open quotation of financial instruments of the same kind in active market. Active market as referred to are market featuring the following conditions: the subject matters of trade are homogenous; the buyers and the sellers can buy and sell at free will with information available to the public. The Company invested in the stocks and beneficiary certificates listed in TWSE and GTSM are hot items for investment in the bonds of the Central Government of Taiwan and derivatives with open quotation in open market at fair value. They all are Level 1 assets.

Level 2：

The input value of this category of financial instruments includes the observable input value directly (such as price) or indirectly (inference from price) obtained from active market further to the open quotation and observable price in active market. The Company invested in foreign government bonds, corporate bonds, bank debentures, convertible bonds and majority of the derivatives are Level 2 assets.

Level 3：

The input value of this category of financial instruments refers to the input parameters for measurement of fair value and it is not based on the information available from market (unobservable input parameters, such as: pricing model of options basing on historical volatility curve. But historical volatility cannot stand for the overall participation in market and the projected value of market volatility in the future). Some of the derivatives and equity instruments with no active market invested by the Company belonged to this level.

C. Financial instruments that are not measured at fair value

The Group considers that the carrying amounts of financial instruments including cash and cash equivalents, receivables, other financial assets, refundable deposits, payables, long-term (short-term) loans, lease liabilities and guarantee deposits that are not measured at fair value approximate their fair values.

D. The related information of fair value by leve1

The related information of financial instruments measured at fair value on a recurring basis by level is as follows:

	December 31, 2021			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets measured at FVTOCI				
Domestic unlisted stocks	$ -	$ -	$159,039	$159,039
Foreign unlisted stocks	-	-	45,943	45,943
Total	$ -	$ -	$204,982	$204,982

	December 31, 2020			
Item	Level 1	Level 2	Level 3	Total
Assets:				

Recurring fair value				
Financial assets measured at FVTOCI				
Domestic unlisted stocks	$ -	$ -	$135,992	$135,992
Foreign unlisted stocks	-	-	44,353	44,353
Total	$ -	$ -	$180,345	$180,345

E. Valuation techniques of financial instruments valued at fair value

(a) The fair value of financial instruments with quoted prices in active markets held by the Group: None.

(b) Except for financial assets with an active market, the fair value of other financial assets is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, the discounted cash flow method, or other valuation technique e.g. the one that applies market information available on the balance sheet date to a pricing model for calculation

The assets measured by the fair value of the third level of the fair value hierarchy of the Group are used to measure the significant unobservable inputs of fair value.

	Measurement technique	Major unobservable input value	Range	Relationship between input value and fair value
Financial assets at fair value through other comprehensive income - stocks	Market Approach	Lack of liquidity discount rate	20%~30%	The lower the degree of lack of liquidity, the lower the fair value estimate

F. There was no transfer between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

G. Changes in Level 3 instruments(financial assets measured at FVTOCI):

	Investment in unquoted financial instruments	
	Year Ended December 31	
Item	2021	2020
Beginning balance	$180,345	$175,468
Recognized in other comprehensive income	24,637	4,877
Ending balance	$204,982	$180,345

H. Valuation process for Level 3 fair value measurement:

Valuation process regarding fair value Level 3 of the Group is conducted by which the independence of fair value of financial instruments is verified through use of independent data source in order to make the valuation results close to market conditions. Such valuation results are regularly reviewed so as to ensure their reasonableness.

(4) Transfer of financial assets: None.

(5) Offset of financial assets and liabilities: None.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information (Before consolidation)

A. Financings provided: None.

B. Endorsement/guarantee provided: Table 1.

C. Marketable securities held: Table 2.

D. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: Table 3.

F. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Table 4.

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

I. Information about the derivative financial instruments transaction: None.

J. The business relationship between the parent and the subsidiaries and significant transactions between them: Table 5.

(2) Information on investees (before consolidated elimination): Table 6.

(3) Information on investments in Mainland China (before consolidated elimination): Table 7.

(4) Information on major shareholders (including name of the shareholders with shareholding above 5%, shares held and shareholding ratio): Table 8.

Table 1

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Endorsers	Endorsees		Endorsement Limit for a Single Entity (Note 3)	Highest Balance During the Period	Ending Balance	Actual Amount Drawn	Balance Secured by Collaterals	Ratio of Accumulated Amount to net Worth of the Company	Maximum Amount of Endorsement (Note 4)	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Party in Mainland China
		Name of endorsees	Relationship (Note 2)										
0	Shiny Chemical Industrial Co., Ltd.	Unishine Chemical Corp.	6	6,783,461	362,649	362,649	192,550	-	5.34%	6,783,461	N	N	N
		E-Shine Advanced Chemical Co., Ltd.	2	6,783,461	970,000	970,000	309,780	-	14.29%	6,783,461	Y	N	N

Note 1: The description of the number column is as follows:

(1) The issuer is represented in 0.

(2) The investee company is numbered sequentially from Arabic numeral 1.

Note 2: The following code represents the relationship with the Company :

1. Trading partner.
2. Majority owned subsidiary
3. The Company direct and indirect owns over 50% ownership of the investee company.
4. A subsidiary jointly owned over 90% by the Company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
7. Joint and several guaranteed by the Company according to the pre-construction contract under Consumer protection Act.

Note 3: Endorsements/guarantees provided by the Company to a single enterprise shall not exceed 100% of the Company’s net worth, respectively.

Note 4: The maximum amount of the endorsements/guarantees provided by the Company shall not exceed 100% of the Company’s net worth.

Table 2

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Investor	Type and Name of Securities	Relationship with the Issuer	General Ledger Account	Ending balance				Remarks
				Number of Shares (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	
Shiny Chemical Industrial Co., Ltd.	Share/SEPANGAR CHEMICAL INDUSTRY SDN BHD.	The key management of the Company	Financial assets at fair value through other comprehensive income or loss - noncurrent	3,800	45,943	19.00%	45,943	
	Share/AZOTEK CO., LTD.	The key management of the Company	Financial assets at fair value through other comprehensive income or loss - noncurrent	8,017	158,323	13.36%	158,323	
	Share/LINKOU INTERNATIONAL GOLF & COUNTRY CLUB	None	Financial assets at fair value through other comprehensive income or loss - noncurrent	-	716	0.10%	716	
		Total			204,982		204,982	

Table 3

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Acquisition of individual Real Estate Properties at Costs of At Least NT$300 Million or 20% of the Paid-in Capital

YEAR ENDED DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Real Estate	Transaction Date	Transaction Amount	Payment Term	Counterparty	Relationship with the Seller	Prior transaction of related counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Shiny Chemical Industrial Co., Ltd.	Buildings	November 13, 2019 to December 31, 2021	661,216	484,019	JTE CHI CORPORATION, HSIEN-WUANG MECHANICAL INDUSTRI CO., LTD., SHENG SHYANG	None	-	-	-	-	Determined at prices agreed by both parties upon negotiation or through price comparison	Increase production capacity.	-
E-Shine Advanced Chemical Co., Ltd.	Buildings	March 31, 2019 to December 31, 2021	544,033	393,101	CHUN CHENG CONSTRUCTION CO., LTD., JIN CHI TECHNOLOGY ENGINEERING INC, ZHUANG JIE ENGINEERING CO., LTD., HSIEN-WUANG	None	-	-	-	-	Determined at prices agreed by both parties upon negotiation or through price comparison	Increase production capacity.	

Table 4

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST

NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		(Notes/Accounts Payable) Or Receivable		Remarks
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Shiny Chemical Industrial Co., Ltd.	E-Shine Advanced Chemical Co., Ltd.	Subsidiary	Purchases	333,050	5.18%	3 months	Equivalent to ordinary suppliers.	3 months	(44,762)	7.88%	
			Outsourcing processing fee	188,149	100%						

Note : Transactions between the aforesaid subsidiaries and the parent company have been written off.

Table 5

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

<table>
<tr><th rowspan="2">No. (Note 1)</th><th rowspan="2">Company Name</th><th rowspan="2">Counterparty</th><th rowspan="2">Nature of Relationship (Note 2)</th><th colspan="4">Intercompany Transactions</th></tr>
<tr><th>Account</th><th>Amount</th><th>Terms (Note 4)</th><th>Percentage of Consolidated Net Revenue or Total Assets (Note 3)</th></tr>
<tr><td rowspan="3">0</td><td rowspan="3">Shiny Chemical Industrial Co., Ltd.</td><td rowspan="3">E-Shine Advanced Chemical Co., Ltd..</td><td rowspan="3">1</td><td>Sales revenues</td><td>60,218</td><td rowspan="2">Selling price was the same with general customers. Payment terms were within 3 months. Both parties can agree to postpone the payment.</td><td>0.54%</td></tr>
<tr><td>Accounts receivable</td><td>6,986</td><td>0.06%</td></tr>
<tr><td>Rent revenues from Changhua Coastal plant</td><td>12,000</td><td>According to the contract agreement, payment terms were within 3 months.</td><td>0.11%</td></tr>
<tr><td rowspan="4">1</td><td rowspan="4">E-Shine Advanced Chemical Co., Ltd..</td><td rowspan="4">Shiny Chemical Industrial Co., Ltd.</td><td rowspan="4">2</td><td>Sales revenues</td><td>521,185</td><td rowspan="4">Selling price was the same with general customers. Payment terms were within 3 months. Both parties can agree to postpone the payment.</td><td>4.68%</td></tr>
<tr><td>Other revenues</td><td>1,781</td><td>0.02%</td></tr>
<tr><td>Accounts receivable</td><td>58,663</td><td>0.54%</td></tr>
<tr><td>Right-of-use asset</td><td>78,535</td><td>0.72%</td></tr>
</table>

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Transactions between the aforesaid subsidiaries and the parent company have been written off.

Table 6

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS AND OTHER INFORMATION OF INVESTEE COMPANIES (EXCLUDING INVESTEE IN MAINLAND)

DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee
				As of December 31, 2021	As of December 31, 2020	Shares (In Thousands)	Percentage of Ownership	Carrying Value		
Shiny Chemical Industrial Co., Ltd.	Unishine Chemical Corp.	Taipei City	Warehousing	59,980	59,980	28,491	49.98%	439,822	62,733	31,354
	Elsom Development Ltd.	Hong Kong	Investments & trading	162,451 (USD 5,047)	162,451 (USD 5,047)	39,244	100.00%	307,658 (HKD87,977)	20,649 (HKD 5,718)	20,649 (HKD 5,718)
	Spring World Holdings Ltd.	British Virgin Islands	Investments & trading	147,227 (USD 4,450)	147,227 (USD 4,450)	4,450	100.00%	228,736 (USD 8,264)	16,567 (USD 590)	16,567 (USD 590)
	E-Shine Advanced Chemical Co., Ltd.	Changhua County	Chemical	75,000	75,000	50,000	100.00%	1,148,059	262,830	251,104
	Transsom Technology Co., Ltd.	Taipei City	Manufacturing of synthetic resin and plastic product.	-	860	-	-	-	-	-
Elsom Development Ltd.	Shanghai Liansheng Chemistry Co., Ltd.	China	Chemical	69,408 (USD 2,166)	69,408 (USD 2,166)	-	35.00%	103,117 (HKD29,055)	35,788 (HKD 9,911)	12,526 (HKD 3,469)
	Shanghai Haosheng Chemical Technology Co., Ltd.	China	Chemical	145,014 (USD 4,543)	145,014 (USD 4,543)	-	35.00%	176,704 (HKD49,790)	24,474 (HKD 6,778)	8,566 (HKD 2,372)
Spring World Holdings Ltd.	Zhangjiagang Trans-Ocean Enterprise Co., Ltd.	China	Chemical	156,162 (USD 4,740)	156,162 (USD 4,740)	-	18.50%	212,306 (USD 7,670)	89,539 (USD 3,189)	16,565 (USD 590)

Note : Transactions between the aforesaid subsidiaries and the parent company have been written off.

Table 7

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

DECEMBER 31, 2021

(1) Mainland Investment Information:

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profit/Loss (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Shanghai Liansheng Chemistry Co., Ltd.	Chemical	NTD 242,250 (RMB 50,000) (Note 4)	(2)	NTD 64,844 (USD 2,029)	-	-	NTD 64,844 (USD 2,029)	NTD 35,788 (HKD 9,911)	35.00%	NTD 12,526 (HKD 3,469) (2).B	NTD 103,117 (HKD 29,055)	NTD 90,247
Shanghai Haosheng Chemical Technology Co., Ltd.	Chemical	NTD 436,050 (RMB 90,000)	(2)	NTD 97,607 (USD 3,018)	-	-	NTD 97,607 (USD 3,018)	NTD 24,474 (HKD 6,778)	35.00%	NTD 8,566 (HKD 2,372) (2).B	NTD 176,704 (HKD 49,790)	-
Zhangjiagang Trans-Ocean Enterprise Co., Ltd.	Chemical	NTD 1,031,985 (RMB 213,000) (Note 5)	(2)	NTD 147,227 (USD 4,450)	-	-	NTD 147,227 (USD 4,450)	NTD 89,539 (USD 3,189)	18.50%	NTD 16,565 (USD 590) (2).B	NTD 212,306 (USD 7,670)	NTD 146,638

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
309,678 (USD 9,497)	365,874 (USD 13,218)	4,070,077

Note 1: The investment methods are divided into the following three types:

(1) Investing directly to the Mainland China;

(2) Reinvesting in the Mainland China through third-region companies (please refer to Table 6);

(3) Others.

Note 2: In the current period, the investment profit and loss column are recognized:

(1) If during incorporation with no investment income or loss, it should be indicated;

(2) The basis for recognition of investment gains and losses divided into the following three types, which should be indicated:

A. Audited financial statements by international accounting firms with cooperation relationship with accounting firms in the Republic of China.

B. Audited financial statements by parent company's auditors.

C. Others.

Note 3: The relevant figures in this form should be listed in New Taiwan Dollars.

Note 4: Including capitalization of retained earning RMB 8,760 thousand.

Note 5: Including capitalization of retained earning RMB 13,189 thousand.

Note 6: The figures in the Table shall be expressed in New Taiwan Dollars. Carrying amount at the end of the period is converted using the exchange rate on the reporting date (USD:NTD 1: 27.68; HKD: NTD 1: 3.549). Investment gain or loss recognized in the current period is converted using the average exchange rate in from January 1 to December 31, 2021 (USD: NTD 1: 28.08; HKD: NTD 1: 3.611)

(2)The Company's major transactions during year 2021 directly or indirectly through the third place and the mainland invested company are listed as follows:

Investee Company	Sales/ Purchases	Sales/ Purchases		Transaction Terms			(Notes/Accounts Payable) Or Receivables	
		Amount	%	Price	Payment Terms	Comparison with general transactions	Ending Balance	% to Total
Shanghai Liansheng Chemistry Co., Ltd.	Purchases	2,059	0.03%	Equivalent to ordinary suppliers.	3 months	Both parties can agree to postpone the payment.	-	-

Table 8

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON MAJOR SHAREHOLDERS

DECEMBER 31, 2021

(Unit: share)

Shares / Name of Major Shareholder	Number of Shares	Percentage of Ownership (%)
NINGHAN DEVELOPMENT CO., LTD.	61,259,497	30.62%
YU KUO PLYWOOD CORP.	24,839,482	12.41%

Note: The information of major shareholders is based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

14.SEGMENT INFORMATION

(1) General information

For management purpose, the Group's reportable segments are listed as follows:

A. Yeong An plant: Mainly engaging in manufacturing, processing and trading chemical solvents.

B. Changhua Coastal plant: Mainly engaging in manufacturing, processing and trading chemical solvents.

C. Others: Mainly engaging in investment.

(2) Measurement basis

The Group uses profit before income tax as the measurement for segment profit and the basis of performance assessment. There was no material inconsistency between the accounting policies of the operating segment and the accounting policies described in Note 4.

(3) Segment financial information

(In thousands)

Year 2021	Yeong An plan	Changhua Coastal plant	Others	Elimination	Total
Sales from external customers	$9,983,376	$1,160,227	$ -	$ -	$11,143,603
Sales among inter-segment	72,218	521,185	-	(593,403)	-
Total sales	$10,055,594	$1,681,412	$ -	($593,403)	$11,143,603
Depreciation and Amortization	$269,964	$64,213	$ -	($11,452)	$322,725
Segment operating profit (loss)	$1,945,197	$325,983	$37,211	($303,910)	$2,004,481
Investments accounted for using equity method	$2,124,276	$ -	$492,127	($1,684,454)	$931,949
Noncurrent capital expenditure	$1,573,365	$494,962	$ -	$ -	$2,068,327
Segment assets	$10,291,615	$1,919,364	$536,438	($1,886,747)	$10,860,670
Segment liabilities	$3,478,915	$716,469	$47	($138,773)	$4,056,658

a. Total reporting segment sales should eliminate inter-segment sales of $593,403 thousand.

b. Interest revenue of $516 thousand、interest expense of ($2,231) thousand and income tax expense of ($385,958) thousand is not included in segment profit (loss).

c. Segment assets did not include deferred income tax assets $78,743 thousand.

d. Segment liabilities did not include deferred income tax liabilities $68,317 thousand and net defined benefit liabilities $30,977 thousand.

(In thousands)

Year 2020	Yeong An plan	Changhua Coastal plant	Others	Elimination	Total
Sales from external customers	$6,964,084	$814,191	$ -	$ -	$7,778,275
Sales among inter-segment	58,001	488,013	-	(546,014)	-
Total sales	$7,022,085	$1,302,204	$ -	($546,014)	$7,778,275
Depreciation and Amortization	$244,225	$62,852	$ -	($11,219)	$295,858
Segment operating profit (loss)	$1,402,060	$276,938	$29,711	($254,739)	$1,453,970
Investments accounted for using equity method	$1,801,200	$ -	$486,464	($1,402,208)	$885,456
Noncurrent capital expenditure	$896,962	$123,201	$ -	$ -	$1,020,163
Segment assets	$7,865,768	$1,407,764	$504,946	($1,604,285)	$8,174,193
Segment liabilities	$2,063,659	$468,205	$48	($152,928)	$2,378,984

a. Total reporting segment sales should eliminate inter-segment sales of $546,014 thousand.

b. Interest revenue of $340 thousand、interest expense of ($2,162) thousand and income tax expense of ($278,141) thousand is not included in segment profit (loss).

c. Segment assets did not include deferred income tax assets $63,117 thousand.

d. Segment liabilities did not include deferred income tax liabilities $60,918 thousand and net defined benefit liabilities $32,434 thousand.

(4) Production and service information: The Group mainly engaging in manufacturing, processing and trading chemical solvents, no disclosure required for only single industry.

(5) Geographic information:

	Year ended December 31	
	2021	2020
Taiwan	$8,031,230	$5,858,916
South Korea	1,243,738	859,476
Vietnam	439,205	261,019
Thailand	233,728	159,411
Others	1,195,702	639,453
Total	$11,143,603	$7,778,275

(6) Noncurrent Assets:

	December 31	
	2021	2020
Taiwan	$5,957,188	$4,241,694

(7) Major customers information:

	Year ended December 31, 2021	
Item	Amount	Percentage of net sales
Customer A -Yeong An plant	$2,232,330	20.03%
Customer B -Yeong An plant	1,139,697	10.23%
Customer C -Yeong An plant	1,089,326	9.78%
Total	$4,461,353	

	Year ended December 31, 2020	
Item	Amount	Percentage of net sales
Customer A -Yeong An plant	$1,471,156	18.91%
Customer B -Yeong An plant	835,991	10.75%
Customer C -Yeong An plant	739,406	9.51%
Total	$3,046,553	

Shiny Chemical Industrial Co., Ltd.

Chairman Sun Jan Yen