Stock Code: 1714

Ho Tung Chemical Corp.

2021 Annual Report

Prepared by Ho Tung Chemical Corp.
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Title: Senior Manager

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II. Headquarter and plants:

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

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Website: http://www.pwc.com/tw

V. Oversea securities exchange : None

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

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Chapter 1. Letter to Shareholders

I. 2021 Operating Results

(I) Results of business plan:

1.The consolidated operating revenue in 2021 was NT$ 20,211,458thousand, a decrease of 21.81% compared with NT$ 25,849,191thousand in 2020.

2. After-tax net profit in 2021 was NT$ 722,746thousand, down 57.14% from NT$ 1,686,431thousand in 2020. The 2021 earnings per share was NT$0.72, down 57.14% compared with NT$1.68 in 2020.

(II) Budget implementation: None. The Company has not prepared financial forecast for 2021.

(III) Analysis of financial revenue, expenditure and profitability;

Main causes of profit decline:

In order to enrich the working capital, the Company sold the land held by its subsidiaries in Yucheng section of Nangang District in 2020,

And did not do so in 2021, which caused the profit and EPS to decrease from 2020.

Please refer to the following table for the financial ratio analysis:

Analysis Item		2020	2021
Financial Structure (%)	Debt to asset ratio	32.69	30.75
	Ratio of long-term capital to property, plant, and equipment	398.47	387.53
Solvency	Current ratio (%)	295.62	305.40
	Quick ratio (%)	235.91	236.74
	Interest coverage ratio	13.80	18.16
Profitability	Return on assets (%)	10.77	6.43
	Return on equity (%)	15.91	8.55
	Net profit margin (%)	9.28	7.22
	Earnings Per Share (NT$, after retroactive adjustment)	1.68	0.72

II. Summary of the 2022 business plan

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

(I) Business strategy:

1. Raising the added value of products:

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

2. Lowering business risks:

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

3. Establishing and developing professional teams;

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

(II) Business plans:

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

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

2. Increase production capacity where necessary:

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

3. International Market Development:

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

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

Generally speaking, the supply of NP is still sufficient while the business of LAB is growing steadily. Meanwhile, the number of sales of related products is also increasing, and thus, oversea revenues and net profits are growing steadily. With respect to the business outlook in 2022 is to deepen and expand our business internationally. Besides closely observing the raw material trends, the goal this year is to maintain a good relationship with NP suppliers, and actively improve production efficiency to reduce production costs and enhance competitiveness. At the same time, we will also increase other trading business and establish sales channels to enhance the overall interests of the Company. In other aspects, we will continue to conduct new market evaluation and layout in the overseas markets, so as to further improve the investment basis, promote other surfactant products, and increase competitiveness and profitability.

(IV) Policies of production and sales:

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

with ISO-14001 so as to maximize the performance and efficiency of management and production.

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

III. Future Development Strategies of the Company

Chemicals:

1. Grasp opportunities in emerging markets:
   As the pandemic situation raises the detergent awareness, the global demand for detergent raw materials shows a growing trend, especially in developing countries, such as Pakistan and India. The demand continues to grow at a high rate, which drives the development of the whole industry.
2. Focus on chemical business while explore other markets in upstream and downstream of the business chain:
   The Company's strategies for future development will continue to focus on the main business of chemical products while develop and integrate the upstream and downstream of the business chain systematically, utilize various resources effectively. By doing so, the Company will be able to increase its market share and secure the supply of raw materials necessary for plant expansion and increase value added of products and competitiveness by developing other related detergent raw materials.

Oil products:

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

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

1. Impact from external competitive environment:

Chemical products:

The global oil price often fluctuates. As a result, knowing the production costs and reflect the changes in oil price on the selling prices of products where necessary are two major issues. The timely and stable supply of raw materials and management of production efficiency are essential for the purchase of normal paraffin and sales of alkyl benzene. At present, the global demand for alkyl benzene, the raw material of detergent, is growing steadily. Besides the supply of normal paraffin and alkyl benzene, it is an important issue for the Company to increase the sales of sodium linear alkyl benzene sulfonate and sodium lauryl polyoxyethylene ether sulfate, and stable operation is the main goal this year.

Oil products:

With the continuous expansion of domestic and foreign free trade port development and investment promotion, the price reduction competition among tank leasing operators and the restriction of fishing protection period by the Chinese government from May to August every year, as well as the drastic fluctuation of oil prices caused by COVID-19 pandemic in the past two years and the war between Ukraine and Russia, the customers' willingness to rent tanks has decreased.

2. Impact from governmental regulations:

The Company runs its business based on good faith principle and complies with all relative governmental regulations, such as Article 16 of Air Pollution Control Act and Article 28 of Soil and Groundwater Pollution Remediation Act.

3. Impact on overall operating environment:

Chemical products:

As the pandemic situation raises the detergent awareness, the demand for detergent products will continue to grow, which will be of significant help to the Company's operation.

Oil products:

(1) Dock loading and unloading scheduling is becoming more difficult.

(2) Environmental protection and industrial inspection laws and regulations are becoming stricter.

(3) Impact of port company regulations on operating costs.

(4) The pressure of peer competition is increasing.

The Company will continue to advance its management, improve its efficiency, innovate in R&D, and break through the present situation, in the hope of creating richer investment returns for all shareholders. We also hope that all shareholders will give the management team more support and encouragement!

Chapter 2. Company Profile

I. Date of Incorporation

The Company was incorporated on August 1, 1980.

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

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

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

Tel: (07)371-2917~8

(II) Taipei Office:

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

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

III. Company History

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

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

7. On May 29, 1991, the Company's shares were approved by the competent authority to be listed as Category A stocks and have been traded on the Taiwan Stock Exchange since August 30, 1991.
8. On October 30, 1991, the Company was approved by the competent authority to increase capital by NT$100 million and transfer retained earnings to common stocks by NT$60 million, totaling NT$160 million. The Company's total capital amounted to NT$560 million.
9. On March 3, 1992, the shareholders' meeting resolved to further diversify the Company's businesses, expanding to fields such as electronics, computers, and construction.
10. On May 25, 1992, the Company was approved by the competent authority to transfer retained earnings to common stocks by NT$67.2 million. The Company's total capital amounted to NT$627.2 million.
11. On July 30, 1992, the Company was approved by the competent authority to change its capital increase plan from establishing a second production line to expansion plans for de-bottlenecking.
12. In August 1992, one of the Company's subsidiaries, Paotze Investment Limited, was established with paid-in capital amounting to US$20 million.
13. In 1993, the annual shareholders' meeting resolved to diversify the Company's businesses and invest in building acetylene cylinder charging plant and cement clinker grinding plant.
14. In September 1993, one of the Company's subsidiaries, Jintung Petrochemical Co., Ltd., was established with paid-in capital amounting to RMB168.2 million.
15. In February 1994, the test-run of the first debottlenecking expansion plan for normal paraffin was completed and the equipment commenced to produce products.
16. In 1993, the Industrial Development Bureau, MOEA approved the Company's establishment plan of acetylene cylinder charging plant and cement clinker grinding plant and on March 9, 1994, the Securities and Exchange Commission (SEC) approved the Company to increase capital by cash in the amount of NT$250 million and transfer retained earnings and capital surplus to common stocks by NT$75,264,000 (NT$325,264,000 in total). The Company's total capital amounted to NT$952,464,000.
17. In March 1994, one of the Company's subsidiaries, Hsin Tay Ltd., was established with paid-in capital amounting to US$1.
18. In February 1994, the test-run of the first debottlenecking expansion plan for normal paraffin was completed and the equipment commenced to produce products.
19. On October 27, 1994, SEC approved the Company to transfer retained earnings and capital surplus to common stocks by NT$95,246,400. The Company's total capital amounted to NT$1,047,710,400.
20. On August 19, 1995, SEC approved the Company to transfer the retained earnings and capital surplus to common stocks and increase capital by cash in the amount of NT$209,542,080. The Company's cumulative capital amounted to NT$1,257,252,480.
21. On March 14, 1996, the Company was certified by the Bureau of Standards, Metrology and Inspection, MOEA with the international quality management certificate of ISO-9002.
22. On September 26, 1996, SEC approved the Company to transfer retained earnings and capital surplus to common stocks by NT$150,870,300. The Company's total capital amounted to NT$1,408,122,780.
23. On July 10, 1997, SEC approved the Company to transfer the retained earnings and capital surplus to common stocks and increase capital by cash in the amount of NT$991,877,220. The Company's cumulative capital amounted to NT$2.4 billion.

24. On June 5, 1998, Securities and Futures Institute approved the Company to transfer the retained earnings and capital surplus to common stocks in the amount of NT$600 million. The Company's cumulative capital amounted to NT$3 billion.
25. On June 25, 1998, the Company was certified by the Bureau of Standards, Metrology and Inspection, MOEA with the international environmental management certificate of ISO-14001.
26. On May 20, 1999, Securities and Futures Institute approved the Company to transfer the retained earnings and capital surplus to common stocks in the amount of NT$750 million. The Company's cumulative capital amounted to NT$3.75 billion.
27. On July 19, 1999, Securities and Futures Institute approved the Company to issue its first domestic convertible bonds in the amount of NT$1.7 billion and on July 17 in the same year, Securities and Futures Institute approved the Company to issue its second unsecured convertible bonds in the amount of NT$600 million.
28. On February 2, 2000, the Department of Commerce, MOEA approved the Company to exchange convertible bonds amounting to NT$124 million for common stocks amounting to 4,444,444 shares. The Company's cumulative capital amounted to NT$3,794,444,440.
29. On August 30, 2000, Securities and Futures Institute approved the Company to transfer the retained earnings and capital surplus to common stocks in the amount of NT$796,833,320. The Company's cumulative capital amounted to NT$4,591,277,760.
30. On November 6, 2000, the Department of Commerce, MOEA approved the Company to exchange convertible bonds amounting to NT$138.3 million for common stocks amounting to 5,983,040 shares. The Company's cumulative capital amounted to NT$4,651,108,160.
31. On May 22, 2001, the Department of Commerce, MOEA approved the Company to decrease capital by retiring treasury stocks in the amount of NT$214,150,000. The Company's cumulative capital amounted to NT$4,436,958,160.
32. On June 19, 2001, Securities and Futures Institute approved the Company to transfer the retained earnings and capital surplus to common stocks in the amount of NT$665,543,720. The Company's cumulative capital amounted to NT$5,102,501,880.
33. On September 19, The Department of Commerce, MOEA approved the Company to exchange convertible bonds in the amount of NT$13.5 million for common stocks amounting to 838,446 shares. The Company's cumulative capital amounted to NT$5,110,806,340.
34. On January 17, 2002, the Department of Commerce, MOEA approved the Company to exchange convertible bonds in the amount of NT$1 million for common stocks amounting to 62,111 shares. The Company's cumulative capital amounted to NT$5,111,507,450.
35. In April 2002, Jiangsu Jintung Chemical Corp., Ltd, one of the Company's subsidiaries, was established with paid-in capital amounting to US$84,840.
36. On July 22, 2002, Securities and Futures Institute approved the Company to transfer the retained earnings and capital surplus to common stocks in the amount of NT$613,380,890. The Company's cumulative capital amounted to NT$5,724,888,340.
37. On September 4, 2002, the Department of Commerce, MOEA approved the Company to exchange convertible bonds in the amount of NT$56.7 million for common stocks amounting to 3,937,292 shares. The Company's cumulative capital amounted to NT$5,764,261,260.
38. On February 6, 2003, the Department of Commerce, MOEA approved the Company to exchange convertible bonds in the amount of NT$4.9 million for common stocks amounting to 340,272 shares. The Company's cumulative capital amounted to NT$5,767,663,980.

39. On October 19, 2003, the Company was approved by the Department of Commerce of the Ministry of Economic Affairs to cancel all the treasury shares and the capital was reduced by NT$120.13 million, and the accumulated capital amounted to NT$5,647,533,980.
40. On October 19, 2003, Securities and Futures Institute approved the Company to transfer the retained earnings to common stocks in the amount of NT$461,413,120. The Company's cumulative capital amounted to NT$6,108,947,100.
41. On January 1, 2004, the Company spun off its oil products segment and established a new subsidiary, Chenergy Global Co., Ltd. The establishment was approved by the MOEA in February 2004 and the registration of the company was completed.
42. In February 2004, Chenergy Global Co., Ltd., one of the Company's subsidiaries, was established with paid-in capital amounting to NT$2.2 billion.
43. On February 27, 2004, the Company spun off its chemical segments and established a new subsidiary, Ho Tung Intl. Co., Ltd. The establishment of the company was approved by the MOEA in March 2004 and the registration of it was completed.
44. On February 27, 2004, Ho Tung Intl. Co., Ltd was changed into a holding company, the name of it being Ho Tung Investment Holding Co., Ltd. This change was approved by the MOEA in March 2004 and the registration of the change was completed.
45. On September 6, 2004, Securities and Futures Institute approved the Company to transfer the retained earnings to common stocks in the amount of NT$305,447,350. The Company's cumulative capital amounted to NT$6,414,394,450.
46. On October 22, 2004, the Department of Commerce, MOEA approved the Company to reduce capital by retiring all treasury stocks, amounting to NT$234,930,000 and exchange convertible bonds in the amount of NT$1.6 million for common stocks amounting to 1,269,150 shares. The Company's cumulative capital amounted to NT$6,180,733,600.
47. The board of Directors decided on May 19, 2005 to merge with Original Ho Tung Chemicals Corp. Ltd. on June 29, 2005 as the base date of merger by means of a simple merger to assume its assets, liabilities and legal status. After the merge, the Company was the surviving company, renamed as Ho Tung Chemical Corp. Ltd. and remained as a listed company.
48. On January 20, 2006, the Company applied to the MOEA for capital reduction by treasury stock retirement in the amount of NT$121,870,000. The paid-in capital of the Company amounted to NT$6,058,863,600.
49. On June 13, 2008, the term of office of the 9th Board of Directors expired and new Directors were elected. Mr. Yang, Yu-chieh, the representative of Hung I Investment Co., Ltd., was elected as the new Chairman of the Board.
50. On August 30, 2008, the Ministry of Economic Affairs Investment Commission (MOEAIC) approved the Company to remit US$28,566,021 and acquired 36.82% shares of PAOTZE INVESTMENT LIMITED. After the acquisition, the Company held 100% shares of PAOTZE INVESTMENT LIMITED and also indirectly increased its equity over five other companies in Mainland China, including Jiangsu Jintung Chemical Corp., Ltd.
51. On June 4, 2009, the Company applied to the MOEA for capital reduction by retiring treasury stocks amounting to NT$2.89 million. The Company's paid-in capital amounted to NT$6,055,973,600.
52. On August 13, 2009, Securities and Futures Bureau approved the Company to transfer the retained earnings to common stocks in the amount of NT$322,635,140. The Company's cumulative capital amounted to NT$6,378,608,740.
53. On August 16, 2010, per Official Letter No. 0990042974 issued by the Financial Supervisory Commission, Executive Yuan, the Company was approved to transfer retained

earnings to common stocks in the amount of NT$742,647 thousand. The Company's cumulative capital amounted to NT$7,121,256,180.

54. On August 9, 2011, per Official Letter No. 1000036961 issued by the Financial Supervisory Commission, Executive Yuan, the Company was approved to transfer retained earnings to common stocks in the amount of NT$831,765 thousand. The Company's cumulative capital amounted to NT$7,953,021,320.
55. In September 2011, Hsin Tay Petroleum Co., Ltd, one of the Company's subsidiaries, was established with paid-in capital amounting to NT$800 million.
56. On November 16, 2011, the Company applied to the MOEA for capital reduction by retiring treasury stocks amounting to NT$189.88 million. The Company's paid-in capital amounted to NT$7,763,141,320.
57. On August 8, 2012, per Official Letter No. 1010034786 issued by the Financial Supervisory Commission, Executive Yuan, the Company was approved to transfer retained earnings to common stocks in the amount of NT$931,577 thousand. The Company's cumulative capital amounted to NT$8,694,718,270.
58. On July 30, 2013, per Official Letter No. 1020029587 issued by the Financial Supervisory Commission, the Company was approved to transfer retained earnings to common stocks in the amount of NT$434,736 thousand. The Company's cumulative capital amounted to NT$9,129,454,180.
59. On July 24, 2014, per Official Letter No. 1030028023 issued by the Financial Supervisory Commission, Tung Bao Co., Ltd. was approved to transfer retained earnings to common stocks in the amount of NT$39,600 thousand. The cumulative capital of Tung Bao amounted to NT$435.6 million.
60. On July 31, 2014, per Official Letter No. 1030029095 issued by the Financial Supervisory Commission, Chenergy Global Co., Ltd. was approved to transfer retained earnings to common stocks in the amount of NT$59,584 thousand. The cumulative capital of Chenergy amounted to NT$507,584,000.
61. On August 11, 2014, per Official Letter No. 1030029295 issued by the Financial Supervisory Commission, the Company was approved to transfer retained earnings to common stocks in the amount of NT$456,473 thousand. The Company's cumulative capital amounted to NT$9,585,926,880.
62. On October 21, 2014, per Official Letter No. 1030041511 issued by the Financial Supervisory Commission, Ho Tung Cement Corp. was approved to transfer retained earnings to common stocks in the amount of NT$12,398 thousand. The cumulative capital of Ho Tung Cement amounted to NT$279,164,330.
63. On October 22, 2014, the MOEAIC approved the Company to acquire 15% of equity of Xiamen Jintung Synthetic Detergent Co., Ltd in Mainland China through the investees in a third place, PAOTZE INVESTMENT LIMITED of British Virgin Islands, with the Company's own funds amounting to US$1,436,489.18.
64. On October 28, 2014, per Official Letter No. 10301223800 issued by the MOEA, Hsin Tay Petroleum Corp. was approved to transfer retained earnings to common stocks in the amount of NT$110,653 thousand. The cumulative capital of Hsin Tay Petroleum amounted to NT$2,591,652,600.
65. On July 23, 2015, per Official Letter No. 1040027975 issued by the Financial Supervisory Commission, Ho Tung Cement Corp., Ltd. was approved to transfer retained earnings to common stocks in the amount of NT$16,200 thousand. The cumulative capital of Ho Tung

Cement amounted to NT$295,364,330.

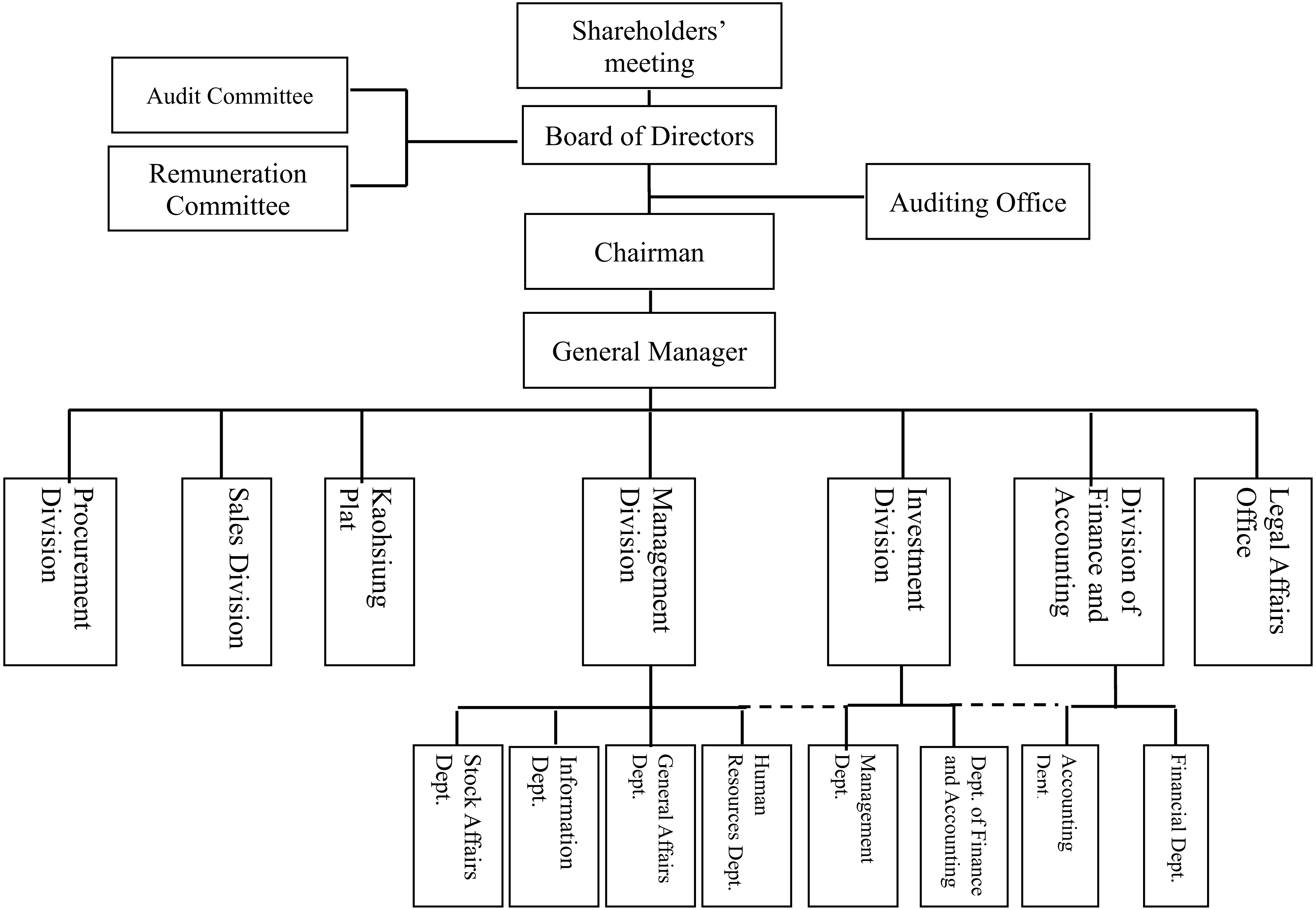
66. On August 10, 2015, per Official Letter No. 1040029405 issued by the Financial Supervisory Commission, Tung Bao Co., Ltd. was approved to transfer retained earnings to common stocks in the amount of NT$13,068 thousand. The cumulative capital of Tung Bao amounted to NT$448,608,000.
67. On September 10, 2015, per Official Letter No. 1045179014 issued by New Taipei City Government, Hua Tung Investment Co., Ltd. was approved to reduce capital in the amount of NT$70,000 thousand. The cumulative capital of Hua Tung Investment amounted to NT$300 million.
68. On July 23, 2015, per Official Letter No. 1040027972 of the Financial Supervisory Commission, Chenergy Global Co., Ltd. was approved to transfer retained earnings to common stocks in the amount of NT$6.1 thousand. The cumulative capital of Chenergy amounted to NT$568,494,080.
69. On April 14, 2016, per Official Letter No. 10501072990 issued by New Taipei City Government, He Hsin Cheng Co., Ltd. was approved to reduce capital in the amount of NT$120,000 thousand. The cumulative capital of He Hsin Cheng amounted to NT$560 million.
70. On April 15, 2016, per Official Letter No. 1055157335 issued by New Taipei City Government, He Mao Venture Capital Co., Ltd., was approved to reduce capital in the amount of NT$20,000 thousand. The cumulative capital of He Mao VC amounted to NT$330 million.
71. On May 31, 2016, per Official Letter No. 10501110000 issued by the MOEA, Hsin Tay Petroleum Corp., Ltd. was approved to transfer retained earnings to common stocks in the amount of NT$108,847 thousand. The cumulative capital of Hsin Tay Petroleum amounted to NT$2,700,500,000.
72. On July 21, 2016, the Financial Supervisory Commission approved the Company to transfer retained earnings to common stocks in the amount of NT$286,147 thousand. The Company's cumulative capital amounted to NT$9,872,074,280.
73. On July 29, 2016, per Official Letter No. 10501187510 issued by the MOEA, Tung Bao Co., Ltd. was approved to increase capital by cash in the amount of NT$230,000 thousand. The cumulative capital of Tung Bao amounted to NT$678,668,000.
74. On July 27, 2017, the Financial Supervisory Commission approved the Company to transfer retained earnings to common stocks in the amount of NT$343,854 thousand. The Company's cumulative capital amounted to NT$10,215,928,080.
75. On August 31, 2017, per Official Letter No. 10601125880 issued by the MOEA, Hsin Tay Petroleum Corp., Ltd was approved to transfer retained earnings to common stocks in the amount of NT$81,400 thousand. The cumulative capital of Hsin Tay Petroleum amounted to NT$2,781,900,000.
76. On August 31, 2017, per Official Letter No. 1068054140 issued by New Taipei City Government, He Mao Venture Capital Co., Ltd., was approved to reduce capital in the amount of NT$200,000 thousand. The cumulative capital of He Mao VC amounted to NT$130 million.
77. On December 7, 2017, per Official Letter No. 1068078954 issued by New Taipei City Government, Hua Tung Investment Co., Ltd. was approved to reduce capital in the amount of NT$60,000 thousand. The cumulative capital of Hua Tung Investment amounted to NT$240 million.

78. On January 5, 2018, the Company applied to the MOEA for capital reduction by retiring treasury stocks in the amount of NT$47,680 thousand. The Company's cumulative capital amounted to NT$10,168,248,080.
79. On August 16, 2018, per Official Letter No. 1078053332 issued by New Taipei City Government, He Mao Venture Capital Co., Ltd., was approved to reduce capital in the amount of NT$60,000 thousand. The cumulative capital of He Mao VC amounted to NT$70 million.
80. On December 12, 2018, per Official Letter No. 10701148550 issued by the MOEA, Hsin Tay Petroleum Corp. Ltd. was approved to transfer retained earnings to common stocks in the amount of NT$25,600 thousand. The cumulative capital of Hsin Tay Petroleum amounted to NT$2,807,500,000.
81. On December 13, 2018, per Official Letter No. 10701157500 issued by the MOEA, Hsin Tay Petroleum Corp. Ltd. was approved to reduce capital in the amount of NT$241,445 thousand. The cumulative capital of Hsin Tay Petroleum amounted to NT$2,566,055,000.
82. On December 18, 2018, per Official Letter No. 1078082790 issued by New Taipei City Government, Cherengy Global Co., Ltd. was approved to reduce capital in the amount of NT$247,295,000. The cumulative capital of Chenergy amounted to NT$321,199,150.
83. On August 13, 2019, per Official Letter 1088054854 issued by the MOEA, Hua Chung Co., Ltd. was approved to reduce capital in the amount of $30,000 thousand. The cumulative capital of Hua Chung amounted to $20 million.
84. On November 28, 2019, per Official Letter 10801169510 issued by the MOEA, Hsin Tay Petroleum Co., Ltd. was approved to reduce capital in the amount of $139,700 thousand. The cumulative capital of Hsin Tay Petroleum amounted to $2,426,355 thousand.
85. On October 5, 2020, per Official Letter 10901178270 issued by the MOEA Hsin Tay Petroleum Co., Ltd. was approved the capital reduction NT$489,300,000, and the accumulated capital reached NT$1,937,055,000.
86. On December 2, 2020, Chenergy Global Co., Ltd. was approved to increase its capital by $200,000,000 in cash by New Taipei City Government through the approval of per Official Letter No. 1092344510, and the accumulated capital reached $566,199,150.

Chapter 3. Corporate Governance Report

I. Organizational System

(I) Organization Chart:



(II) Major corporate functions：

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

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

II. Information on the Directors, General Manager, Deputy General Managers, Assistant Managers, and Supervisors of Divisions and Branch Units

(I) Information on Directors:

1. Name, gender, age, nationality or place of registration, main experience (education), current position in the Company and other companies, date of election (appointment), term of office, date of first appointment and the shares held by the person, his spouse, minor children and in the name of others, professional knowledge, board diversity policy and independence:

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Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected	Term	Date First Elected (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 5)
							Number of Shares	shareholding ratio	Number of Shares	shareholding ratio	Number of Shares	shareholding ratio	Number of Shares	Percentage (%)			Title	Name	Relationship	
	R.O.C.	Hung I Investment Co., Ltd.	—	2020.06.19	2020.06.19 to 2023.06.18	2002.11.04	101,690,169	10	101,690,169	10	0	0	0	0	-	-	None	-	-	
Chairman	R.O.C.	Hung I Investment Co., Ltd. Representative: Li-chiu Chang	Male/ 71	2021.6.3	2021.6.3 to 2023.06.18	1994.4.11	0	0	0	0	0	0	0	0	NCCU Department Of Risk Management And Insurance	I. Title: None II. Other Position Concurrently Held in Other Companies: Please refer to Note 6	None	-	-	
Director	R.O.C.	Hung I Investment Co., Ltd. Representative: Yi-ju Chen	Female / 48	2020.06.19	2020.06.19 to 2023.06.18	2019.05.13	4,422,697	0.435	4,422,697	0.435	0	0	0	0	Master of Applied Economics, Master of Animal Science, Cornell University	I. Title: General Manager II. Other Position Concurrently Held in Other Companies: Please refer to Note 7	Director	Wei-yu Chen	Relative within the second degree	
Director	R.O.C.	Hung I Investment Co., Ltd. Representative: Wei- yu Chen	Male /51	2020.06.19	2020.06.19 to 2023.06.18	2008.06.13	0	0	0	0	930,000	0.09	0	0	Master of Business, University of California, Berkeley	I. Title: None II. Other Position Concurrently Held in Other Companies: Please refer to Note 8	Director	Yi-ju Chen	Relative within the second degree	
Director	R.O.C.	Hung I Investment Co., Ltd. Representative: Lun-chia Li	Male /54	2020.06.19	2020.06.19 to 2023.06.18	2008.06.13	0	0	0	0	0	0	0	0	United States Military Academy	I. Title: None II. Other Position Concurrently Held in Other Companies: Please refer to Note 9	None	-	-	
	R.O.C.	Yuan-he Chen Cultural & Educational Foundation	—	2020.06.19	2020.06.19 to 2023.06.18	2002.11.04	93,607	0.009	93,607	0.009	0	0	0	0	-	-	None	-	-	

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected	Term	Date First Elected (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 5)
							Number of Shares	shareholding ratio	Number of Shares	shareholding ratio	Number of Shares	shareholding ratio	Number of Shares	Percentage (%)			Title	Name	Relationship	
Director	R.O.C.	Yuan-he Chen Cultural & Educational Foundation Representative: Yi-hsiung Chen	Male /73	2020.06.19	2020.06.19 to 2023.06.18	2008.08.01	275,446	0.027	275,446	0.027	360,805	0.035	0	0	Department of Agricultural Chemistry, National Taiwan University; Ph.D. Of Chemistry and Biochemistry, Kent State University	I. Title: None II. Other Position Concurrently Held in Other Companies Please refer to Note 10	None	-	-	
Director	R.O.C.	Kuo-jung Shih	Male /61	2020.06.19	2020.06.19 to 2023.06.18	2005.06.29	0	0	0	0	0	0	0	0	M.B.A. of Rutgers University; Assistant Manager of the Discretionary Investment Services Segment in PGIM; Senior Deputy General Manager in Capital Securities Corp.	I. Title: None II. Position in other Companies: Supervisor of Tung Bao Corp., Chairman of Chenergy Global Corp.	None	-	-	
Independent Director	R.O.C.	Wen-hsien Su	Male /69	2020.06.19	2020.06.19 to 2023.06.18	2017.06.22	0	0	0	0	0	0	0	0	M.S. in Chemical Engineering, Tennessee Technological University; Head of Knowledge Services Division, IDB, MOEA; Senior Specialist in Department of Commerce, MOEA	I. Title: None II. Other Position Concurrently Held in Other Companies: None	None	-	-	
Independent Director	R.O.C.	Jung-yuan Chang	Male /55	2020.06.19	2020.06.19 to 2023.06.18	2017.06.22	0	0	0	0	0	0	0	0	M.S. In Accounting, University of New Haven, Connecticut State, USA	I. Title: None II. Other Position Concurrently Held in Other Companies: Financial Attach of Gabriel Broadcasting Foundation	None	-	-	

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected	Term	Date First Elected (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 5)
							Number of Shares	shareholding ratio	Number of Shares	shareholding ratio	Number of Shares	shareholding ratio	Number of Shares	Percentage (%)			Title	Name	Relationship	
Independent Director	R.O.C.	Chia-pin Chang	Male /43	2020.06.19	2020.06.19 to 2023.06.18	2017.06.22	0	0	0	0	0	0	0	0	Department of Law, Soochow University	I. Title: None II. Other Position Concurrently Held in Other Companies Legal Director in Taiwan Cogeneration Corp.	None	-	-	

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

Note 2. Please list your actual age and express it in intervals, such as 41-50 years old or 51-60 years old.

Note 3. The date of first elected as a Director or Supervisor of the Company shall be listed. Any interruption shall be specified in Notes.

Note 4. For experiences relevant to the current position, if the person held a position in the accounting firm providing audit services to the Company or in any affiliated companies during the above-mentioned periods, his/ her title and job responsibilities shall be specified

Note 5. Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., by increasing the number of independent directors and having a majority of directors who are not also employees or managers, etc.)

Note 6. Li-chiu Chang Chairman, his other position concurrently held in other companies: on June 2, 2021, Hung I Investment Co., Ltd. changed its legal representative director, Mr. Yu- chieh Yang, the former legal representative director, to Mr. Li-chiu Chang , and the board of directors elected Mr. Li-chiu Chang , the representative of Hung I Investment Co., Ltd., as the chairman of the Company on June 3, 2021. Currently serving as CEO, Sun Ten Pharmaceutical Co., Ltd., Chairman, Panion & BF Biotech Inc., Chairman, Shun Tian International Investment Co., Ltd., Chairman, Herbiotek Co., Ltd., Chairman, Cheng Fong Chemical Co., Ltd., Director, TriKnight Capital Corporation, Director, FOCI, Independent Director, Acme Electronics Corporation, Independent Director, T3EX Global Holdings Corp.

Note 7. Yi-ju Chen Director, her other position concurrently held in other companies: Chairman, Padze Investment Limited, Director, Jintung Petrochemical Corporation Ltd., Director, Sichuan Jintung Fine Chemistry Ltd., Director, Anhui Jintung Fine Chemistry Ltd., Director, Jiangsu Jintung Industrial Co. Ltd., Director, Jiangsu Jintung Surfactant Co. Ltd., Deputy Chairman Xiamen Jintung Synthetic Detergent Co., Ltd., Director, Nanjing He sheng Pao New Energy Technology Co. Ltd., Director, Hsin Tay (Shanghai) Co., Ltd, Director, Nanjing Kuan Hsin Optoelectronics Co., Ltd, Director, Tianjin Tianzhi Fine Chemical Co., Ltd, Director, Hsin Tay Petroleum (Shares), Director, Tianjin Hsingtung Chemical Co., Ltd, Director, Guangzhou Lizhi Chemical Co., Ltd , Director, Tianjin Tianzhi Fine Chemical Co., Ltd, Director, Chisheng (Huizhou) Petrochemicals Corp. Ltd. Director, Director, He Mao Venture Capital (Co., Ltd.), Chairman, BingRong Investment Ltd., Chairman, Hsing Tai Co., Ltd., Chairman, Chih Chiang Ltd., General Manager of Chenergy Global Corp.

Note 8. Wei-yu Chen Directors, also concurrently holds positions in the following companies: Chairman, He Mao Venture Capital Co., Ltd., Chairman, Hsin Tay Petroleum Co., Ltd., Director, Paotze Investment Ltd, Chairman, Hsin Tay Ltd, Chairman, Signpost Enterprises Ltd, Chairman, Signpost (HK) Limited, Chairman, Hsin Tay (Shanghai) Ltd., Director, Tianjin Tianzhi Fine Chemical Co., Ltd, Director, Jintung Petrochemical Co., Ltd, Director, Jiangsu Jintung Chemical Industry Co. Director, Director, Jiangsu Jintung Surfacant Co., Ltd, Xiamen Jintung Synthetic Detergent Co., Ltd., Director, Nanjing He sheng Pao New Energy Technology Co. Ltd., Chairman, Chihsheng Huizhou Petrochemical Co. Director, Shanghai Jingdi Chemical Co., Ltd., Director, Guangzhou Litze Chemical Co., Ltd., Chairman, Liwei Insurance Brokers Ltd. and Director, Chenergy Global Co.

Note 9. Lun-chia Li Directors, also concurrently holds positions in the following companies: Director of Paotze Investment Ltd.; Director of Chenergy Global Co., Ltd.

Note 10. Yi-hsiung Chen Director, also holds the following positions: Chairman, Vita Genomics Inc., Chairman, Ji Ji Co., Ltd., Chairman, Chia He Investment Co., Ltd., Chairman, Yaoji Biotechnology Co., Ltd., Chairman, Yatung Investment Co., Ltd., Representative of Institutional Director, YH Bio Co., Ltd., Director, Hakers Enterprise Co., Ltd., Representative of Institutional Director, Ho Tung Chemical Corp., Representative of Institutional Director, Viarich Biotechnology Co., Ltd., Chairman, Olu Biotech Consulting Co., Ltd., Chairman, Acts Biosciences, Inc., Supervisor, Chenergy Global Corp., Independent Director, Pharmigene Co., Ltd.

2. Major shareholders of the institutional shareholder

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

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

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

Note 3. The institutional shareholder is not a company, the name of the shareholder and shareholding ratio should be disclosed above, such as the name of the investor or donor (refer to the announcement of the Judicial Yuan for inquiries) and the capital contribution or donation ratio. If the donor has passed away, please remark with "Deceased".

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

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

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

Note 1. If the major shareholder in Table 1 above is an institutional shareholder, please fill in the name of the institutional shareholder.

Note 2. Fill in the name of the major shareholder of the institution (top ten shareholding ratio) and its shareholding ratio.

Note 3. The institutional shareholder is not a company, the name of the shareholder and shareholding ratio should be disclosed above, such as the name of the investor or donor (refer to the announcement of the Judicial Yuan for inquiries) and the capital contribution or donation ratio. If the donor has passed away, please remark with "Deceased".

* The above information is provided by the institutional shareholders, and the Company only discloses what they provide.

4. Information on Directors:

(1) Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors

Diversity policy and implementation status of diversification of members of the Board of Directors:

Qualifications / Name	Diversified Core Competences: Nationality	Gender	Age: Below 60	Age: 60~70	Age: Over 70	Term of Independent Director: Below 3	A Concurrent Employee of the Company	Professional Qualification and Work Experience (Note 1): Industry experience and professional ability	Whether or not under any of the categories stated in Article 30 of the Company Act.	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Li-chiu Chang /Chairman	R.O.C.	Male			V		–	Served for many years as chief of audit Division of The Taipei Municipal Tax Bureau and chief of the Securities Regulatory Commission of the Ministry of Finance, familiar with financial and financial regulations. Served for many years as General Manager of UOB and Yuanta Securities, familiar with corporate governance laws and regulations Served as Independent Director, T3EX Global Holdings Corp. Tanvex Biologics Corporation and Acme Electronics Corporation.	None	-	2
Yi-ju Chen / Director	R.O.C.	Female	V				V	General Manager, Chenergy Global Corporation General Manager, Ho Tung Chemicals Corp.	None	-	None
Wei- yu Chen / Director	R.O.C.	Male	V				–	Master of Business school, University of California, Berkeley. Served as Marketing Manager, Netscape Communications He has been a director of Ho Tung Chemicals Corp. and a director and principal of its subsidiaries since 2008.	None	-	None
Yi-hsiung Chen/ Director	R.O.C.	Male			V			Mr. Yi-hsiung Chen holds a doctorate degree in biochemistry from Kent State University in the United States, and is a world-renowned expert in the field of genetics. He has served as the director and supervisor of several companies across the field, and is also an independent director of Pharmi Gene.	Yes	-	1
Lun-chia Li/Director	R.O.C.	Male	V					– Education: Department of Engineering and Economics, United States Military Academy. – Experience: Founder and Chairman of Iconn Wireless (Systems Engineering). Founder and Chairman of Comm ASIC Inc. (IC Design). Founder and Chairman of Graphiti Inc. (software). Chairman of Graphiti Inc. Taiwan Branch (U.S.A.) Director of Dynamic Ever Investments Limited.(Gulei Petrochemical Park) Industry background: high-tech, industrial development, venture capital, finance.	None	-	None

Qualifications / Name	Diversified Core Competences							Professional Qualification and Work Experience (Note 1)	Whether or not under any of the categories stated in Article 30 of the Company Act.	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	Nationality	Gender	Age			Term of Independent Director	A Concurrent Employee of the Company	Industry experience and professional ability			
			Below 60	60~70	Over 70	Below 3					
Kuo-jung Shih/ Director	R.O.C.	Male		V			–	– 20 years of experience in capital markets, with industry and financial analysis skills. – Ability to objectively judge the trend of international politics and market.	None	-	None
Wen-hsien Su/ Independent Director	R.O.C.	Male		V		V		– Received Master's degree in chemical engineering from Tennessee Tech University. – Served as the chief of the Industrial Bureau, the head of the Knowledge Service Team, – the special committee member of the Commercial Department, and the director of the Cultural and creative Marketing Department of the National Palace Museum for 18.7 years. – Served as an independent director of Tungbao Co., Ltd. from September 2, 2014 to October 27, 2016.	None	Compliance with the independence of directors under the Securities and Exchange Act 26-3.	None
Jung-yuan Chang/ Independent Director	R.O.C.	Male	V			V		– Has been a certified public Accountant in An accounting firm in Connecticut for 10 years. – Served as manager of tax Department of Deloitte & Touche. – Served as an independent director of Tungbao Co., Ltd. from September 2, 2014 to October 27, 2016.	None	Compliance with the independence of directors under the Securities and Exchange Act 26-3.	None
Chia-pin Chang/Independent Director	R.O.C.	Male	V			V	–	– Has been practicing law in international firms and serving as legal director of listed companies for 15 years.	None	Compliance with the independence of directors under the Securities and Exchange Act 26-3.	None

Note:

1. Article 20 of the Company's "Corporate Governance Code" stipulates that the composition of the board of directors should consider diversity, and formulate an appropriate diversity policy based on its own operation, operation type and development needs, which should include but not limited to the following two aspects of standards:
   (1) Basic conditions and values: gender, age, nationality and culture, etc.
   (2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

   The members of the board of directors shall generally possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goals of corporate governance, the board of directors as a whole should have the following capabilities:

   a. Operational judgment. b. Accounting and financial analysis c. Operating ability d. Crisis handling ability e. Industrial Knowledge. f. Opinion on the international market g. Leadership h. Decision making

2. The 14th board of directors of the Company has a total of 9 members, all of whom have experience in different industries (including biotechnology, pharmaceutical, cable and securities finance, etc.) and have business management, decision-making risk execution and assessment, leadership and international market view.
   The Company has indeed implemented the policy of diversifying the composition of the board of directors. There are currently 9 directors, including 3 independent directors and 1 female director. As of the end of 2021, 2 directors were 40-50 years old, 3 directors were 50-60 years old, and the other directors were all over 60 years old. Among them, the independent directors are all in line with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission for independent directors. , Please refer to the above-mentioned directors' information for relevant information on the qualifications, gender, professional qualifications, work experience and diversity of each director.

(2) Board Diversity and Independence:

A. Board Diversity: Describe the Board's diversity policy, goals and achievement. The diversity policy includes but is not limited to the selection criteria of directors, the professional qualifications and experience that the board of directors should have, the composition or ratio of gender, age, nationality and culture. Specify the Company's specific goals and their achievement in the previous policy.

B. Independence: Specify the number and proportion of independent directors, and explain the independence of the board of directors, and explain with reasons whether there are no situation stipulated in paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act, including a description of the spouses and relatives within the second degree of kinship between directors, supervisors or the directors and supervisors.

Note 1. Professional qualifications and experience: specify the professional qualifications and experience of individual directors and supervisors. If they are members of the Audit Committee and have accounting or financial expertise, specify their accounting or financial background and work experience, and whether there is no situation of Article 30 of the Company Act.

Note 2. Independent directors should specify their independence, including but not limited to whether themselves, their spouses and relatives within the second degree are directors, supervisors or employees of the Company or its affiliated enterprises; the number and proportion of shares held by themselves, their spouses and relatives within the second degree (or in the name of others); whether they are the directors, supervisors or employees of a company with a specific relationship with the Company (refer to Paragraphs 5-8 under Item 1 of Article 3 of the Measures for the Establishment of Independent Directors of Public Companies and Matters to Be Followed); amount of remuneration obtained for providing business, legal affairs, finance, accounting and other services to the Company or its affiliated enterprises in the last two years.

Note 3. For disclosure methods, please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

Diversified Core Competences / Name of Director		Industry experience/professional ability							
		Operational judgments	Accounting and Financial Analysis Capability	Operating ability	Crisis handling ability	Industrial Knowledge	Opinion on the international market	Leadership ability	Decision making ability
Chairman	Li-chiu Chang (Representive, Hung I Investment Co., Ltd.)	V	V	V	V	V	V	V	V
Director	Yi-ju Chen (Representive, Hung I Investment Co., Ltd.)	V	V	V	V	V	V	V	V
Director	Wei- yu Chen (Representive, Hung I Investment Co., Ltd.)	V		V	V	V	V	V	V
Director	Lun-chia Li (Representive, Hung I Investment Co., Ltd.)	V	V	V	V	V	V	V	V
Director	Yi-hsiung Chen (Representative, Yuan-he Chen Cultural & Educational Foundation)	V		V	V	V	V	V	V
Director	Kuo-jung Shih	V	V	V	V	V	V		V
Independent Director	Wen-hsien Su		V	V	V	V	V	V	V
Independent Director	Jung-yuan Chang		V	V	V	V	V		V
Independent Director	Chia-pin Chang			V	V	V	V	V	V

(II) Information on the General Manager, Deputy General Managers, Assistant Managers, and Supervisors of Divisions and Branch Units:

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Title (Note 1)	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 2)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark (Note 3)
					Number of Shares	shareholding ratio	Number of Shares	shareholding ratio	Number of Shares	shareholding ratio			Title	Name	Relationship	
General Manager	R.O.C.	Yi-ju Chen (Note 4)	Female	2019.8.11	4,422,697	0.435	0	0	0	0	Master of Applied Economics, Master of Animal Science, Cornell University	Note 4	None	-	-	None
Deputy General Manager	R.O.C.	Ren-bin Cheng (Note 5)	Male	2020.10.14	-	-	-	-	-	-	Faculty of Law, NTU	-	None	-	-	None
Assistant Manager	R.O.C.	Ying-Yen Li (Note 6)	Male	2020.10.14	0	0	3,000	0	0	0	Department of Accountancy, Yuan Ze University	Note 6	None	-	-	None

Note 1. Information on the General Manager, Deputy Managers, Assistant Managers, Heads of departments and branches should be included, as well as those whose positions are equivalent to general manager, deputy general manager or assistant managers, regardless of title, should also be disclosed.

Note 2. The experience related to the current position, such as worked in the accounting firm or affiliates during the above-mentioned period. The title and responsible position should be stated.

Note 3. If the general manager or its equivalent (top manager) and the chairman are the same person, spouse or first-degree relative, the reasons, reasonableness, necessity and corresponding measures (such as increasing the number of independent directors, and more than half of the directors are not employees or managers, etc.) shall be disclosed.

Note 4. Yi-ju Chen General Manager, her other position concurrently held in other companies: Director, Ho Tung Chemicals Corp., Chairman, Padze Investment Limited, Director, Jintung Petrochemical Corporation Ltd., Director, Sichuan Jintung Fine Chemistry Ltd., Director, Anhui Jintung Fine Chemistry Ltd., Director, Jiangsu Jintung Industrial Co. Ltd., Director, Jiangsu Jintung Surfactant Co. Ltd., Deputy Chairman Xiamen Jintung Synthetic Detergent Co., Ltd., Director, Nanjing He sheng Pao New Energy Technology Co. Ltd., Director, Hsin Tay (Shanghai) Co., Ltd, Director, Nanjing Kuan Hsin Optoelectronics Co., Ltd, Director, Tianjin Tianzhi Fine Chemical Co., Ltd, Director, Hsin Tay Petroleum (Shares), Director, Tianjin Hsingtung Chemical Co., Ltd, Director, Guangzhou Lizhi Chemical Co., Ltd , Director, Tianjin Tianzhi Fine Chemical Co., Ltd, Director, Chisheng (Huizhou) Petrochemicals Corp. Ltd. Director, Director, He Mao Venture Capital (Co., Ltd.), Chairman, BingRong Investment Ltd., Chairman, Hsing Tai Co., Ltd., Chairman, Chih Chiang Ltd., General Manager of Chenergy Global Corp.Nanjing Kuan HsinNote 5. Ren-bin Cheng resigned as Deputy General Manager on September 10, 2021 and was also announced at the Open Information Observatory.

Note 6. On October 7, 2021, the Company's Board of Directors adopted the corporate governance officer to be held by Assistant Manager Ying-Yen Li from the Company's Finance and Accounting Division. His other position concurrently held in other companies: Director, Hsin Tay Petroleum Co., Ltd., Director, Beijing Tung Sheng Tai Trade Co., Ltd., Director, Tianjin Xingtung Petrochemical Co. Ltd., Director, Guangzhou Lizhi Chemical Co., Ltd., Director, Tianjin Tianzhi Fine Chemical Co., Ltd., Supervisor, Jintung Petrochemical Corporation Ltd., Supervisor, Sichuan Jintung Fine Chemistry Co., Ltd., Supervisor, Anhui Jintung Fine Chemistry Co., Ltd., Supervisor, Jiangsu Jintung Industrial Co. Ltd., Supervisor Jiangsu Jintung Surfactant Co., Ltd., Supervisor Xiamen Jintung Synthetic Detergent Co., Ltd., Supervisor Nanjing He sheng Pao New Energy Technology Co., Ltd., Supervisor, Hsin Tay (Shanghai) Co., Ltd., Supervisor, Nanjing Kuan Hsin Optoelectronics Co., Ltd., and Director, Tianjin Tianzhi Fine Chemical Co., Ltd.

III. Remuneration Paid to the Directors, Independent Directors, General Manager, and Deputy General Managers:

(I) Remuneration to Directors（included Independent Directors):

Unit: NT$1,000

Title	Name	Remuneration Paid to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10)		Relevant Remuneration Received by Directors who Are Also Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (Note 10)		Receive Remuneration for Reinvestment Business from Subsidiaries or Not (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay and Pension (B)		Directors (C) (Note 3)		Business Execution Expenses (D) (Note 4)				Salary, Bonus, and Allowance (E) (Note 5)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 6)						
		The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company		All Companies in Consolidated Financial Statements (Note 7)		The Company	All Companies in Consolidated Financial Statements (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	Hung I Investment Co., Ltd. Representative: Li-chiu Chang (Commenced on June 3, 2021)	240	240	0	0	6,000	6,000	848	1,118	0.9807	1.0181	3,724	5,086	0	0	0	0	0	0	1.4960	1.7218	None
Chairman	Hung I Investment Co., Ltd. Representative: Yu- chieh Yang (Retired on June 2, 2021)																					
Director	Hung I Investment Co., Ltd. Representative: Wei- yu Chen																					
Director	Hung I Investment Co., Ltd. Representative: Lun-chia Li																					
Director	Hung I Investment Co., Ltd. Representative: Yi-ju Chen																					
Director	Yuan-he Chen Cultural & Educational Foundation Representative: Yi-hsiung Chen																					
Director	Kuo-jung Shih																					
Independent Director	Wen-hsien Su	1,080	1,080	0	0	1,500	1,500	1,958	1,958	0.6279	0.6279	0	0	0	0	0	0	0	0	0.6279	0.6279	None
Independent Director	Jung-yuan Chang																					
Independent Director	Chia-pin Chang																					

1. Please state the remuneration payment policy, system, standard and structure of independent directors, and the correlation between the remuneration amount and the responsibility, risk, investment time and other factors. Remuneration for directors and independent directors of the company is mainly remuneration for performing their duties. Remuneration for directors and supervisors assigned according to the articles of association of the Company is based on their participation in the operation of the Company and their contribution to the value of the company and with reference to the general payment level of the industry at home and abroad.
2. Other than disclosure in the above table, Director remunerations earned by providing services (e.g. providing consulting services as a non-employee for parent company/all companies included in the financial statements/investees):

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All Companies included in Consolidated Financial Statements (Note 9) H	The Company (Note 8)	All Companies included in Consolidated Financial Statements (Note 9) I
Less than NT$1,000,000	Li-chiu Chang, Yu- chieh Yang (Note 12), Yi-ju Chen, Wei- yu Chen, Lun-chia Li, Yi-hsiung Chen, Kuo-jung Shih, Wen-hsien Su, Jung-yuan Chang, Chia-pin Chang	Li-chiu Chang, Yu- chieh Yang (Note 12), Yi-ju Chen, Wei- yu Chen, Lun-chia Li, Yi-hsiung Chen, Kuo-jung Shih, Wen-hsien Su, Jung-yuan Chang, Chia-pin Chang	Li-chiu Chang, Yu- chieh Yang (Note 12), Wei- yu Chen, Lun-chia Li, Yi-hsiung Chen, Kuo-jung Shih, Wen-hsien Su, Jung-yuan Chang, Chia-pin Chang	Li-chiu Chang, Wei- yu Chen, Lun-chia Li, Yi-hsiung Chen, Kuo-jung Shih, Wen-hsien Su, Jung-yuan Chang, Chia-pin Chang
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	0	0	0	0
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	0	0	Yi-ju Chen	Yu- chieh Yang (Note 12), Yi-ju Chen,
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	0	0	0	0
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	0	0	0	0
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	0	0	0	0
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)	0	0	0	0
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	0	0	0	0
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	0	0	0	0
Over NT$100,000,000	0	0	0	0
Total	9	9	9	9

Note 1. The names of the directors shall be listed separately (the corporate shareholder shall list the name of the corporate shareholder and its representative separately), and various payment amounts shall be disclosed in an aggregated manner.

Note 2. Refers to the remuneration of directors in the most recent year (including director salaries, special responsibility allowances, severance pay, prizes, and incentives, etc.).

Note 3. Fill in the amount of directors' remuneration approved by the Board of Directors in the most recent year.

Note 4. Refers to the relevant business execution expenses of the directors in the most recent year (including transportation allowances, special allowances, other allowances, dormitory, car allocation and other in-kind provision, etc.). When filling in the expenses of houses, cars and other means of transportation or exclusive personal expenses, the nature and cost of the provided assets, the actual or fair market value of rent, fuel and other payments should be disclosed. If there is a driver, please note that the company pays the driver the relevant remuneration, which is not included in the remuneration.

Note 5. Refers to the salaries, special responsibility allowance, severance pay, prizes, incentives, transportation allowances, special allowances, other allowances, and in-kind provision of dormitories or vehicles received by directors and employees (incl. concurrently General Manager, Deputy General Manager, managers, and employees) in the most recent year. When filling in the expenses of houses, cars and other means of transportation or exclusive personal expenses, the nature and cost of the provided assets, the actual or fair market value of rent, fuel and other payments should be disclosed. If there is a driver, please note that the company pays the driver the relevant remuneration, which is not included in the remuneration. Salary expenses recognized in accordance with IFRS 2 "Share-Based Payments", including obtaining employee stock option certificates, restricting employees' rights to new shares, and has a in cash capital increase subscription shares, etc., should also be included in the remuneration.

Note 6. Refers to the employee directors (incl. concurrently General Manager, Deputy General Manager, managers, and employees) who received employee remuneration (incl. stock and cash) in the most recent year should disclose the amount of employee remuneration approved by the board of directors in the most recent year. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated according to the proportion of the actual distribution amount of last year, and fill in Appendix 1-3.

Note 7. The total amount of remuneration paid to the directors of the company by all companies (including the company) in the consolidated report should be disclosed.

Note 8. Regarding the total amount of remuneration paid by the company to each director, the name of directors should be disclosed in the corresponding space.

Note 9. The total amount of remuneration paid to each director of the company by all companies (including the company) in the consolidated report should be disclosed, and disclose the name of the directors in the corresponding space.

Note 10. Net profit after tax refers to the net profit after tax of the most recent year; if IFRS has been adopted, the net profit after tax refers to the net profit after tax of the Parent company only or individual financial report of the most recent year.

Note 11.

a. Compensation for the execution of business received the directors from any reinvested companies other than subsidiaries or parent company shall be clearly stated in this column. Fill in “None” if this filed is not applicable.

b. If the director of the company receives the Company remuneration related to the reinvestment business from other than the subsidiary company or the parent company, the remuneration received shall be included Company in the I column of the remuneration scale table, and rename the column as "Parent Company and All Reinvestment Businesses".

c. Remuneration refers to compensation, remunerations (including remunerations of employees, directors and supervisors), and business execution expenses received by the directors of the company as directors, supervisors or managers of reinvested businesses other than subsidiaries or the parent company.

Note 12. Mr. Yu- chieh Yang resigned from his post on June 2, 2021.

*The contents of the remuneration disclosed in this table are different from the income concept of the Income Tax Law. This table is for information disclosure only and not for taxation purposes.

(II) Remuneration Paid to the General Manager and Deputy General Managers:

Unit: NT$1,000

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonus and Allowance (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 8)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 9)
		The Company	All Companies in Consolidated Financial Statements (Note 5)	The Company	All Companies in Consolidated Financial Statements (Note 5)	The Company	All Companies in Consolidated Financial Statements (Note 5)	The Company		All Companies in Consolidated Financial Statements (Note 5)		The Company	All Companies in Consolidated Financial Statements (Note 5)	
								Cash	Stock	Cash	Stock			
General Manager	Yi-ju Chen	3,602	3,602	0	0	1,327	1,333	1,960	0	1,960	0	0.9532	0.9540	None
Deputy General Manager	Ren-bin Cheng (Note)													

Note: Ren-bin Cheng resigned as Deputy General Manager on September 10, 2021.

* Regardless of titles, compensations of employees with positions equivalent to General Manager and Deputy General Managers (such as General Manager, CEO, Director, etc.) shall be disclosed.

Range of Remuneration

Range of Remuneration Paid to the General Manager and Deputy General Managers	Name of General Manager and Deputy General Manager	
	The Company (Note 7)	All Companies in Consolidated Financial Statements (Note 8) E
Less than NT$1,000,000	0	0
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	0	0
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	Yi-ju Chen/Ren-bin Cheng	Yi-ju Chen/Ren-bin Cheng
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	0	0
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	0	0
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	0	0
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)	0	0
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	0	0
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	0	0
Over NT$100,000,000	0	0
Total	2	2

Note 1. The names of the General Manager and Deputy General Manager shall be listed separately, and the payment amounts shall be disclosed in an aggregated manner. If the director is also the General Manager or Deputy General Manager, this table and Table 1-1 or 1-2 should be completed.

Note 2. Fill in the salaries, special responsibility allowances, and severance pay received by the General Manager and Deputy General Manager in the most recent year.

Note 3. Fill in the remunerations of the General Manager and Deputy General Manager in the most recent year, including prizes, incentives, transportation allowances, special allowances, other allowances, dormitories, cars and other in-kind provision, and other compensations. When filling in the expenses of houses, cars and other means of transportation or exclusive personal expenses, the nature and cost of the provided assets, the actual or fair market value of rent, fuel and other payments should be disclosed. If there is a driver, please note that the company pays the driver the relevant remuneration, which is not included in the remuneration. Salary expenses recognized in accordance with IFRS2 "Share-Based Payments", including obtaining employee stock option certificates, restricting employees' rights to new shares, and participating in ; cash capital increase subscription shares, etc., should also be included in the remuneration.

Note 4. Fill in the amount of employee remuneration (including stock and cash) distributed by the Board of Directors to the General Manager and Deputy General Manager in the most recent year. If it is impossible to estimate, the proposed distribution amount for this year shall be calculated according to the proportion of the actual distribution amount of last year, and fill in the Appendix 1-3. Net profit after tax refers to the net profit after tax of the most recent year; if IFRS has been adopted, the net profit after tax refers to the net profit after tax of the individual or individual financial report of the most recent year.

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

Note 6. Regarding the total amount of remuneration paid by the company to General Managers and Deputy General Managers, the name of the General Managers and Deputy General Managers should be disclosed in the corresponding space.

Note 7. The total amount of remuneration paid to General Managers and Deputy General Managers of the company by all companies (including the company) in the consolidated report should be disclosed, and disclose the name of the General Managers and Deputy General Managers in the corresponding space.

Note 8. Net profit after tax refers to the net profit after tax of the Parent company only or individual financial report of the most recent year.

Note 9.

a. Compensation for the execution of business received the General Manager and Deputy General Managers from any reinvested companies other than subsidiaries or parent company shall be clearly stated in this column. Fill in “None” if this filed is not applicable.

b. If General Managers and Deputy General Managers of the Company receives remuneration from the reinvestment business from other than the subsidiaries or the parent company, the remuneration received shall be included in the column E of the remuneration scale table, and rename the column as "Parent Company and All Reinvested Businesses".

c. Remuneration refers to compensations, remunerations (including remunerations of employees, directors and supervisors), and business execution expenses received by General Managers and Deputy General Managers of the Company as directors, supervisors or managers of reinvested businesses other than subsidiaries or the parent company.

*The contents of the remuneration disclosed in this table are different from the income concept of the Income Tax Law. This table is for information disclosure only and not for taxation purposes.

(III) Employee Compensation Paid to Managerial Officers:

May 12, 2022

	Title (Note 1)	Name (Note 1)	Amount of shares (NT$ 1,000)	Amount of Cash (NT$ 1,000)	Total (NT$ 1,000)	Ratio of Total Amount to Net Income (%)
Managerial Officer	General Manager	Yi-ju Chen	0	3,447	3,447	0.4769%
	Deputy General Manager	Ren-bin Cheng (Note 5)				
	Financial Manager	Ying-Yen Li				
	Accounting Manager	Hui-yen Lin				

Note 1. Some employees' names and titles should be disclosed, but profit distribution should be disclosed in aggregate.

Note 2. Fill in the amount of employee remuneration (including stock and cash) distributed to the managers approved by the board of directors in the most recent year. If it is impossible to estimate, the proposed distribution amount for this year shall be calculated according to the proportion of the actual distribution amount of last year. Net profit after tax refers to the net profit after tax of the most recent year; if IFRS has been adopted, the net profit after tax refers to the net profit after tax of the individual or individual financial report of the most recent year.

Note 3. According to the decree issued by the Committee on March 27, 2003, Order No. Taiwan-Finance-Securities-III-0920001301, the scope of application of managers is as follows:

(1) General Manager and equivalent

(2) Deputy General Manager and equivalent

(3) Assistant Manager and equivalent

(4) Head of Finance Office

(5) Head of Accounting Office

(6) Other persons who have the right to manage affairs and sign for the company

Note 4. If directors, general managers and deputy general managers receive employee remuneration (including stock and cash), they should fill in this form in addition to appendix 1-2.

Note 5. Ren-bin Cheng resigned as Deputy General Manager on September 10, 2021.

(IV) Compare and analyze the total compensations paid to each of this Company's Directors, Supervisors, General Manager, and Deputy General Managers in the most recent two years by the Company and all companies included in the Company's consolidated financial statements as a percentage of Net Income after tax and describe the policies, standards, and packages for payment of and the procedures for determining of such compensations and its linkage to business performance

1. Ratio of Total Remuneration to Net Income after tax(%):

Title	2021		2020	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Directors	2.1239	2.3497	0.6334	0.7766
General Manager and Deputy General Managers	0.9532	0.9540	0.3271	0.3275

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance

(1) Remuneration policies, standards and packages

A. The remuneration of directors is in accordance with Article 26 of the Articles of Association of the Company: "When a director performs the business of the Company, the Company shall pay remuneration regardless of the profit or loss of the business. The Board of Directors is authorized to determine the directors' remuneration and travel allowance, according to the extent of their participation in the operation of the Company and the value of their contribution while with reference to the domestic and international industry standards. The remuneration of directors is in accordance with Article 29 of the Articles of Association of the Company: "If the Company makes a profit during the year, no less than 1% of the profit shall be allocated for employee compensation; and no more than 3% shall be allocated as compensation to directors. When there is a cumulative deficit, the Company shall reserve such an amount in advance to make up the deficit. The profit in the current year as mentioned in the preceding paragraph refers to the pre-tax profit of the Company after deducting the remuneration of employees and directors. The employee compensation shall be distributed in cash or stock. For stocks compensation, employees of affiliates that meet certain conditions should be included."

B. The remuneration structure of the General Manager and Deputy General Managers includes salary, supervisor's bonus and food allowance, and the Company's remuneration policy is positioned to have competitiveness, motivation and rationality after taking into account relevant peer standards.

(2) Procedure for determining remuneration:

A. The remuneration paid by the Company to the directors is mainly the remuneration for performing their duties and the remuneration of directors distributed according to the Articles of Association. The remuneration payment policy has been clearly stipulated in the Articles of Association and the remuneration is determined according to the degree of participation in the operation and the value of contribution, with reference to the level of peers.

B. The remuneration paid by the Company to the General Manager and Deputy General Managers is based on their academic qualifications, experience, operating performance and target achievement, and is implemented after being reviewed by the Remuneration Committee and approved by the Board of Directors with reference to relevant peer payment standards. The remuneration of employees with surplus distribution is considered by the Remuneration Committee according to the surplus status and the distribution percentage stipulated in the Articles of Association, and then submitted to the Board of Directors for resolution, and recognized by the shareholders' meeting.

(3) Correlation with business performance and future risks:

A. Directors' remuneration from surplus distribution is made only when the Company has a surplus in the year, and the payment of remuneration is actually determined according to the operating performance.

B. The remuneration of the General Manager and Deputy General Managers shall fully consider the Company's revenue and earnings per share, which is related to the operating performance, and shall be evaluated by taking into account the performance of the departments under their management in the year, the effectiveness of forward-looking strategic planning and implementation, the competitiveness among peers, and then the amount of remuneration shall be increased or decreased accordingly.

IV. Implementation of Corporate Governance

(I) Board operations

A total of 8 meetings of the Board of Directors were held in 2021. The attendance of the directors is as follows:

Title	Name (Note 1)	Attendance Rate Times (B)	Attendance by Proxy Times	Attendance Rate (B/A) (Note 2)	Remark
Chairman	Hung I Investment Co., Ltd. Representative: Yu- chieh Yang	2	0	100%	Retired on June 2, 2021
Chairman	Hung I Investment Co., Ltd. Representative: Li-chiu Chang	6	0	100%	New appointment on June 3, 2021 (approved by the 14th - 10th board meeting)
Director	Hung I Investment Co., Ltd. Representative: Yi-ju Chen	8	0	100%	
Director	Hung I Investment Co., Ltd. Representative: Wei- yu Chen	8	0	100%	
Director	Hung I Investment Co., Ltd. Representative: Lun-chia Li	7	1	93.75%	
Director	Yuan-he Chen Cultural & Educational Foundation Representative: Yi-hsiung Chen	8	0	100%	
Director	Kuo-jung Shih	8	0	100%	
Independent Director	Wen-hsien Su	8	0	100%	
Independent Director	Jung-yuan Chang	8	0	100%	
Independent Director	Chia-pin Chang	7	1	93.75%	

Other matters to be recorded:

I. With regard to the implementation of the Board of Directors, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act: On June 19, 2020, the Company elected three independent directors and established an audit Committee as set forth in Section 14-3 of the Securities And Exchange Act:

Board meeting date	Board term	Content of Motion	Opinions of All Independent Directors	Handling of the Opinions of Independent Directors
2021.3.25	14-8	1. 2020 Business Report	No Objections or Reservations	All attending directors passed the proposal as proposed
		2. 2020 Financial Statements		
		3. To discuss the amendment to the Company's "Rules of Procedure for Shareholders' Meetings."		
		4. To discuss the amendment to the "Rules of Procedures for Board of Directors' Meetings."		
		5. To discuss the amendment to the "Measures for Performance Evaluation of Board of Directors."		
		6. To discuss the amendments to the Rules of the Scope of Powers of Independent Directors		
		7. To discuss the amendment to the "Audit Committee Charter."		
		8. To discuss the amendment to the "Remuneration Committee Charter."		
		9. To discuss and pass the Company's statement on the 2020 internal control system		
		10. To discuss the convening reason and contents of 2021 Shareholders' Meeting.		
2021.5.12	14-9	1. To Discuss the Distribution of earnings for 2020.		
		2. To discuss the distribution of the Company's 2020 employee compensation and the directors' and supervisors' remuneration		
		3. To Discuss the revision of "stock transaction handling procedures" in internal control and audit system of the company.		
		4. To Discuss the company's intention to purchase all the shares of Ho Tung Cement Co., Ltd. held by Paotze its subsidiary.		
		5. To Discuss and amend the reasons for convening the company's 2021 ordinary meeting of shareholders.		
		6. To Discuss the situation review of shareholder proposal		
2021.6.3	14-10	1. Discuss the proposal of electing the chairman of the company		
		2. Appoint professional personnel to investigate whether the credit impairment event in the company's 2020 annual report is artificial and illegal		

2021.7.14	14-11	3. Rescheduling the time and place of the 2021 regular meeting of shareholders		
2021.8.11	14-12	1. Formulate the company's cash dividend distribution base date.		
		2. To Discuss and evaluate the independence and suitability of our certified accountants		
		3. To Discuss the company's 2021 CPA appointment remuneration		
2021.10.7	14-13	1. To Discuss the case of corporate Governance director of the company (Ying-Yen Li)		
		2. To Discussion on appointment of Audit director of the company (Shu-hui Li)		
2021.11.11	14-14	1. To Discuss the joint credit extension of NT$1.75 billion		
		2. To Discuss the company's bank credit line		
2021.12.23	14-15	1. To Discuss the company's 2022 operating plan and budget		
		2. To Discuss and approve the company's 2022 annual audit plan		

(II) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above: None.

II. Regarding recusals of directors from voting due to conflicts of interest, the names of the directors, contents of motions, reasons for recusals, and results of voting shall be specified： None.

III. TWSE/TPEx-listed companies shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the self evaluation of the Board of Directors and fill out Table II (2) Implementation of the Evaluation of the Board of Directors.

Frequency	Period	Scope	Method	Content
Once a year The results of the internal performance evaluation of the board of directors shall be completed before the end of the first quarter of the next year.	Evaluate the performance of the Board of Directors from January 1, 2021 to December 31, 2021	Board of Directors and Functional Committees	Self-evaluation of board/functional committee performance evaluation and self-evaluation of board members	Board performance evaluation report in 2021

[Board performance evaluation report in 2021]

(I) Basis: According to the performance evaluation method of the board of directors of the company, the internal performance evaluation of the board of directors shall be completed before the end of the first quarter of the next year and disclosed in the report of the board of directors and the annual report.

(II) Evaluation period: January 1, 2021 to December 31, 2021

(III) Evaluation unit and method:

1. Self-evaluation of board/Functional Committees performance evaluation: The director of corporate governance shall collect information related to the activities of the board of Directors in 2021, fill in the Self-evaluation Questionnaire of The Performance Evaluation of the Board/Functional Committees in a fair, objective and independent manner, and submit the results to the chairman for evaluation.
2. Directors' self-assessment and self-assessment: each director shall fill in the Questionnaire of Directors' Self-assessment and self-assessment, and then the corporate governance unit shall collect and analyze it.

(IV) The evaluation results are presented in five grades, of which 1 is very poor (strongly disagree); 2 is poor (disagree); 3 is medium (ordinary); 4 is preferred (agree). 5 is excellent (strongly agree). The assessment results are detailed below:

1. The self-evaluation of the operational performance of the board of directors includes 45 indicators in total in the following five aspects, and the evaluation results are shown in the table below:

Five self-evaluation aspects	Assessment items	Scores
A. Participation of the Company's operation	12 items	4.65 points
B. Improvement in the Board's decision making quality	12 items	4.70 points
C. Composition and structure of the Board	7 items	4.54 points
D. Selection and continuing education of the directors	7 items	4.41 points
E. Internal control	7 items	4.65 points
	45 items	4.61 points

2. The self-assessment of the board's operational performance includes the following six major areas, with a total of 23 indicators, and the self-evaluation questionnaires were completed by the nine directors in office at the end of December 2021. All nine questionnaires were returned, and the results are shown in the table below. The results of the evaluation are shown in the table below. The evaluation results show that the directors have positive comments on the efficiency and effectiveness of the operation of each indicator

Six self-evaluation aspects	Assessment items	Scores
A. Execution of the Company's goals and tasks	3 items	4.59 points
B. Understanding of the director's roles and responsibilities	3 items	4.78 points
C. Participation of the Company's operation	8 items	4.50 points
D. Management and communication of the internal relations	3 items	4.67 points
E. Expertise and continuing education of the directors	3 items	4.67 points
F. Internal control	3 items	4.81 points
	23 items	4.63 points

3. The self-assessment of the board's operational performance consists of the following five dimensions, with a total of 26 indicators, and the results of the evaluation are shown in the table below.

Five self-evaluation aspects	Assessment items	Scores
A. Participation of the Company's operation	4 items	4.75 points
B. Recognition of the duties of the functional committees	8 items	4.42 points
C. Improving functional committee's decision-making	7 items	4.81 points
D. Composition of functional committees, and election and appointment of committee members	4 items	4.67 points
E. Internal control	3 items	4.67 points
	26 items	4.68 points

(V) The Company will uphold the following principles to enhance the functions of the Board of Directors:

1. Invite accountants to sit on the audit committee and board of directors from time to time to provide professional advice and financial information on important issues, and increase the interaction and communication opportunities with independent directors and directors.
2. In addition to the self-training of directors, the company continues to provide a variety of industrial, financial, legal and other courses for directors to refer to, so that all members of the board of directors can keep familiar with the responsibilities of directors, industrial competition and development pulse.

3. In accordance with the Code of Practice on corporate Governance and taking into account the needs of the company at different stages of development, a multi-functional committees will be set up.

(VI) The results of the performance evaluation of the board of Directors in 2021 have been submitted to the 16th report of the 14th board of Directors on March 16, 2022.

IV. Goals for strengthening board functions (such as establishing an audit committee, improving information transparency, etc.) and implementation evaluation for the current year and the most recent year:

1. Strengthening the functions of the board of Directors

(1) The Company has formulated its Rules of Procedure for Board of Directors Meetings in accordance with Regulations Governing Procedure for Board of Directors Meetings of Public Companies. The information of Directors' attendance at the Board meetings has gone public on the website of Market Observation Post System (MOPS) and major resolutions were disclosed on the Company's website.

(2) The Company continues to encourage Directors to attend courses about corporate governance to enhance the competency of Board of Directors. For the year of 2021, nine Directors attended such courses totaled 66 hours in training.

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

2. Enhancement of Information Transparency: The Company's separate and consolidated financial statements for the year 2021 were audited by PwC Taiwan. All information required to be disclosed by the regulations and laws were disclosed correctly on time. In addition, the Company appointed specialists to be responsible for the collection and disclosure of the Company's information and established the spokesperson system to ensure that all significant information can be disclosed properly and timely. The Company's website can link to the website of MOPS so that shareholders and stakeholders can refer to the website to understand relevant information about the Company's financial business.

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

V. Independent Directors' attendance of meetings of the Board in the most recent year (2021): (○: attendance in person; △: attendance by proxy)

Session of the Board / Date of Meeting / Name of Independent Director	14-8 2021.3.25	14-9 2021.5.12	14-10 2021.6.3	14-11 2021.7.14	14-12 2021.8.11	14-13 2021.10.7	14-14 2021.11.11	14-15 2021.12.23
Wen-hsien Su	○	○	○	○	○	○	○	○
Jung-yuan Chang	○	○	○	○	○	○	○	○
Chia-pin Chang	○	○	○	○	○	○	○	△

Note 1. Directors and supervisors who are institutional shareholders should disclose the name of the institutional shareholder and the representative.

Note 2.

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

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

(II) Audit Committee operation:

I. There are a total of 3 members in the Audit Committee.

II. The Company elected three Independent Directors in the annual general shareholders' meeting on June 22, 2017 and established an Audit. Committee to take on the duties of Supervisors. The term of office of the 2nd Audit Committee is from June 19, 2020 to June 18, 2023. A total of 5 meetings of the Audit Committee were held in 2021 (A). The attendance of independent directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) [B/A](Note)	Remark
Convener	Jung-yuan Chang	5	0	100%	
Committee Member	Wen-hsien Su	5	0	100%	
Committee Member	Chia-pin Chang	4	1	93.75%	

Other matters to be recorded:

I. With regard to the operations of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, the objections, reservations and major suggestions of the independent directors, all Audit Committee resolutions, and the Company's response to the Audit Committee's opinions shall be specified:

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

Date of Audit Committee Meeting	Term of Audit Committee	Content of Motion	Resolution Results	Handling of the resolution of the Audit Committee
2021.3.25	2-6	To discuss the 2020 Business Report.	Passed as proposed without objections	The Board of Directors of the Company resolved.
		To Discuss the 2020 annual financial statements		
		To discuss and pass the Company's statement on the internal control system in 2020		
2021.5.12	2-7	To discuss the distribution of earnings for 2020.		
2021.8.11	2-8	To Discuss and evaluate the independence and suitability of our certified accountants		
		To Discuss the company's 2021 CPA appointment remuneration		
2021.10.07	2-9	To Discussion on appointment of Audit Director of our Company (Shu-hui Li)		
2021.12.23	2-10	To Discuss and approve the company's 2022 annual audit plan		

(II) Other matters not approved by the Audit Committee but approved by two-thirds or more of all directors: None.

II. Regarding recusals of independent directors due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.

III. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances and operations):

1. The Company's Audit Committee comprises all Independent Directors. Audit Committee meetings shall be convened at least once every quarter and ad hoc ones may be convened where necessary
2. Communication between internal audit supervisors and Audit Committee:
   (1) The monthly audit reports completed in accordance with the audit plan shall be submitted to all Independent Directors in person for review.
   (2) Every quarter, the supervisor(s) shall summarize the operations of the internal audit group and report to Audit Committee.
   (3) Ad hoc communication, guidance, and response through telephone, e-mail or in person.
   (4) If a significant matter occurs, the supervisor may report to all member of Audit Committee immediately (there was no such matter in

2021).

3. Communication between the CPAs and Audit Committee:
   (1) The Audit Committee may discuss the matters and outcomes in financial reports with the CPAs providing the audit service through a variety of communication channels (e.g. telephone, email and in person). And arrange accountants to communicate and discuss with independent directors in the audit committee at least once a year.
   (2) If there are any significant opinions that require immediate communication, meetings can be convened where necessary (there was no such matter in 2021).
4. The Company's independent directors have maintained optimal communication with the head of internal audit and th accountants through multiple communication channels. Content of communication among Independent Directors, the Company's internal audit supervisor, and the CPAs in 2021:

Date	Method	Receiver of the communication	Matters Communicated	Result
2021.03.25	In writing	CPA	Discussion about the completed audit of the consolidated and parent company only financial statements in 2020	The opinion was fully discussed and well acknowledged
2021.03.25	Report to the Audit Committee	Audit Supervisor	Audit report	The opinion was fully reported, well acknowledged and submitted to the Board of Directors.
2021.05.12	Report to the Audit Committee	Audit Supervisor	Audit report	The opinion was fully reported, well acknowledged and submitted to the Board of Directors.
2021.08.11	Report to the Audit Committee	Audit Supervisor	Audit report	The opinion was fully reported, well acknowledged and submitted to the Board of Directors.
2021.10.7	Report to the Audit Committee	Audit Supervisor	Audit report	The opinion was fully reported, well acknowledged and submitted to the Board of Directors.
2021.12.23	Report to the Audit Committee	CPA	Discussion about the audit plan and other related matters concerning the consolidated and parent company only financial statements in 2020.	The opinion was fully discussed and well acknowledged
2021.12.23	Discuss with the Audit Committee	Audit Supervisor	To review the 2022 Audit Plan	The opinion was fully discussed, well acknowledged and submitted to the Board of Directors.

Note 1. When (an) independent director(s) resign(s) before the end of the year, specify the date of resignation in the remark column. The actual attendance rate (%) shall be calculated using the number of the Salary and Remuneration Committee meetings and the numbers of actual attendant during the term of service.

Note 2. When election of independent directors is held before the end of the year, list the names of both the incoming and outgoing independent supervisors in the remark column with annotations specifying whether the independent directors are outgoing, incoming or re-elected, as well as the date of the election. The attendance rate (%) shall be calculated based on the number of meetings held by the Audit Committee and the number of attendance during the member's tenure

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

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	v		In accordance with the regulations, the Company has formulated the Code of Corporate Governance Practice, which will be revised appropriately after considering the actual operation situation and evaluating the internal and external environment.	No significant difference
II. Shareholding structure & shareholders' rights (I) Does the company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations? (II) Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders? (III) Does the company establish and execute a risk management and firewall system within its affiliates?	v v v		(I) The Company has established the spokesperson and deputy spokesperson system to deal with shareholders' suggestions, doubts, disputes, and litigations. (II) The Company collects the declaration form of changes in shareholdings from Directors and major shareholders with more than 10% of shareholding every month to maintain the most updated list of major shareholders who have the actual control over the Company. In addition, the Company also keeps a close contact with major shareholders to ensure stable management right. (III) The Company has established rules for the supervision of subsidiaries and related internal control system in accordance with related laws to implement the risk management mechanism for subsidiaries.	No significant difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(IV) Does the company establish internal rules against insiders using undisclosed information to trade in securities?	v		(IV) The Company has established the Procedures for Handling Material Inside Information to prevent insider trading and forbids any insider to buy and sell the Company's marketable securities using undisclosed information.	
III. Composition and responsibilities of the Board of Directors (I) Does the board of directors formulate diversification policies, specific management objectives and implement them? (II) Does the company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?	 	 v	(I) The Article 20 of the Company's Corporate Governance Best Practice Principles stipulated that the composition of the Board of Directors shall be diversified. To achieve the goal, the Directors who also act as the Company's managers shall not comprise more than a third of the member of the Board and the Board shall establish diversification guidelines considering its operations, operating model and development needs. The guidelines shall include but are not limited to the following two factors: (1) The basic qualifications and values: gender, age, nationality, culture, etc. (2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. The Board of Directors of the Company was re-elected in 2020. Nine Directors in total were elected (including three Independent Directors) with a term of three years in office. The educational background and professional skills of the Directors include business, financial accounting, technology, management, law, etc. All members of the Board have the knowledge, skills and qualifications necessary for fulfill their duties. They are able to provide professional opinions from different aspects, which is highly beneficial to the Company's business performance and management efficiency. One of the nine current Directors is female, The goal is to increase the number of women on board. (II) The Company has established Remuneration Committee and Audit Committee in accordance with related laws. No other functional committees were established because other factors of corporate governance were handled by the relevant department	No significant difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(III) Does the company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal? (IV) Does the company regularly evaluate the independence of the CPAs?	v v		according to their mandate. Where necessary, other functional committees will be established in the future. (III)The company has formulated the board performance evaluation method at the 19th meeting of the 13th board of Directors on December 4, 2019, in which it is stipulated that the results of the board performance evaluation shall be used as the reference for selecting or nominating directors. The results of performance evaluation of individual directors are taken as the reference basis for the determination of individual remuneration. The results of the performance evaluation of the board of Directors in 2021 have been submitted to the 16th report of the 14th board of Directors on March 16, 2022. Please refer to the operation of the board of directors for details. (IV) The accounting firms and certified accountants selected by the company have no interest relationship with the company and strictly abide by their independence. The rotation of accountants should be included in accordance with relevant regulations. (For details, see Note 1)	
IV. Does the company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings, handle company registration and change registration, and keeping minutes at the Board meetings and shareholders' meetings according to law)?	v		The company by the management office is responsible for corporate governance related transactions, the board of directors on October 7, 2021 appointed accounting and finance division Assistant Manager Ying-Yen Li concurrently director of corporate governance, as a chief corporate governance officer, main duty to deal with the board of directors and the shareholders' meeting in accordance with the relevant matters and production of the board of directors and the shareholders meeting proceedings, to assist the director of the office, and continuing education, provides the directors, To supervise the information required by the company to carry out its business, assist the directors in complying with laws and regulations, and other matters stipulated by the articles of association or contract of the company. The implementation status of corporate governance units in 2021 is as follows: 1. Assist general and independent directors in their duties: (1) Keep the board of directors informed on a regular basis of	No significant difference

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>the latest legislative and regulatory developments related to the company's business areas and corporate governance.
(2) Review the confidentiality level of relevant information and provide the company information required by directors to maintain smooth communication between directors and heads of units.
(3) In accordance with the code of practice on corporate governance, the independent director shall assist in arranging meetings, telephone or writing interviews with the director of internal audit supervisor or certified accountants to understand the financial business of the company.
2. Assist the board of Directors and shareholders in matters of meeting procedure and resolution compliance:
(1) Confirm that the board of directors and shareholders' meetings are held in accordance with relevant laws and the code of practice on corporate governance.
(2) Assist and remind directors of the laws and regulations to be observed in the conduct of business or in making formal decisions of the board.
(3) After the meeting, responsible for reviewing the release of material information on major resolutions of the board meetings to ensure the legality and correctness of material information content, so as to guarantee the trading information of investors.
3. To draw up the agenda of the board of directors and notify the directors 7 days before the meeting, call the meeting and provide the meeting materials, if the subject needs to be avoided in advance, and complete the minutes of the board of directors within 20 days after the meeting.
4. Register the date of shareholders' meeting in advance according to law, prepare meeting notice, procedure manual and procedure record within the legal time limit, and register the change when the articles of association are revised or the members of directors change.</td><td></td></tr>
<tr><td>V. Does the Company establish communication channels and a dedicated section on the company website for</td><td>v</td><td></td><td>The company maintains close communication and contact with the interested parties at all times by personnel from relevant business</td><td>No significant difference</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material sustainable development issues in a proper manner?			departments, and the management is responsible for supervising their handling of the opinions of the interested parties. The Company has established a "Stakeholder Section" on its website and deals with issues stakeholders care for in terms of corporate social responsibilities.	
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?		v	The Company's own agency for shareholders' affairs has been established to organize shareholders' meetings.	No significant difference
VII. Information disclosure (I) Does the company have a website to disclose the financial operations and corporate governance status? (II) Does the company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and making the process of investor conferences available on the corporate website)? (III) Does the company publicly announce and file the annual financial reports within two months after the close of the given year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?	v v v		(I) The Company regularly and irregularly submits financial, business and corporate governance information to the Market Observation Post System (MOPS) and maintains a website to provide information. Official Website: http://www.htgroup.com.tw (II) The Company has established the spokesperson and deputy spokesperson system, appointed designated people to collect and disclose the Company's information regularly and sporadically and released major information in accordance with related regulations. (III) The Company is currently reporting financial reports and monthly operating inactivity in accordance with the "List of Matters Required to Be Handled by Issuers of Listed Securities"; the Company has not yet announced and reported its annual financial report within two months after the end of the year, and has not made any earlier announcement before the required deadline.	No significant difference
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?	v		(I) Employee rights: The Company has established an Employee Welfare Committee and set up rules with an aim of pursuing the highest benefits for the employees and protect their rights in accordance with Labor Standards Act. (II) Employee wellness: The Employee Welfare Committee is responsible for handling all matters relating to employee benefits such as employees' group insurance, subsidies for employees' children's tuition fees, regular physical examination for employees, etc. to ensure employees' rights. (III) Investor relations: The Company has set up the Spokesperson	No significant difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			system and a shareholders service room as one of the communication channels. It is expected that the spokesperson system and service room can serve as a bridge to communicate between the Company and investors, allow investors to understand promptly and fully the Company's management performance and long-term management strategies and provide the best service to investors, analysts, investment related media and all investment agencies. (IV) Supplier relations: The Company has built a mutually trusted and reciprocal relations with suppliers based on the Company's quality policies. (V) Rights of stakeholders: Stakeholders may communicate with and make suggestions to the Company to safeguard their legitimate rights and interests. (VI) Directors' training record: In accordance with Directors for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies announced by TWSE, the Company's Directors attended the designated courses. (For information about courses and trainings the Company's Directors and supervisors attended and received in 2021, please refer to Other important information to facilitate a better understanding of the Company's corporate governance practices under III. Implementation of Corporate Governance.) (VII) Implementation of risk management policies and risk evaluation measures: The Company has established relevant rules and regulations concerning risk management and executes appropriate measures to control and evaluate risks arising from business activities. (VIII) Implementation of customer relation policies: The Company has disclosed the contact information of Business Development Group on its website so as to handle customer complaint directly (IX) Purchasing insurance for Directors: The Company has purchased liability insurances for Directors to ensure shareholders' rights. In addition, the Company reported	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			information about insured amount, insurance coverage and premium rate of the liability insurance at the Board of Directors meeting on July 14, 2021.	

IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved. (Non-rating companies need not to enter this field)

1. Based on the results of the Corporate Governance Assessment, the major improvement projects completed in 2021 include: producing English annual financial statements and the establishment of a chief corporate governance officer as required by law.
2. In the future, we will focus on "enhancing information transparency" and "fulfilling corporate social responsibility", accelerate the speed of information disclosure, and formulate policies and specific management plans to protect human rights with reference to international human rights conventions.

Note: Provide a brief description in the appropriate column, regardless whether yes or no is selected.

【Note 1】Evaluation of Accountant independence

Item Number	Evaluation Indicators	Result	Independence of the CPAs
1	Whether or not the CPAs have no direct or indirect material financial interests with the Company	■Yes □No	Yes
2	Whether or not the CPAs have no financing or guarantee activities with the Company or its directors	■Yes □No	Yes
3	Whether or not the CPAs fail to consider the possibility of customer loss and affect the audit of the company	■Yes □No	Yes
4	Whether or not the CPAs have no close business relationship or potential employment relationship with the Company	■Yes □No	Yes
5	Whether or not the CPAs have not received any contingent fees related to the audit case	■Yes □No	Yes
6	The CPAs and members of the audit team serving as directors, supervisors, or managerial officers or holding positions with significant influence on the audit work of the Company at present or in the past 2 years	■Yes □No	Yes

Item Number	Evaluation Indicators	Result	Independence of the CPAs
7	The CPAs provides non-audit services to the company and does not directly affect the audit case	■Yes □No	Yes
8	Whether or not the CPAs fails to advertise or market shares or other securities issued by the company	■Yes □No	Yes
9	Whether or not the CPAs have not served as a defense counsel of the Company or representing the Company in mediating conflicts with third parties	■Yes □No	Yes
10	Whether or not the CPAs are the family members or relatives of a director or managerial officer or person holding a position that has a significant impact on the audit work of the Company	■Yes □No	Yes
11	No co-practicing CPAs has served as the company's board of directors or manager or has significant influence on the audit case	■Yes □No	Yes
12	Whether or not the CPAs does not work regularly in the company on a fixed salary	■Yes □No	Yes
13	Whether or not the CPAs have not involved in the company's decision-making management function	■Yes □No	Yes
14	Up to the last audit operation, there has been no change in seven years	■Yes □No	Yes
15	So far, whether t or not the CPAs have not been punished	■Yes □No	Yes

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

(1) Professional qualifications and independence analysis of the Remuneration Committee members

Title (Note 1)	Qualifications / Name	Professional Qualification and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as a Remuneration Committee Member
Independent Director	Wen-hsien Su (Convener)	− Received Master's degree in chemical engineering from Tennessee Tech University. − Director of Industrial Bureau, Ministry of Economy and Head of Knowledge Service Group, the Special Committee Member of the Commercial Department, and the Director of the Cultural and Creative Marketing Department of the National Palace Museum for 18.7 years. − Served as Independent Director of Tung Bao Co., Ltd.	Conformable Independence	None
Independent Director	Jung-yuan Chang	− Has been a certified public Accountant in An accounting firm in Connecticut for 10 years. − Served as manager of tax Department of Deloitte & Touche. − Served as Independent Director of Tung Bao Co., Ltd.	Conformable Independence	None
Independent Director	Chia-pin Chang	− Has been practicing law in international firms and serving as legal director of listed companies for 15 years.	Conformable Independence	None

Note 1. Professional Qualification and Work Experience: Specify the professional qualifications and experience of individual members of the Remuneration Committee.

Note 2. Compliance with independence situation: State the independence of the members of the Remuneration Committee, including but not limited to whether themselves, their spouses and relatives within the second degree are directors, supervisors or employees of the Company or its affiliated enterprises; the number and proportion of shares held by themselves, their spouses and relatives within the second degree (or in the name of others); whether they are the directors, supervisors or employees of a company with a specific relationship with the Company (refer to the provisions of Article 6, Paragraph 1, Subparagraph 5-8 of the Measures for the Establishment and Exercise of Functions and Powers of Remuneration Committees of Companies Whose Shares are Listed or Traded on the Business Premises of Securities Firms); amount of remuneration obtained for providing business, legal affairs, finance, accounting and other services to the Company or its affiliated enterprises in the last two years.

Note 3. For disclosure methods, please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

(2) Operational status of the Remuneration Committee

I. There are a total of 3 members in the Remuneration Committee.

II. The term of office of the current Remuneration Committee is from June 19, 2020 to June 18, 2023. A total of 4 meetings of the Remuneration Committee (A) were held, with the qualifications of members and attendance records as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Note)	Remark
Convener	Wen-hsien Su	4	0	100%	
Committee Member	Jung-yuan Chang	4	0	100%	
Committee Member	Chia-pin Chang	3	1	75%	

Other matters to be recorded:

I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the company’s response to the Remuneration Committee’s opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.

II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion shall be specified: None.

<table>
<tr><th>Remuneration Committee meeting date</th><th>Remuneration Committee term</th><th>Content of Motion</th><th>Remuneration Committee resolutions</th><th>The Company's actions in response to the opinions of the Remuneration Committee</th></tr>
<tr><td rowspan="2">2021.3.25</td><td rowspan="2">4-3</td><td>To discuss the 2020 year-end and performance bonus for the Company's managerial officers.</td><td rowspan="6">Passed as proposed without objections</td><td rowspan="6">The Board of Directors of the Company resolved.</td></tr>
<tr><td>To discuss the amendment to the "Measures for Performance Evaluation of Board of Directors."</td></tr>
<tr><td>2021.5.12</td><td>4-4</td><td>To discuss the distribution of the Company's 2020 employee compensation and the directors' and supervisors' remuneration</td></tr>
<tr><td rowspan="2">2021.10.7</td><td rowspan="2">4-5</td><td>To Discuss the monthly salary of corporate Governance director of our company (Ying-Yen Li)</td></tr>
<tr><td>Discussion the monthly salary of Audit Director of our Company (Shu-hui Li)</td></tr>
<tr><td>2021.12.23</td><td>4-6</td><td>Discussion the personnel promotion and monthly salary of Audit Director of the Company (Shu-hui Li)</td></tr>
</table>

Note 1. The resignation date for any members of the Remuneration Committee resigning before the end of the year shall be specified in the Remark column. The attendance rate (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the number of attendance during the member’s tenure.

Note 2. If members of the Remuneration Committee are re-elected before the end of the year, the succeeding and preceding members shall be listed and indicated as "succeeding", "preceding" or "re-elected" in the Remark column, as well as the date of re-election. The attendance rate (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the number of attendance during the member’s tenure.

(V) Implementation Status of Promoting Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof:

Promotion projects	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Has the Company promoted the sustainability development governance framework, and established exclusively (or concurrently) dedicated units to implement sustainability development, and has the Board of Directors appointed the senior management to handle sustainability development, and to report the status of the handling to the Board of Directors?	Yes		The management office of the company concurrently promotes sustainable development practice and performs it irregularly as required.	No significant difference
II. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle? (Note 2)	Yes		Analyze major issues by referring to the internationally accepted guidelines for the compilation of reports regularly every year, determine the contents and priorities of each issue through communication with internal and external key stakeholders, and integrate various departments to put forward risk lists, carry out risk assessment and put forward corresponding strategies and suggestions.	No significant difference
III. Environmental issues (I) Does the company establish an environmental management system proper to its industry's characteristics?	Yes		(I) In promoting environmental safety, production safety and other matters, the company and all groups follow relevant laws, policies and concepts to promote and promote, so as to reduce operational risks.	No significant difference
(II) Does the company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?	Yes		(II) The company and the groups are committed to promoting and improving the sustainable environment. Through publicity and implementation, we aim to improve the efficiency of resource reuse, achieve energy saving and waste reduction, and reduce the impact on the environment.	
(III) Does the company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?	Yes		(III) The company attaches great importance to the issue of climate change, and has been continuously conducting internal publicity and promotion, and evaluating operational measures to fulfill its social responsibility.	

Promotion projects	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(IV) Does the company calculate the amount of greenhouse gas emissions, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumption, carbon and greenhouse gas emissions, and waste production?	Yes		(IV) The Company conducts annual greenhouse gas (GHG) inventory at the Kaohsiung Renwu Plant in accordance with ISO 14064-1, and takes the initiative to conduct annual statistics on GHG emissions, water consumption, and total weight of waste, and to formulate policies for energy conservation and carbon reduction, GHG reduction, and reduction of water consumption or other waste management.	
IV. Social issues (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	Yes		(I) The Company and its subsidiaries comply with relevant local labor laws and regulations and follow internationally recognized basic labor and human rights principles to protect the basic rights of employees. The Company and its companies comply with relevant local labor laws and regulations and follow internationally recognized basic labor human rights principles to protect the basic rights of employees.	No significant difference
(II) Does the company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	Yes		(II) The Company has a diversified employee benefits system and a retirement plan that complies with laws and regulations. A reasonable remuneration system can motivate employees to work together with the company and share the results of operation. The Company has implemented a job rank/grade system that is applicable to both male and female employees, which is based on the skills and abilities of employees at different levels, with pay raises varying by grade level.	
(III) Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	Yes		(III) The company and its affiliated companies are responsible for the safety education and training of the office area by special units, and arrange various activities, lectures and regular health checks to maintain staff safety.	

Promotion projects	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(IV) Does the company establish effective career development and training plans for its employees?	Yes		(IV) The Company provides employees with comprehensive career development plans. In addition to new employee orientation trainings, the Company also offers professional trainings to all employees. The contents of orientation trainings include the Company's organization culture, organization, and raw materials market of detergents, introduction to information and Internet systems and information security.	
(V) Does the company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	Yes		(V) The Company's marketing and labeling of its products and services comply with relevant laws and international standards. The Company attaches importance to various international conventions and respects the demands of customers and stakeholders. The Company's official website provides the contact information of the sales department and sets up a "Contact Us" section. If you have any questions, please feel free to contact us for direct assistance.	
(VI)Does the company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	Yes		(VI) The Company's supply chain management has evolved from basic requirements such as timely delivery, quality control and competitive prices to promoting new cooperation models of strategic alliance in order to innovate products and services and to protect the environment. The Company also formulated "Supplier Environmental Management Survey Form."	
V. Does the company refer to internationally-used standards or guidelines for the preparation of reports such as sustainability reports to disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?	Yes		The company prepares the perpetual reports in accordance with the international guidelines for the preparation of reports (GRI Standards) and makes them available to the Market Observation Post System (MOPS) and on the company's website, subject to the assurance of third party	No significant difference. In the future, the Company may obtain additional third-party verification or assurance opinions as required by law.

Promotion projects	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			verifier required by law.	

VI. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," describe the implementation and any deviations from such principles: The Company's Board of Directors adopted the Corporate social Responsibility Code of Practice on December 25, 2014, and amended the Code on March 30, 2017 to strengthen the implementation of corporate social responsibility. The Company regularly reviews the implementation of the Code and improves accordingly, and there is no discrepancy in the implementation to date.
VII. Other important information that contributes to the understanding of the operation of corporate social responsibility: Please refer to the Company's website (http://www.htgroup.com.tw) for Information on corporate social responsibility.

Note 1. If "Yes" under the "Status of Implementation" is checked, please explain the key policies, strategies, and measures adopted and their implementation results; if "No" is checked, please explain the deviation, give the reason in “Deviations from the Sustainability Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons” and specify related policies, strategies, and measures to be adopted in the future.

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

Note 3. For disclosure methods, please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

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

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs (I) Does the company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies? (II) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"? (III) Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	V V V		(I) In order to foster the corporate culture of ethical corporate management, develop soundly and operate smoothly, the Board of Directors of the Company approved the Company's Ethical Corporate Management Best Practice Principles and Ethical Behavior Guidelines on December 25, 2014. The Company's Management Department is responsible for supervise the implementation of the principles and guidelines and must report to the Board of Directors on a regular basis. (II) In order to implement the ethical corporate management policy, prevent dishonest behaviors and establish Procedures for Ethical Corporate Management and Behavior Guidelines, the Board of Directors of the Company approved on December 25, 2014 regulations concerning matters that employees must pay attention to when working. (III) The Company discloses its ethical corporate management policy in its Articles of Incorporation and annual reports and on its official website. In addition, the Company also announces the policies in external activities such as product launches and road shows in order for the Company's employees, Directors, Supervisors, suppliers, customer and other business related organizations or people to fully understand the Company's idea and regulations about ethical corporate management.	No significant difference.
II. Fulfillment of ethical corporate management (I) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties? (II) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of	V V		(I) The company shall consider the legality and dishonesty of the clients, manufacturers or other transaction objects before entering into a business relationship. The rights and obligations of both parties shall be stipulated in detail and confidentiality clauses shall be signed when entering into a contract with them. (II) The designated management Office is a specialized unit to promote enterprise honest	No significant difference.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?			operation, subordinate to the board of directors, to handle the revision, implementation and interpretation of operational procedures and conduct guidelines, as well as supervise the implementation of consulting services and the registration and filing of bulletin contents, and shall report to the board of directors regularly. Through various occasions, the company actively promotes and educates employees to uphold the integrity principle and attitude of fairness, openness, self-discipline and team responsibility, so as to strengthen the concept, compliance and implementation of integrity management within the company. In 2021, we hold internal and external education training related to honest management (courses related to preventing insider trading, accounting system and internal control system, etc.) for a total of 3 students, with a total of 27 hours of training.	
(III) Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		(III) When conflicts of interest occur, the Company's employees may report to his/her direct supervisor or directly to personnel of the General Manager's office. If such conflicts are confirmed after inspection, the Company will warn or punish the employee according to the Company's Employees' Working Rules depending on the significance of the conflict.	
(IV) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	V		(IV) To reasonably maintain the outcome and efficiency of operations, the reliability of financial reports and the compliance to relevant laws, the Company has established accounting and internal control systems to ensure integrity in our operations.	
(V) Does the company regularly hold internal and external training on ethical corporate management?	V		(V) The Company carries out regular training for Directors, Supervisors, managers and employees in order for them to fully understand the Company's determination, policy and precautious measures about integrity in operations and outcomes of breach to integrity in operations.	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
III. Operation of the whistle-blowing system (I) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party? (II) Does the company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms? (III) Does the company provide protection for whistle-blowers against receiving improper treatment?	V V V		(I) If any breaches to integrity in operations occur, the Company's employees may report to his/her direct supervisor or directly to personnel of the General Manager's office. The Company will appoint the corresponding department to review the internal control system and procedures and the department shall propose improvement measures to prevent the same behavior from occurring again. (II) All content of reports will be kept confidential and be investigated via independent channels in order to protect the whistleblowers' safety and to protect them from revenge. (III) In case of significant violation against integrity by the Company's employees, the employee(s) shall be discharged or dismissed in accordance with relevant laws and regulations or the Company's human resources administration regulations.	No significant difference.
IV. Strengthen information disclosure Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?	V		The company has a website to expose the relevant corporate culture, ethical business code content and other information.	No significant difference.
V. If the company has established the ethical corporate management best-practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe the implementation and any deviations from the Principles: The company has established procedures and guidelines on ethical conduct and continues to actively abide by them.				
VI. Other important information to facilitate a better understanding of the Company’s ethical corporate management (e.g., review of and amendments to ethical corporate management policies): None. 1. To implement the basics of ethical corporate management policies, the Company operates under the Company Act, Securities and Exchange Act, Businesses Entity Accounting Act, related regulations for TWSE/TPEx-Listed Companies, IFRSs, IASs, related interpretations and standing interpretations endorsed by Financial Supervisory Commission and other related laws and decrees. 2. The system of recusal of Directors due to conflicts of interest is included in the Company's Rules of Procedure for Board of Directors Meetings. When a Company's Director or the juristic person he/she represents has a stake in a proposal at the meeting and where there is a likelihood that the interests of the Company would be prejudiced, the Director may express opinions or answer questions but shall recuse himself or herself from any discussion and voting and may not exercise voting rights as proxy on behalf of another Director. 3. The Company has set up Procedures for Handling Material Inside Information, stipulating that Directors, Supervisors, managers and stakeholders may not disclose to any other parties any material inside information of which they have learned, nor may they inquire about or collect material inside information unrelated to their individual duties from a person with knowledge of such information. In addition, they may not disclose to others any non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties.				

(VII) Corporate Governance Guidelines and Regulations and the Inquiry Method:

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

(VIII) Other Important Information Regarding Corporate Governance.

1. Continuing trainings for Directors in 2021:

Title	Name	Date	Training Institution	Course Name	Training Hours
Representative of Institutional Director	Li-chiu Chang	2021.8.12	Taiwan Corporate Governance Association	Three principles of corporate governance and corporate social responsibility in good faith and practical cases	3
		2021.11.11	Security & Futures Institute	Discussion on corporate Governance Blueprint 3.0 and directors' responsibilities	3
Representative of Institutional Director	Yi-ju Chen	2021.5.12	Security & Futures Institute	How should the board of supervisors supervise risk management and crisis management	3
		2021.11.11	Security & Futures Institute	Discussion on corporate Governance Blueprint 3.0 and directors' responsibilities	3
Representative of Institutional Director	Wei- yu Chen	2021.5.12	Security & Futures Institute	How should the board of supervisors supervise risk management and crisis management	3
		2021.11.11	Security & Futures Institute	Discussion on corporate Governance Blueprint 3.0 and directors' responsibilities	3
Representative of Institutional Director	Lun-chia Li	2021.5.12	Security & Futures Institute	How should the board of supervisors supervise risk management and crisis management	3
		2021.11.11	Security & Futures Institute	Discussion on corporate Governance Blueprint 3.0 and directors' responsibilities	3
Representative of Institutional Director	Yi-hsiung Chen	2021.5.12	Security & Futures Institute	How should the board of supervisors supervise risk management and crisis management	3
		2021.10.27	Taiwan Academy of Banking and Finance	Seminar on Corporate Governance and Enterprise Sustainability	3
		2021.11.11	Security & Futures Institute	Discussion on corporate Governance Blueprint 3.0 and directors' responsibilities	3
Director	Kuo-jung Shih	2021.5.12	Security & Futures Institute	How should the board of supervisors supervise risk management and crisis management	3
		2021.11.11	Security & Futures Institute	Discussion on corporate Governance Blueprint 3.0 and directors' responsibilities	3
Independent Director	Wen-hsien Su	2021.5.12	Security & Futures Institute	How should the board of supervisors supervise risk management and crisis management	3
		2021.11.11	Security & Futures Institute	Discussion on corporate Governance Blueprint 3.0 and directors' responsibilities	3
Independent Director	Jung-yuan Chang	2021.5.12	Security & Futures Institute	How should the board of supervisors supervise risk management and crisis management	3

Title	Name	Date	Training Institution	Course Name	Training Hours
		2021.11.11	Security & Futures Institute	Discussion on corporate Governance Blueprint 3.0 and directors' responsibilities	3
Independent Director	Chia-pin Chang	2021.5.12	Security & Futures Institute	How should the board of supervisors supervise risk management and crisis management	3
		2021.11.11	Security & Futures Institute	Discussion on corporate Governance Blueprint 3.0 and directors' responsibilities	3

2. The company's managers, accounting supervisors, audit supervisors, and corporate governance supervisors continue to study in 2021:

Title	Name	Date	Training Institution	Course Name	Training Hours
General Manager	Yi-ju Chen	2021.5.12	Security & Futures Institute	How should the board of supervisors supervise risk management and crisis management	3
		2021.11.11	Security & Futures Institute	Discussion on corporate Governance Blueprint 3.0 and directors' responsibilities	3
Accounting Manager	Hui-yen Lin	2021.11.29 2021.11.30	Accounting Research and Development Foundation of ROC	Continuing training course for accounting supervisors of issuers, securities firms and securities exchange	12
Audit Supervisor	Shu-hui Li	2021.11.30	Accounting Research and Development Foundation	Common deficiencies in the preparation of financial reports by enterprises, preparation process and practice professional training courses	6
		2021.12.29	Accounting Research and Development Foundation	Internal audit personnel should have corporate governance elements and financial statements risk assessment practice	6
Chief Corporate Governance Officer	Ying-Yen Li	2021.11.11	Security & Futures Institute	Discussion on corporate Governance Blueprint 3.0 and directors' responsibilities	3

3. Purchase of liability insurance for directors and supervisors:

Insured object	Insurance company	Insured amount	Duration of insurance (from beginnin to end)
All Directors and Supervisors	Fubon Insurance.	Cumulative liability limit: USD10,000,000	Since: June 19, 2021 Until: June 19, 2022

(IX) Status of Internal Control System:

1. Statement on Internal Control:

Ho Tung Chemical Corp.
Statement on Internal Control

Date: March 16, 2022

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

I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.

IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.

V. In accordance with the aforementioned evaluation, the Company has found that the design and implementation of the internal control system (including the assessment and management of subsidiaries), as of December 31, 2021, including the efficacy of understanding operations, the efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant guidelines and laws, are effective and can reasonably provide assurance of the aforesaid goals.

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

VII. This statement has been approved on March 16, 2022, by the Board of Directors, and out of the 9 Board members in attendance, none has objected to this statement and all consented to the content expressed herein.

Ho Tung Chemical Corp.

Chairman: Li-chiu Chang

General Manager: Yi-ju Chen

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: Not applicable.

(X) For Penalties Imposed Upon the Company and Its Employees in Accordance with the Law or Penalties Imposed by the Company Upon Its Employees for the Violation of the Internal Control System Policy During the Most Recent Year up to the Date of Publication of the Annual Report, if the Result of Such Penalties May Have a Significant Impact on the Shareholders' Equity or the Price of Securities, the Contents of the Penalties, Principal Deficiencies, and Improvements Shall Be Specified: None.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings during the Most Recent Year and during the Current Year Up to the Date of Publication of the Annual Report:

1. Major resolutions:

Important resolutions passed by all shareholders present at the August 5, 2021 regular Meeting of shareholders and the implementation of the resolutions are as follows:

Pass important resolutions	Implementation Status
1. Approval of the 2020 annual business report and financial report	Resolution results have been followed.
2. Approval the 2020 profit distribution proposal	2020 earnings distribution.
3. To discuss the amendment to the Company's "Rules of Procedure for Shareholders' Meetings."	The revised measures have been implemented and announced on the company's website.

2. Major Resolutions of the Board Meetings:

Session of the Board	Date	Pass important resolutions
14-8	2021.3.25	1. 2020 Business Report
		2. 2020 Financial Statements
		3. To discuss the amendment to the Company's "Rules of Procedure for Shareholders' Meetings."
		4. To discuss the amendment to the "Rules of Procedures for Board of Directors' Meetings."
		5. To discuss the amendment to the "Measures for Performance Evaluation of Board of Directors."
		6. To discuss the amendments to the Rules of the Scope of Powers of Independent Directors
		7. To discuss the amendment to the "Audit Committee Charter."
		8. To discuss the amendment to the "Remuneration Committee Charter."
		9. To discuss and pass the Company's statement on the 2020 internal control system
		10. To discuss the convening reason and contents of 2021 Shareholders' Meeting.
14-9	2021.5.12	1. Distribution of earnings for 2020.
		2. To discuss the distribution of the Company's 2020 employee compensation and the directors' and supervisors' remuneration
		3. To discuss the revision of "stock transaction handling procedures" in internal control and audit system of the company.
		4. To discuss the company's intention to purchase all the shares of Ho Tung Cement Co., Ltd. held by Paotze from its subsidiary.
		5. To discuss and amend the reasons for convening the company's 2021 ordinary meeting of shareholders.
		6. To discuss the situation review of shareholder proposal
14-10	2021.6.3	1. To discuss the proposal of electing the chairman of the company

Session of the Board	Date	Pass important resolutions
		2. Appoint professional personnel to investigate whether the credit impairment event in the company's 2020 annual report is artificial and illegal
14-11	2021.7.14	1. Rescheduling the time and place of the 2021 regular meeting of shareholders
14-12	2021.8.11	1. Formulate the company's cash dividend distribution base date.
		2. To discuss and evaluate the independence and suitability of certified accountants
		3. To discuss the company's 2021 CPA appointment remuneration
14-13	2021.10.7	1. To discuss the case of corporate Governance director of the company (Ying-Yen Li)
		2. To discussion on appointment of Audit Director of the Company (Shu-hui Li)
14-14	2021.11.11	1. To discuss the joint credit extension of NT $1.75 billion
		2. To discuss the company's bank credit line
14-15	2021.12.23	1. To discuss the company's 2022 operating plan and budget
		2. To discuss and approve the company's 2022 annual audit plan

(XII) In the most recent year and as of the date of publication of the annual report, if the directors or supervisors have different opinions on the important resolutions passed by the board of directors, and there is a record or written statement, the main content: None.

(XIII) A Summary of Resignations and Dismissals of the Chairman, General Manager, Accounting Manager, Financial Manager, Chief Internal Auditor, Corporate Governance Officer or Research and Development Officer during the Most Recent Year and during the Current Year Up to the Date of Publication of the Annual Report:.

Title	Name	Date of arrival	Date of dismissal	Reasons
Chief Corporate Governance Officer	Ren-bin Cheng	2020.10.14	2021.9.10	Resign
Director of internal audit	Fu-kuan Chen	2014.12.15	2021.10.7	Resign

V. Information on CPA Professional Fees

(I) Information on CPA Professional Fees

Unit: NT$1,000

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
PwC Taiwan	Tsung-hsi Lai	2021.1.1-12.31	3,880	430	4,310	
	Chao-ming Wang	2021.1.1-12.31				
PwC Taiwan	Shih-Liang Tuan			950		Tax expense
PwC Taiwan	I-Hua, Li			660		CSR Consulting Services
PwC Taiwan	Chao-ming Wang			60	1,670	Payroll checklist for non-supervisory duties

(II) When the Company changes its accounting firm and the audit fees paid for the year in which such change took place are lower than those for the previous year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(III) If the public audit fee is reduced by more than 10% compared with the previous year, the amount, proportion and reason for the reduction of the public audit fee shall be disclosed: None.

VI. Information on Replacement of CPAs

(I) About former accountants: Not applicable.

(II) About succession accountants: Not applicable.

(III) Former CPAs' Reply to Disclosures under Items 1 and 2-3, Subparagraph 6, Article 10 of the Guidelines: Not applicable.

VII. Company Chairman, General Manager, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm: None.

VIII. Any Transfer of Equity Interests and Pledge of Equity Interests (during the Most Recent Year and during the Current Year Up to the Date of Publication of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10%:

(I) Share Transfer and Change in Equity Pledge by Directors, Supervisor, Managerial Officers, and Major Shareholders:

Title (Note 1)	Name	2021		As of April 25, 2022	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairman	Li-chiu Chang	0	0	0	0
Director	Hung I Investment Co., Ltd. Representative: Li-chiu Chang Representative: Yi-ju Chen Representative: Wei- yu Chen Representative: Lun-chia Li	0	0	0	0
Director	Yuan-he Chen Cultural & Educational Foundation Representative: Yi-hsiung Chen	0	0	0	0
Director	Kuo-jung Shih	0	0	0	0
Independent Director	Wen-hsien Su	0	0	0	0
Independent Director	Jung-yuan Chang	0	0	0	0
Independent Director	Chia-pin Chang	0	0	0	0
General Manager	Yi-ju Chen	0	0	0	0
Finance Supervisor/Chief Corporate Governance Officer	Ying-Yen Li	0	0	0	0
Accounting Manager	Hui-yen Lin	0	0	0	0
More than 10% of the major shareholders	Hung I Investment Co., Ltd.	0	0	0	0

Note 1. Shareholders holding more than 10% of the total shares of the company shall be marked as major shareholders and listed separately.

Note 2. The following table shall be filled in if the opposite party of equity transfer or equity pledge is the related party.

(II) Share transfer information: directors, supervisors, managers and 10% shareholders have no share transfer to related parties.

(III) Equity pledge information: directors, supervisors, managers and 10% of shareholders do not pledge equity to related parties.

IX. Relationship among Top 10 Largest Shareholders

April 25, 2022

Name (note 1)	Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Among 10 largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship (note 3)		Remark
	Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)	Name	Relationship	
Hung I Investment Co., Ltd.	101,690,169	10	0	0	0	0			
Hung I Investment Co., Ltd.: Chin-hua Lin	10,534,391	1.036	0	0	0	0	Yi-ju Chen Yi-hsiung Chen Ji Ji Co., Ltd.	first-degree relatives In-laws are second class Director	
Special account for Capital Securities Corporation as the custodian of investments of CSC Securities (HK) Ltd's customer	60,576,749	5.957	0	0	0	0			
Bing Rong Co., Ltd.	51,878,666	5.102	0	0	0	0			
Representative of Bing Rong Co., Ltd.: Yi-ju Chen	4,422,697	0.435	0	0	0	0	Hung I Investment Co., Ltd. Chia He Investment Co., Ltd. Chin-hua Lin	Director Supervisor first-degree relatives	
Ji Ji Co., Ltd.	42,729,522	4.202	0	0	0	0			
Representative of Ji Ji Co., Ltd: Yi-hsiung Chen	275,446	0.027	360,805	0.035	0	0	Chia He Investment Co., Ltd. Chin-hua Lin	Chairman In-laws are second class	
Chia He Investment Co., Ltd.	31,461,266	3.094	0	0	0	0			
Representative of Chia He Investment Co., Ltd: Yi-hsiung Chen	275,446	0.027	360,805	0.035	0	0	Ji Ji Co., Ltd. Chin-hua Lin	Chairman In-laws are second class	
Special account for Citibank Taiwan as the custodian of investments of Yuanta Securities Co., Ltd.	23,533,107	2.314	0	0	0	0			
Citi (Taiwan) Commercial Bank manages the Special investment account of The Norwegian Central Bank	14,004,160	1.377	0	0	0	0			
JPMorgan Chase Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds Investment Account	12,634,459	1.243	0	0	0	0			

Name (note 1)	Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Among 10 largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship (note 3)		Remark
	Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)	Name	Relationship	
Chase Custodianship Advanced Starlight Total International Equity Index	12,421,141	1.222	0	0	0	0			
Chin-hua Lin	10,534,391	1.036	0	0	0	0	Hung I Investment Co., Ltd. Yi-ju Chen Yi-hsiung Chen Ji Ji Co., Ltd.	Chairman first-degree relatives In-laws are second class Director	

Note 1. Please separately identify the names of corporate shareholders and their respective representatives within substantial shareholders.

Note 2. The calculation of shareholding ratio should separately indicate percentage of shares held under the person's own identity, under spouse, minor children, and others' identities.

Note 3. Shareholders listed in the previous disclosure, including legal persons and natural persons, shall disclose their relationship with each other in accordance with the issuer's financial reporting standards.

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company's Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

December 31, 2021; Unit: Share; %

Investee business	Ownership by the Company		Investment by Directors/Supervisors/Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
Tung Bao Co., Ltd	23,076	34%	432	0.64%	23,508	34.64%
HT-S Venture Philippines Corporation	0	0%	100	40%	100	40%

Chapter 4. Capital Overview

I. Capital and share capital

(I) Source of Capital:

Shareholding / Type of capital	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common stock	1,016,824,808	83,175,192	1,100,000,000	Listed

1. Capital formation:

Unit: 1,000 shares/NT$ 1,000

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
200105	10	720,000	7,200,000	443,696	4,436,958	Treasury stock capital reduction 214,150,000 (Note 1)	None	None
200106	10	720,000	7,200,000	510,250	5,102,502	Capitalization of retained earnings $221,848,000 Capitalization of capital reserves $443,696,000 (Note 2)	None	None
200109	10	720,000	7,200,000	511,089	5,110,886	Corporate bond converted to capital stock 8,384,000 (Note 3)	None	None
200202	10	720,000	7,200,000	511,151	5,111,507	Corporate bond converted to capital stock 621,000 (Note 4)	None	None
200207	10	720,000	7,200,000	572,489	5,724,888	Capitalization of retained earnings $408,921,000 Capitalization of capital reserves $204,460,000 (Note 5)	None	None
200209	10	720,000	7,200,000	576,426	5,764,261	Corporate bond converted to capital stock 39,373,000 (Note 6)	None	None
200302	10	720,000	7,200,000	576,766	5,767,664	Corporate bond converted to capital stock 3,403,000 (Note 7)	None	None
200310	10	720,000	7,200,000	564,754	5,647,534	Decrease in treasury stock 120,130,000 (Note 8)	None	None
200310	10	720,000	7,200,000	610,894	6,108,947	Capitalization of retained earnings 461,413,000 (Note 9)	None	None

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
200409	10	720,000	7,200,000	641,439	6,414,394	Capitalization of retained earnings 305,447,000 (Note 10)	None	None
200411	10	720,000	7,200,000	618,073	6,180,733	Decrease in treasury stock 234,930,000 Corporate bond converted to capital stock 1,269,000 (Note 11)	None	None
200512	10	720,000	7,200,000	605,886	6,058,864	Decrease in treasury stock 121,870,000 (Note 12)	None	None
200906	10	720,000	7,200,000	605,597	6,055,974	Decrease in treasury stock 2,890,000 (Note 13)	None	None
200908	10	720,000	7,200,000	637,861	6,378,609	Capitalization of retained earnings 322,635,000 (Note 14)	None	None
201008	10	720,000	7,200,000	712,126	7,121,256	Capitalization of retained earnings 742,647,000 (Note 15)	None	None
201108	10	1,000,000	10,000,000	795,302	7,953,021	Capitalization of retained earnings 831,765,000 (Note 16)	None	None
201111	10	1,000,000	10,000,000	776,314	7,763,141	Decrease in treasury stock 189,880,000 (Note 17)	None	None
201208	10	1,000,000	10,000,000	869,472	8,694,718	Capitalization of retained earnings 931,577,000 (Note 18)	None	None
201307	10	1,000,000	10,000,000	912,945	9,129,454	Capitalization of retained earnings 434,736,000 (Note 19)	None	None
201408	10	1,000,000	10,000,000	958,593	9,585,927	Capitalization of retained earnings 456,473,000 (Note 20)	None	None
201607	10	1,000,000	10,000,000	987,207	9,872,074	Capitalization of retained earnings 286,147,000 (Note 21)	None	None
201710	10	1,100,000	11,000,000	1,021,593	10,215,928	Capitalization of retained earnings 343,854,000 (Note 22)	None	None

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
201801	10	1,100,000	11,000,000	1,016,825	10,168,248	Decrease in treasury stock 47,680,000 (Note 23)	None	None

Note 1. On May 7, 2001, the ministry of Economic Affairs (90) business No. 09001152740 approved the cancellation of Treasury stocks for capital reduction.

Note 2. On June 19, 2001, the Ministry of Finance and Futures Management Commission (90) TFC (I) No. 139617 approved the transfer of surplus to capital increase of NT$221,848,000 and capital reserve to capital increase of NT$443,696,000.

Note 3. On September 19, 2001, the exchange of convertible corporate bonds for new shares was approved by ministry of Economic Affairs (90) NO. 09001365290.

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

Note 5. On July 22, 2002, per Order No. 091014085, the Ministry of Finance and Securities and Futures Institute approved the Company to transfer the retained earnings to capital increase in the amount of NT$408,921,000 and capital surplus to capital increase in the amount of NT$204,460,000.

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

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

Note 8. On July 7, 2003, per Order No. 0920130878, the Ministry of Finance and Securities and Futures Institute approved the Company to reduce capital by retirement of treasury stocks in the amount of NT$120,130,000.

Note 9. On August 19, 2003, per Order No. 920137452, the Ministry of Finance and Securities and Futures Institute approved the Company to transfer the retained earnings to capital increase in the amount of NT$461,413,000.

Note 10. On September 6, 2004, per Order No. 0930138845, Financial Supervisory Commission, Executive Yuan approved the Company to transfer the retained earnings to capital increase in the amount of NT$305,447,000.

Note 11. On November 22, 2004, per Order No. 0930121843, the MOEA approved the Company to exchange convertible corporate bonds for new shares and to reduce capital by retiring treasury stocks in the amount of NT$234,930,000.

Note 12. On January 20, 2006, per Order No. 09501014800, the MOEA approved the Company to reduce capital by retirement of treasury stocks in the amount of NT$121,870,000.

Note 13. On June 4, 2009, per Order No. 09801111470, the MOEA approved the Company to reduce capital by retirement of treasury stocks in the amount of NT$2,890,000.

Note 14. On August 13, 2009, per Order No. 0980040682, Financial Supervisory Commission, Executive Yuan approved the Company to transfer the retained earnings to capital increase in the amount of NT$322,635,000.

Note 15. On August 16, 2010, per Order No. 0990042974, Financial Supervisory Commission, Executive Yuan approved the Company to transfer the retained earnings to capital increase in the amount of NT$742,647,000.

Note 16. On August 9, 2011, per Order No. 1000036961, Financial Supervisory Commission, Executive Yuan approved the Company to transfer the retained earnings to capital increase in the amount of NT$831,765,000.

Note 17. On November 16, 2011, per Order No. 10001260100, the MOEA approved the Company to reduce capital by retirement of treasury stocks in the amount of NT$189,880,000.

Note 18. On August 8, 2012, per Order No. 1010034786, Financial Supervisory Commission, Executive Yuan approved the Company to transfer the retained earnings to capital increase in the amount of NT$931,577,000.

Note 19. On July 30, 2013, per Order No. 1020029587, Financial Supervisory Commission approved the Company to transfer the retained earnings to capital increase in the amount of NT$434,736,000.

Note 20. On August 11, 2014, per Order No. 1030029295, Financial Supervisory Commission approved the Company to transfer the retained earnings to capital increase in the amount of NT$456,473,000.

Note 21. On July 21, 2016, Financial Supervisory Commission approved the Company to transfer the retained earnings to capital increase in the amount of NT$286,147,000.

Note 22. On July 27, 2017, Financial Supervisory Commission approved the Company to transfer the retained earnings to capital increase in the amount of NT$343,854,000.

Note 23. On January 5, 2018, per Order No. 10701000360, the MOEA approved the Company to reduce capital by retirement of treasury stocks in the amount of NT$47,680,000.

2. Class of shares issued:

Unit: 1,000 Shares

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

3. Information on the shelf registration system: Not applicable.

(II) Shareholder Structure:

April 25, 2022

Structure / Number	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	0	1	187	67,405	111	67,704
Shares Held	0	20,000	271,931,536	546,935,362	197,937,910	1,016,824,808
Percentage of Ownership	0	0.00	26.74	53.79	19.47	100

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

(III) Shareholding Distribution Status:

April 25, 2022

Range of Shares	Number of Shareholders	Shares Held	Percentage of Ownership(%)
1~999	30,521	4,313,765	0.42
1,000~5,000	23,138	54,105,486	5.32
5,001~10,000	6,133	49,049,570	4.83
10,001~15,000	2,208	27,928,827	2.75
15,001~20,000	1,628	30,141,395	2.97
20,001~30,000	1,392	35,633,031	3.50
30,001~40,000	614	21,637,854	2.13
40,001~50,000	466	21,637,990	2.13
50,001~100,000	823	59,512,428	5.85
100,001~200,000	389	55,574,796	5.47
200,001~400,000	213	60,120,087	5.91
400,001~600,000	63	30,805,109	3.03
600,001~800,000	29	20,178,084	1.98
800,001~1,000,000	18	16,602,476	1.63
Over 1,000,001	69	529,583,910	52.08
Total	67,704	1,016,824,808	100.00

(IV) List of Major Shareholders:

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

April 25, 2022

Shareholding / Name of Major Shareholders	Shares Held	Percentage of Ownership (%)
Hung I Investment Co., Ltd.	101,690,169	10
Special account for Capital Securities Corporation as the custodian of investments of CSC Securities (HK) Ltd's customer	60,576,749	5.957
Bing Rong Co., Ltd.	51,878,666	5.102
Ji Ji Co., Ltd.	42,729,522	4.202
Chia He Investment Co., Ltd.	31,461,266	3.094
Special account for Citibank Taiwan as the custodian of investments of Yuanta Securities Co., Ltd.	23,533,107	2.314
Citi (Taiwan) Commercial Bank manages the Special investment account of The Norwegian Central Bank	14,004,160	1.377
JPMorgan Chase Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds Investment Account	12,634,459	1.243
Chase Custodianship Advanced Starlight Total International Equity Index	12,421,141	1.222
Chin-hua Lin	10,534,391	1.036

(V) Share Price for the Past 2 Years, with Net Worth per Share, Earnings per Share, Dividends per Share, and Related Information:

Item \ Year			2020	2021	Current year up to March 31, 2022 (Note 8)
Market Price per Share (Note 1)	Highest		11.75	13.50	11.95
	Lowest		5.08	8.96	9.95
	Average		8.48	10.76	10.91
Net worth per share (Note 2)	Before distribution		12.30	12.58	12.59
	After distribution		11.87	Note 9	-
Earnings per Share	Weighted average number of shares		1,003,165 thousand shares	1,003,165 thousand shares	1,003,165 thousand shares
	Earnings per Share (Note 3)	Before Adjustment	1.68	0.72	0.17
		After Adjustment	1.68	Note 9	-
Dividends Per Share	Cash Dividends		0.70	0.42(Note 9)	-
	Stock dividends	Surplus Distribution	-	-	-
		Allocation of Capital Surplus	-	-	-
	Accumulated unpaid dividend (Note 4)		-	-	-
Return on Investment	Price-to-earnings ratio (Note 5)		5.05	14.94	-
	Price-to-dividend ratio (Note 6)		12.11	25.62(Note 9)	-
	Cash dividend yield (Note 7)		8.25%	3.90%(Note 9)	-

*If any earning or capital surplus is transferred to capital increase or common stock, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

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

Note 2. This should be filled by using the shares already issued by year-end as a basis, and also by referencing the allocation that the Board of Directors meeting or shareholders meeting has decided on for the subsequent year.

Note 3. If there are any retroactive adjustments needed due to stock dividends, earnings per share before and after the adjustment should be listed.

Note 4. If there are any conditions in issuing equity securities that allow for unpaid out dividend for the year to be accumulated to subsequent years in which there is profit, the Company should separately disclose the accumulated unpaid out dividend up to that year.

Note 5. Price-to-earnings ratio = Average closing price per share for the year/Earnings per share.

Note 6. Price-to-dividend ratio = Average closing price per share for the year/Cash dividends per share.

Note 7. Cash dividend yield = Cash dividends per share/Average closing price per share for the year.

Note 8. The net worth per share and earnings per share up to the quarter nearest to the date of publication of the Annual Report that has been audited by the CPAs shall be filled in; the remaining fields shall be filled with the annual data up to the date of publication of the Annual Report.

Note 9. The appropriation of earnings for 2021 was approved by the board of directors on March 16, 2022 and is pending resolution at the shareholders' meeting

(VI) Dividend Policy and Its Implementation:

1. The distribution of the Company's dividends is determined by the Board of Directors of the Company taking into consideration the earnings of the year, future capital needs, sustainable operations and development and the overall plan for capital expenditure. The Company's dividend policy as stipulated in Article 30 of Articles of Incorporation states: In principle, the percentage of distribution of stock dividends or cash dividends shall be no lower than 10%. However, where the Company needs more capital due to plant expansion plans or future investment plans, earnings can be distributed fully in stock dividends.
2. Proposed distribution of dividends (passed by the Board of Directors, but pending for approval from the shareholders' meeting):

   The shareholders will receive a dividend of NT$427,066,419 from the 2021 earnings and a cash dividend of NT$0.42 per share will be distributed once the resolution is approved at the shareholders' meeting and the chairman is authorized to set another ex-dividend date, payment date and other related matters.
3. Expected significant changes in the dividend policy: none.

(VII) Effect on the Operating Performance and Earnings per Share of Distribution of Stock Dividends Proposed or Adopted in the Most Recent Shareholders' Meeting: Not applicable.

(VIII) Compensation of employees, Directors and Supervisors:

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

   Article 29 If the Company has profits for the current year, the Company shall distribute no less than 1% of the profits distributable to the current year for employees' compensation and no higher than 3% for Directors' and supervisors' remunerations. When there is a cumulative deficit, the Company shall reserve such an amount in advance to make up the deficit. The profit in the current year as mentioned in the preceding paragraph refers to the pre-tax profit of the Company after deducting the remuneration of employees and Supervisor. Employees' compensation can be paid in cash or in stocks. When the compensations are paid in stocks, the employees in affiliated companies that meet certain criteria may also be included.

   Article 29-1 The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' accumulated operating losses in accordance with related laws; then, 10% of the remaining amount shall be set aside as legal reserve. If, after setting aside the remaining amount as special reserve in accordance with Article 41 of Securities and Exchange Act, there are still earnings, the remaining amount, with undistributed earnings in prior years, shall be retained or appropriated. When appropriating earnings, the Company shall first distribute stock dividends, which shall not exceed 10% of the unappropriated earnings. The remaining amount after distribution shall be appropriated as shareholders' dividends in accordance with the resolution made at shareholders' meeting.

2. The basis for estimating the amount of employees' compensations and Directors' remunerations, for calculating the number of shares to be distributed as employee

compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
The amount of employees' compensations and Directors' remunerations for the current year is accrued based on 1% and 1% of the Company's net income before tax of the year, respectively. If the amount of employees' compensations and Directors' remunerations accrued of 2021 is different from the actual distributed amount, the discrepancy will be recognized as gains or losses in the following year.

3. The board of directors approves the distribution of remuneration:
   On March 16, 2022, the Board of Directors of the Company resolved that:
   (1) It is proposed to increase employee compensation and director compensation respectively in NT $7,879,027, which will be paid in cash.
   (2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial statements or individual financial statements for the current period and the total employee remuneration: None.
4. Actual distribution of compensation to employees and directors in the previous year (including number of shares, total amount and per-share price) and the difference from the recognized amount, the cause and handling should be specified:
   The difference between the company's employee compensation of NT$ 5,989,050 and director compensation of NT$7,500,000 allocated by resolution of the Board of Directors for the year 2020 and the employee compensation of NT$17,429,970 and director compensation of NT$17,429,970 recognized in the financial statements for the year 2020 has been adjusted in the profit and loss for the year 2021.

(IX) Share Repurchases: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Receipts: None.

V. Employee Stock Options: None.

VI. New Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VIII. Items to be recorded in the implementation of the Company's Capital Allocation Plan: Not applicable.

Chapter 5. Operational Highlights

I. Business Activities

(I) Scope of Business:

1. The Group's major businesses include:

Chemical products:

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

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

Import and export, process and trading of by-products of the above-mentioned seven products.

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

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

Oil products:

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

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

Unit: NT$1,000

Products	Total sales amount in 2021	Percentage of total sales
Chemical products	19,413,899	96.05%
Oil products	140,344	0.70%
Cement	657,215	3.25%
Total	20,211,458	100.00%

3. The Company's current products:

Chemical products: Normal paraffin, linear alkyl benzene, linear alkyl benzene sulfonic acid, and sodium dodecanol ethoxylate sulfate.

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

4. New products in development:

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

Oil products:

A. Warehousing services for petrol, diesel and chemicals.

B. Loading and unloading at wharves.

(II) Industry Overview:

1. Current status and development of the industry:

Chemical products:

In recent years, many reports have pointed out that the detergent and personal care product industries have been growing steadily. The Group maintains active business interaction and new product development exchanges with international cleaning product brands to ensure that the Group’s surfactants can keep pace with the times and timely and effectively meet the needs of consumers to enter more different markets. Normal paraffin, sodium linear alkyl benzene sulfonate, and sodium dodecanol ethoxylate sulfate are the main potential raw materials for cleaning agents.

Oil products:

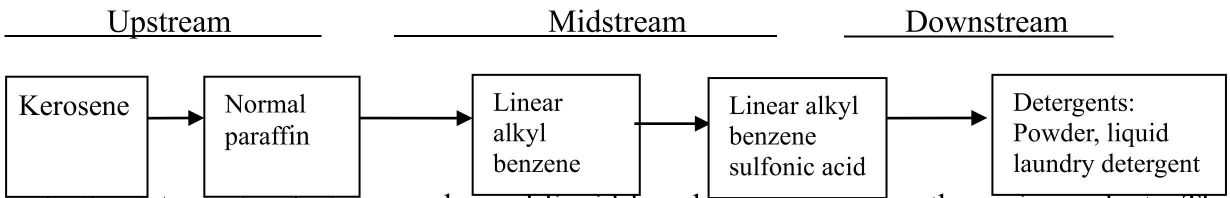
According to the IEA’s March 2021 release, crude oil stocks accumulated at the end of 2020 will be depleted by the beginning of 2021 when the epidemic is over and international crude oil levels will be lowered back to pre-epidemic conditions, however, in the post-epidemic era, crude oil markets will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

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

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

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

Chemical products:



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

Oil products:

The supply chain of oil products

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

3. Development trends of products:

Chemical products:

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

4. Competitions:

Chemical products:

At present, the Group has already gained a foothold in the global market of detergent raw materials. It is the largest manufacturer of detergent raw materials in Asia and has set up many plants in Mainland China, which is a large market with great potentials. In terms of production scale, upstream technology acquisition, partnership of consumer commodity companies and the accumulated industrial knowledge of the upstream and downstream supply chains give the Group better competitive advantages. However, changes in consumer awareness, environmental protection concepts continue to change consumers’ preferences, and the Group’s business layout is also actively making the most appropriate preparations and changes with the trend.

Oil products:

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

(III) Overview of technology and R&D:

Chemical products:

1. In order to comply with the government's policy of reducing carbon dioxide emissions, the Group has completed a heating furnace and process improvement project to reduce the exhaust temperature of the furnace and to save heavy fuel oil and energy consumption, which is of great benefit to the environment and cost. The alkyl benzene plant continues to actively launch renovation and improvement programs towards the lowest consumption and energy consumption per unit to achieve economic operations. The sodium dodecanol ethoxylate sulfate plant is also continuing to promote the renovation program to improve the efficiency and effectiveness of the production line.
2. The Group actively involved in the research of diversified raw materials for the production of interfacial activators, as well as the development of practical applications in industrial and emerging industries after reprocessing of existing products.

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

Chemical products:

1. Short-term development plans:
   The Group aims to improve its decision-making mechanism and business operations, raise its core competitiveness, integrate resources, and realize its business synergy while nurture outstanding talent proactively in order to improve the performance of all investments.
2. Mid- and long-term development plans:
   Strengthen the internal control system and corporate governance system. Make necessary merger and acquisition and investments; build new plants or form strategic coalitions to expand the Group's business scopes. Make Taiwan the Group's logistic hub, utilize resources from Taiwan, Mainland China, and the whole world effectively, expand overseas market, and develop core technology and make the most of the research outcomes.

Oil products:

1. Short-term development plans:
   (1) The Port of Taichung is favorable to development because it is in proximity to the main market in central Taiwan and the setup cost here is relatively low in comparison to urban areas. In addition, the Port of Taichung is the closest port in Taiwan to Mainland China with highly developed and convenient transportation to different countries. The port is entitled with some tax incentives similar to other bonded areas, which makes it competitive. By exporting products through the Port of Taichung to Mainland China and other adjacent countries in Southeast Asia and Northeast Asia, or by integrating with industries in Mainland China and other ASEAN countries, the Company has built up a comprehensive supply chain. Geographically speaking, the Port of Taichung is advantageous to the development of logistic and distribution systems.

   (2) In addition to complying with Regulations Governing Ship Stevedore Operator and Tally Company, the Group also assists in training ship stevedore operator and ship tallymen to

increase the future automation rate and reduce mistakes made by staff.

2. Long-term development plans:

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

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

II. Market and Sales Overview

(I) Market Analysis:

1. Main sales region: Unit: NT$1,000

Region\Amount	2020		2021	
	Sales amount	%	Sales amount	%
Taiwan and	4,169,299	16.13	926,896	4.59
Mainland China	17,083,559	66.09	16,467,639	81.48
Southeast Asia	2,728,251	10.55	1,848,744	9.14
Other regions	1,868,082	7.23	968,179	4.79
Total	25,849,191	100.00	20,211,458	100.00

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

Market Share:

Chemical products:

(1)Normal paraffin: In addition to meeting the need in domestic market, the Group also supplies to other Asian customers. In recent years, the demand of alkyl benzene has been growing steadily. The Normal Paraffin market is well supplied this year.

The demand of alkyl benzene from Mainland China grow stably. Currently, normal paraffin is mainly used for the manufacturing of linear alkyl benzene. The main raw materials of detergents are linear alkyl benzene and sulfonate. In addition, detergents are necessities with higher threshold to the industry, so the demand of detergents is less likely to be affected by the fluctuation of economy and offers the Company a stable operational basis.

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

(3) Sodium dodecyl polyoxyethylene ether sulfate: Most of the raw materials for this surfactant come from nature environment. The Group faces strong competition in key markets. However, the epidemic has raised awareness of epidemic prevention, so the demand for personal care and cleaning will continue to rise.

Oil products:
Leasing of storage tanks of chemical products and oil products:
Ports in Taiwan that are able to provide oil storage tank leasing service and delivery services include the ports of Taichung, Kaohsiung, Taipei, and Keelung. Among these ports, the scale of operation of the Port of Kaohsiung and Port of Taichung are bigger ones among the four ports. In the petrochemical specialized zone in the Port of Taichung, there are six businesses providing storage leasing services currently. The total number of storage tanks is 155 with total volume of 550,000 kiloliters. Their customers are separate due to geographical factors, so there is no fierce competition. As the petrochemical industry in Taiwan is migrating to Mainland China, the number of export and import of the port storage service providers are unstable. The Group has been proactively seeking for opportunities to cooperate with domestic and overseas petrochemical companies and large trade companies to increase the percentage of long-term and stable customers. By doing so, the impact of uncertain factors in the market can be reduced.

Future supply and demand in the market and its growth:

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

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

Favorable and unfavorable factors in the long term:

(1)Future prospect:

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

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

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

(2)Favorable factors:

Chemical products:

A. Petrochemical upstream and downstream industry experience:

The Group produces kerosene, the main raw material of normal paraffins, and has established long-term contracts with refinery suppliers. The Company is well versed in downstream product processing and reprocessing technologies, thus creating a market entry barrier.

B. Close to the consumer market:

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

(3) Unfavorable factors and responses:

Chemical products:

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

Oil products:

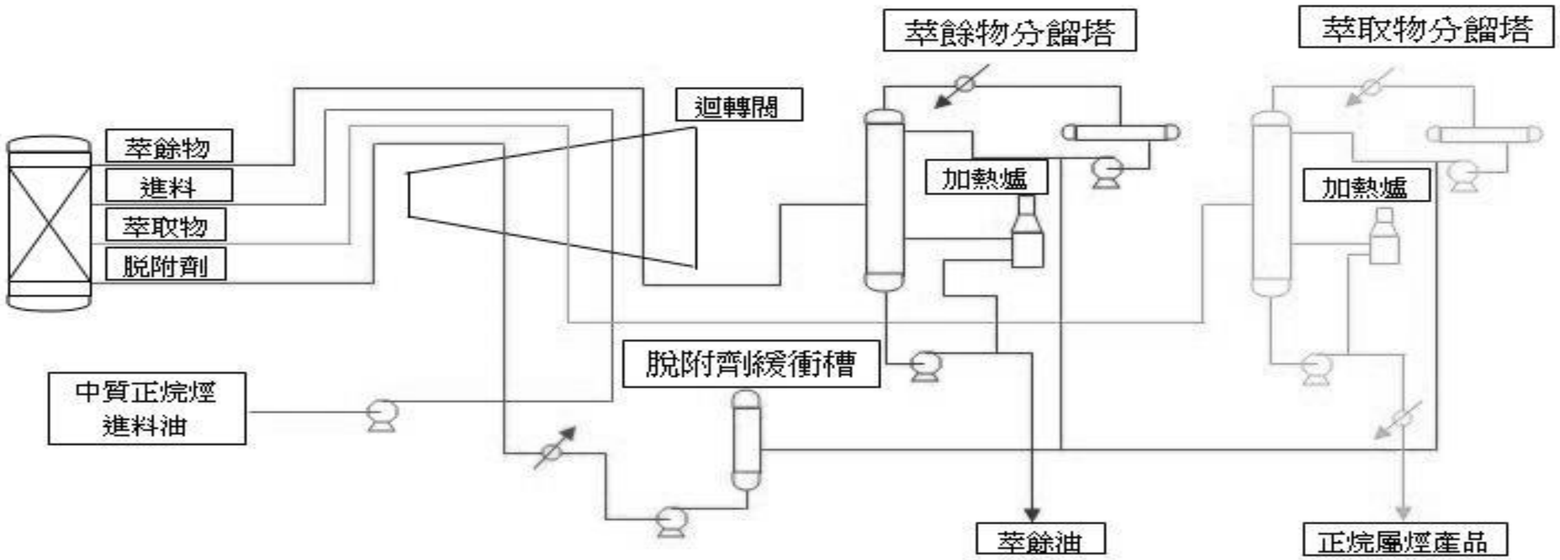
Unfavorable factors	Response
The increasing concerns over industrial safety and environmental protection in Taiwan have caused uncertainty and are unfavorable for the development of petrochemical industry in Taiwan.	The Group has been committed to strengthening its industrial safety disciplines, its ability to respond to emergencies and contractor management and improving our audit and enhancing procedures concerning various industrial safety indicators. By doing so, the Group seeks to cultivate a corporate culture where industrial and occupational safety are the main concern and there are no aspects of industrial and occupational safety left unattended and to achieve the goal of "comprehensive occupational safety, zero occupational injuries". In addition, the Group plans to manufacture petrochemical products with high value-added, increase its turnover rate of loading and unloading goods and of storage tanks, develop new oil products, and reduce the delivery cost to boost the Company's benefits.
Many multinational oil companies have built up their own large oil storage tanks in Mainland China, Malaysia and other neighboring countries one after one. These companies will become potential competitors.	The Group utilizes its blending ability and enhances its cooperation with upstream oil refineries. In addition, the Group will continue to improve its sales ability to raise the quality of products and maintain customers' level of satisfaction. The Group is able to raise long-term funds in the capital market and reduce the funding cost. In addition, the Company will invest in storage tanks and related equipment to scale up its business, making the Group's products more competitive.
Domestic labor costs remain high, placing more burdens on the Group's cost expenses.	The Group put much emphasis on employees' benefits to reduce employee turnover rate. In addition, the Group continues to provide professional trainings to employees in order to raise their production efficiency. The Group's development is balanced among the five aspects of safety, efficiency, sustainability, integration, and internationalization.

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

1. Main uses of major products:

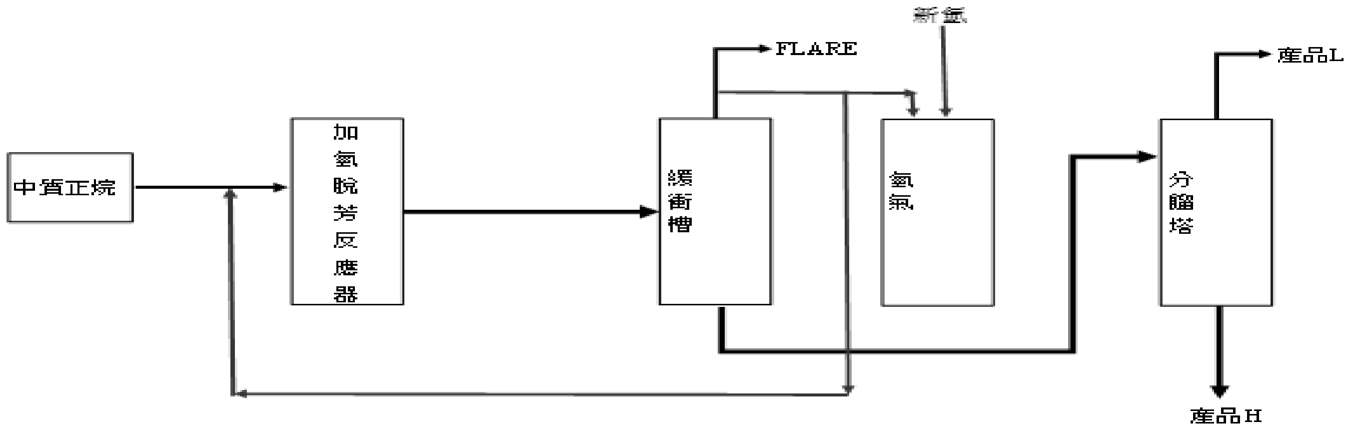
Major products	Uses
Normal paraffin	Raw materials for alkyl benzene, chlorinated paraffin and higher alcohol for industrial use.
Isoparaffin	Used in environment-friendly coatings, metal processing, and lubricant industries.
Alkyl benzene/Alkyl benzene sulfonic acid	Raw materials for detergents.
Solvents	Most liquid petroleum products can be used as solvents for industry use. Among these products, benzene, toluene, and xylene are not only good solvents for industrial use, but also important raw materials for chemical industries. Acetic acid and ethyl acetate are not directly made of crude oil or crude oil products, but can be indirectly made from oil products. They are also important solvents and petrochemical products.

2. Major products and their production processes:
   <u>Flow Chart of N-paraffin</u>



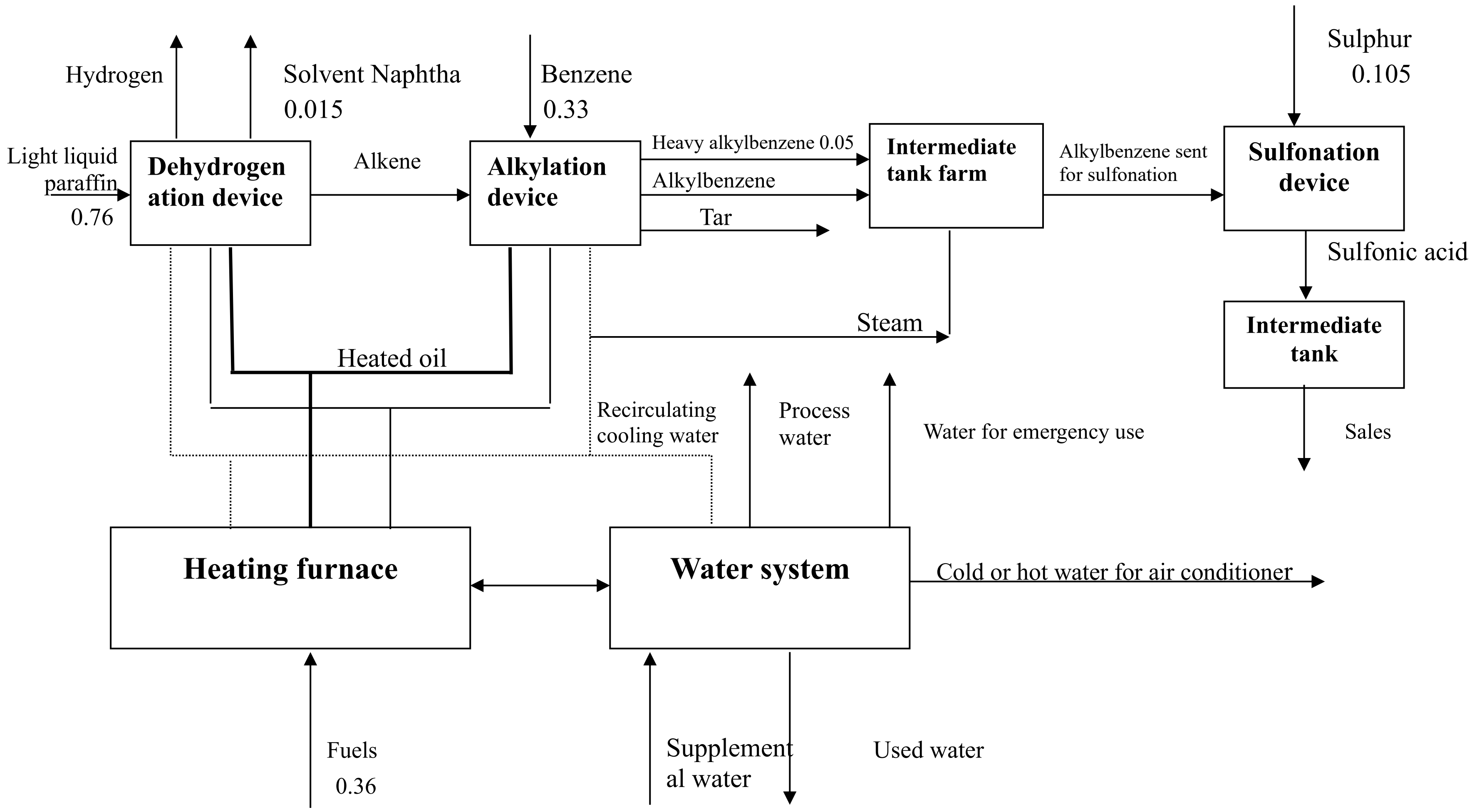
Residues	Rotary valve	Fractionating column of residues	Fractionating column of extracts
萃餘物	迴轉閥	萃餘物分餾塔	萃取物分餾塔
Feeding	Desorbent buffer tank	Heating furnace	Heating furnace
進料	脫附劑緩衝槽	加熱爐	加熱爐
Extracts		Raffinate oil	N-paraffin products
萃取物		萃餘油	正烷屬烴產品
Desorbents			
脫附劑			
Medium N-paraffins feedstock	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

Diagram of de-aromatic hydrogenation equipment



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

Simplified Flow Chart of Alkyl benzene Sulfonic Acid Equipment



Notes:

1. In 2000, the Group introduced the patented optional hydrogenation of dienes technology. After the introduction, the unit consumption of N-paraffin has been decreased from 0.85 to 0.76.
2. Among the byproducts, input-output ratio of solvent naphtha against alkyl benzene is around 0.015 for solvent naphtha and 0.05 for heavy alkyl benzene; the numbers are their respective ratios to alkyl benzene.

(III) Supply status of main materials:

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

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

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

Unit: NT$1,000; %

	2020				2021				2022 as of the end of last quarter (Note 2)			
Item	Name	Amount	Percentage for net purchase of the year (%)	Relationship with the Issuer	Name	Amount	Percentage for net purchase of the year (%)	Relationship with the Issuer	Name	Amount	Percentage for net purchase in current year as of the end of last quarter (%)	Relationship with the Issuer
1	Jinlin Petrochemical Co., Ltd.	3,142,174	15.16%	Related parties	Jinlin Petrochemical Co., Ltd.	1,723,161	10.66%	Related parties	Jinlin Petrochemical Co., Ltd.	585,568	12.98%	Related parties
2	Others	17,580,926	84.84%		Others	14,445,471	89.34%		Others	3,926,785	87.02%	
3												
	Net purchase	20,723,100	100.00%	-	Net purchase	16,168,632	100.00%		Net purchase	4,512,353	100.00%	

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

Note 2. Financial information as of March 31, 2022 has been audited and certified by the CPAs.

Reason for changes in trade amount with major suppliers: The decrease in the amount of purchase from Jinlin Petrochemical Co., Ltd. in 2021 was due to the increase in supplies of other suppliers, therefore, the purchase from this supplier was reduced.

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

Unit: NT$1,000; %

	2020				2021				2022 as of the end of last quarter (Note 2)			
Item	Name	Amount	Percentage of net sales in the year (%)	Relationship with the Issuer	Name	Amount	Percentage of net sales in the year (%)	Relationship with the Issuer	Name	Amount	Percentage of net sales in the current year as of the end of last quarter (%)	Relationship with the Issuer
1	S068	2,950,334	11.41%	None	S069	3,352,643	16.59%	None	S069	678,606	13.59%	None
2	S069	2,667,651	10.32%	None	Others	16,858,815	83.41%	-	Others	4,313,956	86.41%	
3	Others	20,231,206	78.27%	-								
	Net sales	25,849,191	100.00%	-	Net sales	20,211,458	100.00%	-	Net sales	4,992,562	100.00%	-

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

Note 2. Financial information as of March 31, 2022 has been audited and certified by the CPAs.

Reason for changes in trade amount with major clients:

1. The decrease in sales amount by S068 customer in 2021 was due to the disposal of land in Nangang in 2020, which did not occur in 2021.

2. The increase in sales amount by S069 customer in 2021 was due to the increase in orders.

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

Unit: NT$ thousand/Tons

Production Volume and Value / Year / Major Products (or by department)	2020			2021		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Chemical products	1,005,200	808,291	20,407,757	1,005,200	642,553	16,294,710
Cement	650,000	509,717	697,481	650,000	396,895	516,130
Total	1,655,200	1,318,008	21,105,238	1,655,200	1,039,448	16,810,840

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

Unit: NT$ thousand/Tons

Sales volume and value / Year / Main Products (or by department)	2020				2021			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Chemical products	7,212	224,941	569,155	19,369,407	4,537	139,761	598,879	19,274,138
Oil products	-	135,725	94,745	2,300,209	-	129,920	-	10,424
Cement	510,983	868,575	-	-	413,424	657,215	-	-
Construction	-	2,950,334	-	-	-	-	-	-
Total	518,195	4,179,575	663,900	21,669,616	417,961	926,896	598,879	19,284,562

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

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

Year		As of December 31, 2020	As of December 31, 2021	As of April 30, 2022
Number of Employees		907	669	626
Average age		39.68	41.51	37.62
Average Service Year		10.42	11.50	10.78
Education	PhD	0.11%	0.3%	0.32%
	Master's	3.31%	4.63%	5.11%
	Bachelor's	79.16%	84.16%	82.11%
	High school (including) or below	17.42%	11.51%	12.14%

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

IV. Environment protection expenditure

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

From January 2021 to March 2022, the Company did not suffer losses due to environmental pollution, and continued to outsource FID/infrared imaging devices to detect VOC leakage quarterly.

V. Labor Relations

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

(I) Employees' welfare policies:

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

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

1. New employee orientation: The content includes the Company's corporate culture, structure, the market of detergent raw materials, introduction to the information and Internet system, occupational safety and health, and trainings on information security.
2. Improving professional knowledge: The Company's employees all have to receive internal and

external trainings where necessary in order for them to take advantage of their own specialty to carry out the designated tasks so that they can continue to achieve goals set up by the Company and help the Company gain core competitive advantages.

Continuing education and training concerning ethical corporate management carried out by the Company and subsidiaries included in the consolidated financial statements for the year of 2021 and their expenses:

Trainings	Internal trainings	External trainings
Number of people receiving trainings	2,554	322
Total hours	15,082	14,200
Total expenses	Approximately NT$171 thousand	Approximately NT$662 thousand
Types of training	Real estate industry related knowledge, rules and regulations, HSE safety internal training, skill training, internal auditor training, new safety production law, financial system, team work site safety management, fire safety and fire prevention knowledge training, workshop HaZOP risk analysis, laboratory instrument safety operation training, production emergency response program training, safety production training, ISO system training, HAS standard, RSPO standard training, fire drills, occupational health training, training for directors and supervisors, legal affairs courses, personnel safety training, etc.	Main responsible person forensics, special operation certificate review, safety management personnel, electrical instrument operation certificate, special operation certificate review, safety management personnel, accounting knowledge training, business safety manager training, fire facility monitoring operators, safety managers, occupational health managers, Great Strategy accounting training, high-pressure gas special equipment operators, engineering law-engineering dispute claims and contract performance management, first aid personnel, pressure vessel operators, high-pressure gas manufacturing safety supervisor education and training, accounting supervisor continuing education courses, Securities and Funds Committee director training courses, pipe excavation personnel training, security custodian training, Class I pressure vessel operator, special chemical operation supervisor education and training, construction frame assembly operation supervisor education and training, forklift operator education and training, fire prevention management personnel education and training, occupational safety and health management personnel, education and training for existing industrial pipeline operation and maintenance in 2021, energy management personnel training, organic solvent operation supervisor safety and health in-service education and training, safety personnel recurrent training, accountant continuing education, etc.

(III) Retirement system and implementation:

The Company's Employees' Pension Reserve Fund Committee was formally established on October 17, 1989 in accordance with Labor Standards Act. The Company has formulated rules and regulations concerning employees' retirement, which was approved by the Department of Labor, Taipei City Government per the "Rule No. Taipei-Labor-17774". The Company regularly appropriates employees' pension to the special account opened at the Bank of Taiwan (originally at the Central Trust of China) in order to protect the rights of our employees. By the end of 2021, the accumulated reserve for the payment of pension for employees was NT$ 33,286,294. After the "Labor Pension Act" came into effect, for employees who choose to apply the regulations of Labor Standards Act, their pensions will be calculated based on their years of service and the average monthly salary of the 6 months before retirement. For the years of service which are not more than 15 years, 2 units for every 1 year will be given to a employee. For the years of service over 15 years, 1 unit for every 1 year after the 15th year will be given to a employee. However, the upper limit for this is 45 units.

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

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

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

(V) Work and professional ethics

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

(VI) Labor-management agreements and disputes:

The Company and its employees are all fully aware of the importance of establishing harmonious labor-management relations and therefore put a lot of emphasis on the mutual communication. The Company's makes its policies and significant measures fully understood by employees so that it can obtain employees' support and cooperation. Meanwhile, employees' requirements can be properly addressed through honest and transparent negotiations. For the year of 2021 and as of the date of publication of the annual report, the Company has not incurred any losses from labor-management dispute.

VI. Cyber security management:

(I) Specify the cyber security risk management framework, the cyber security policy, the specific management plan, and the resources invested in the cyber security management, etc.

1. Cyber security risk management framework:

The Information Department is an independent department not affiliated to the user unit, and is responsible for planning and implementing information security policies, publicizing information security information, enhancing employees' information security awareness, and collecting and improving the technologies, products or procedures for the performance and effectiveness of the organization's information security management system. The Audit Office conducts information security audit on the internal control system—computerized information system processing operations every year, so as to evaluate the effectiveness of the internal control of the Company's information operations.

2. Cyber security policy:

In order to implement cyber security management, the Company has established an internal control system - computerized information system processing operations and information security management measures, and expects to achieve the following policy objectives through the joint efforts of all employees:

(1) Ensure the confidentiality and integrity of information assets.

(2) Ensure that data access is regulated according to department functions.

(3) Ensure the continuous operation of the information system.

(4) Prevent unauthorized modification or use of data and system.

(5) Regularly perform cyber security audits to ensure the implementation of information security.

3. Cyber security policy and management plan:

In order to strengthen the cyber security management, ensure the availability, integrity and confidentiality of information, and avoid internal and external intentional or accidental threats, the Company's cyber security facilities and management methods are divided into six categories, which are explained as follows:

(1) Computer equipment security management:

A. The Company's computer host, various application servers and other equipment are installed in a dedicated computer room. The access control of the computer room uses passwords, and the entry and exit records are kept for inspection.

B. The computer room is equipped with independent air conditioners to keep the computer equipment running in a proper temperature environment; and chemical fire extinguishers are equipped, which can be used in general fires or fires caused by electrical appliances.

C. The host computer in the computer room is equipped with uninterrupted power supply and voltage stabilization equipment to avoid system crash caused by accidental instantaneous power failure of Taiwan Power Company, or to ensure that the operation of the computer application system will not be interrupted during temporary power failure.

(2)Network security management:

A. Strengthen network control, access to external network connections are equipped with enterprise-level firewalls to prevent illegal intrusions by hackers.

B. The employees who log into the Company's intranet remotely to access the ERP system must apply for a VPN account, and they can only log into and use the system in a secure way through the VPN, and the usage records will be kept for inspection.

(3)Virus protection and management:

A. Endpoint protection software is installed in the server and the terminal computer equipment of employees, and the virus pattern is automatically updated to ensure that the latest viruses can be blocked, and to detect and prevent the installation of potentially threatening system executable files.

B. The email server is equipped with email anti-virus and spam filtering mechanisms to prevent virus or spam from entering the PC at the user side.

C. The antivirus system will not only isolate or delete the detected or intercepted viruses immediately, but also proactively issues a risk report on infected and at-risk computers, so that managers can take corresponding actions.

(4)System access control:

A. In order to use the application systems, the employees should follow the internal system permission application procedure stipulated by the Company, and obtain the approval of the competent supervisor; the Information Office will create a system account, and the system administrators will grant authorization according to the function permission applied for, and then the employees can access to the system.

B. The password setting of the account specifies appropriate strength and number of characters, and must contain mixed alphanumeric characters and special symbols for approval.

C. When an employee handles the resignation (leave) procedures, he/she must visit the Information Office to delete all system accounts.

(5)Guarantee sustainable operation of the system:

A. System backup: Cloud backup system is established and daily backup mechanism is adopted for ERP data, and in addition to uploading a copy to international cloud, the computer room guarantees absolute security.

B. Disaster recovery drill: A drill is implemented for each system every year, and after selecting the benchmark point of recovery date, the backup media would restore in the system host, and then the use unit shall make written confirmation of accuracy of the recovery data, so as to guarantee accuracy and efficiency of the backup media.

(6)Information security advocacy and education training:

A. Regular advocacy: ask the colleagues to change the system password regularly, so as to maintain security of the account.

B. Lecture advocacy: implement information security related education training courses toward internal colleagues irregularly every year.

(II) List losses, possible impact and countermeasures due to major information security events in recent years and as of publication date of the annual report, and if failing to be reasonably estimated, the fact for such failure shall be explained.

Execution condition: At present, the Company is free of business damage due to major information security events; continue to implement information security management policy objectives, and implement recovery plan drills regularly, to protect security of important systems and data of the Company.

VII. Important Contracts

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Syndicated loans	Syndicate banks led by Land Bank of Taiwan	2018/12/28~2024/01/28	Total loan amount of NT$ 1.75 billion	Financial ratio limit.
Purchase Contract for Kerosene	CPC Corporation, Taiwan	2022/01/20~2023/01/19	Kerosene purchase and pricing method	None.
Investment Contract	Ho Tung Chemical Corp., LCY, Chemical Corp., USI Corporation, Asia Polymer Corporation, Hsin Tay Petroleum Co., Ltd., Chenergy Global Co., Ltd.and Lien Hwa Industrial Corp., CTCI Corporation, Fubon Financial Holding Venture Capital Corp., Hongfu Investment Co., Ltd.	2019/12/18	The Company invests in Gulei Industrial Park in Zhangzhou, Fujian Province, China together with 9 other companies for the production of petrochemical products.	Set limit clauses toward share transfer and pledge, etc.
West Pier No. 7 of Taichung Port, storage tanks and affiliated facilities, and land lease agreement of petrochemical industrial zone	Taichung Branch, Taiwan International Ports Corporation, Ltd.	2019/06/25~2039/06/24	For the uses of loading and unloading, production, storage and transfer of petrochemical products	No sub-lease and under-lease, or the transfer of rights or obligations in the contract to any other third party, or adding any sharing party without the written consent of Taichung Branch, Taiwan International Ports Corporation, Ltd.

Chapter 6. Financial Information

I. Condensed Balance Sheets and Income Statements, Name of CPAs and Audit Opinions for the Last Five Years

(I) Condensed Balance Sheets - International Financial Reporting Standards

Condensed Balance Sheets - Consolidated

Unit: NT$1,000

Item \ Year		Financial Information for the Past Five Years (Note 1)					Financial Information as of March 31, 2022 (Note 3)
		2017	2018	2019	2020	2021	
Current Assets		15,991,323	15,325,705	13,432,164	14,131,493	13,441,725	13,652,506
Property, Plant, and Equipment (Note 2)		6,505,203	6,042,448	5,643,940	4,894,032	5,059,629	5,271,955
Intangible Assets		521,276	481,331	439,984	396,561	374,540	372,575
Other Assets (Note 2)		3,861,086	3,573,855	4,268,506	4,859,739	5,133,229	5,370,053
Total Assets		29,603,898	25,423,339	23,784,594	24,281,825	24,009,123	24,667,089
Current Liabilities	Before distribution	9,608,121	8,296,564	6,439,172	4,780,349	4,401,408	4,185,999
	After distribution	9,913,168	8,449,088	6,439,172	5,492,126	(Note 4)	(Note 4)
Non-current Liabilities		2,652,129	2,611,218	3,524,379	3,157,512	2,980,608	2,915,042
Total Liabilities	Before distribution	12,260,250	10,907,782	9,963,551	7,937,861	7,382,016	7,101,041
	After distribution	12,565,297	11,060,306	9,963,551	8,649,638	(Note 4)	(Note 4)
Equity Attributable to Owners of the Parent		11,194,306	11,038,656	10,478,195	12,335,791	12,623,430	13,323,978
Capital Stock		10,215,928	10,168,248	10,168,248	10,168,248	10,168,248	10,168,248
Capital Surplus		50,132	50,541	50,541	50,541	57,093	56,327
Retained Earnings	Before distribution	1,033,196	1,199,952	1,028,067	2,717,714	2,727,890	2,899,646
	After distribution	728,149	1,047,428	1,028,067	2,005,937	(Note 4)	(Note 4)
Other Equity		38,272	(284,134)	(672,710)	(504,761)	(233,850)	295,708
Treasury Stock		(143,222)	(95,951)	(95,951)	(95,951)	(95,951)	(95,951)
Non-controlling Interests		3,424,332	3,476,901	3,342,848	4,008,173	4,003,677	4,242,070
Total Equity	Before distribution	14,618,638	14,515,557	13,821,043	16,343,964	16,627,107	17,566,048
	After distribution	14,313,591	14,363,033	13,821,043	15,632,187	(Note 4)	(Note 4)

Note 1. The above financial information for past five years has been audited by the CPAs.
Note 2. The Company hasn't handled assets revaluation as of March 31, 2022.
Note 3. Financial information as of March 31, 2022 has been audited and certified by the CPAs.
Note 4. Earning of 2021 hasn't been distributed upon resolution of Shareholders' Meeting.

Condensed Statements of Comprehensive Income - Consolidated

Unit: NT$1,000

Item \ Year	Financial Information for the Past Five Years (Note 1)					Financial Information as of March 31, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Operating Revenue	31,429,670	30,394,034	27,459,637	25,849,191	20,211,458	4,992,562
Gross Profit	2,366,605	2,293,565	2,544,115	6,005,778	3,089,763	570,829
Operating Income	633,208	748,194	859,965	3,633,209	1,782,277	271,285
Non-operating Income and Expenses	10,558	(77,837)	(293,987)	(623,181)	208,598	48,150
Pre-Tax Profit	643,766	670,357	565,978	3,010,028	1,990,875	319,435
Net profit for Continuing Operations	411,426	437,917	358,624	2,399,546	1,459,548	258,620
Loss from Discontinued Operations	0	0	0	0	0	0
Net Income (Loss) for the Period	411,426	437,917	358,624	2,399,546	1,459,548	258,620
Other Comprehensive Income (net, after Tax)	(276,988)	(261,116)	(522,730)	227,961	243,777	683,820
Total Comprehensive Income for the period	134,438	176,801	(164,106)	2,627,507	1,703,325	942,440
Net Income Attributable to owners of the Parent company	336,968	263,828	17,820	1,686,431	722,746	171,756
Net Income Attributable to Non-controlling Interests	74,458	174,089	340,804	713,115	736,802	86,864
Comprehensive Income Attributable to Owners of the Parent company	126,590	65,980	(371,883)	1,857,789	992,864	701,314
Comprehensive Income Attributable to Non-controlling Interests	7,848	110,821	207,777	769,718	710,461	241,126
Earnings per Share	0.34	0.26	0.02	1.68	0.72	0.17

Note 1. The above financial information for past five years has been audited by the CPAs.

Note 2. Financial information as of March 31, 2022 has been audited and certified by the CPAs.

Condensed Balance Sheets – Parent Company Only

Unit: NT$1,000

Item / Year		Financial Information for the Past Five Years (Note 1)					Financial Information as of Financial Information as of March 31, 2022
		2017	2018	2019	2020	2021	
Current Assets		1,927,47	2,325,219	2,906,725	2,961,345	1,669,991	Not Applicable
Property, Plant, and Equipment (Note 2)		510,991	492,585	626,000	527,182	517,702	
Intangible Assets		32,989	21,993	10,997	4,456	4,142	
Other Assets (Note 2)		11,763,618	11,573,456	10,358,924	11,055,175	12,319,625	
Total Assets		14,235,070	14,413,253	13,902,646	14,548,158	14,511,460	
Current Liabilities	Before distribution	1,354,849	1,662,591	1,646,034	666,210	698,194	
	After distribution	1,659,896	1,815,115	1,646,034	1,377,987	(Note 3)	
Non-current Liabilities		1,685,915	1,712,006	1,778,417	1,546,157	1,189,836	
Total Liabilities	Before distribution	3,040,764	3,374,597	3,424,451	2,212,367	1,888,030	
	After distribution	3,345,811	3,527,121	3,424,451	2,924,144	(Note 3)	
Capital Stock		10,215,928	10,168,248	10,168,248	10,168,248	10,168,248	
Capital Surplus		50,132	50,541	50,541	50,541	57,093	
Retained Earnings	Before distribution	1,033,196	1,199,952	1,028,067	2,717,714	2,727,890	
	After distribution	728,149	1,047,428	1,028,067	2,005,937	(Note 3)	
Other Equity		38,272	(284,134)	(672,710)	(504,761)	(233,850)	
Treasury Stock		(143,222)	(95,951)	(95,951)	(95,951)	(95,951)	
Total Equity	Before distribution	11,194,306	11,038,656	10,478,195	12,335,791	12,623,430	
	After distribution	10,889,259	10,886,132	10,478,195	11,624,014	(Note 3)	

Note 1. The above financial information for past five years has been audited by the CPAs.
Note 2. The Company hasn’t handled assets revaluation as of March 31, 2022.
Note 3. Earning of 2021 hasn’t been distributed upon resolution of Shareholders’ Meeting.

Condensed Statements of Comprehensive Income – Parent Company Only

Unit: NT$1,000

Item \ Year	Financial Information for the Past Five Years (Note 1)					Financial Information as of Financial Information as of March 31, 2022
	2017	2018	2019	2020	2021	
Operating Revenue	4,613,005	5,838,856	4,084,481	5,931,094	1,689,331	Not Applicable
Gross Profit	294,122	230,985	127,335	2,003,403	107,318	
Operating Income	24,599	(16,594)	(135,450)	1,554,810	(74,121)	
Non-operating Income and Expense Loss	296,466	273,953	145,013	153,327	846,266	
Net Income (Loss) before Tax	321,065	257,359	9,563	1,708,137	772,145	
Net profit for Continuing Operations	336,968	263,828	17,820	1,686,431	722,746	
Loss from Discontinued Operations	0	0	0	0	0	
Net Income (Loss) for the Period	336,968	263,828	17,820	1,686,431	722,746	
Other Comprehensive Income (Net, after Tax)	(210,378)	(197,848)	(389,703)	171,358	270,118	
Total Comprehensive Income for the period	126,590	65,980	(371,883)	1,857,789	992,864	

Note 1. The above financial information for past five years has been audited by the CPAs.

(II) Name of CPAs and Audit Opinions:

Year of Certification	Name of CPA Firm	Name of CPA	Opinions
2017	PwC Taiwan	Tsung-hsi Lai, Chao-ming Wang	Unmodified opinion
2018	PwC Taiwan	Chao-ming Wang, Tsung-hsi Lai	Unmodified opinion
2019	PwC Taiwan	Chao-ming Wang, Tsung-hsi Lai	Unmodified opinion
2020	PwC Taiwan	Tsung-hsi Lai, Chao-ming Wang	Unmodified opinion
2021	PwC Taiwan	Tsung-hsi Lai, Chao-ming Wang	Unmodified opinion

II. Financial Analyses for the Past Five Years

Financial Analysis - with International Financial Reporting Standards

1. Financial Analysis - Consolidated

Analysis Item \ Year		Financial Analyses for the Past Five Years					Financial Information as of As of March 31, 2022
		2017	2018	2019	2020	2021	
Financial structure(%)	Debt ratio	45.61	42.90	41.89	32.69	30.75	28.79
	Ratio of long-term capital to property, plant, and equipment	265.49	283.44	309.97	398.47	387.53	388.49
Solvency(%)	Current ratio	166.44	184.73	208.60	295.62	305.40	326.15
	Quick ratio	109.68	123.64	142.10	235.91	236.74	242.47
	Interest coverage ratio	3.63	3.49	3.63	13.80	18.16	15.59
Operating ability	Accounts receivable turnover rate (times)	5.60	5.60	5.74	6.89	6.55	6.32
	Average days for cash receipts	65.17	65.17	63.58	52.97	55.72	57.75
	Inventory turnover rate (times)	6.58	6.49	6.18	6.39	6.99	6.69
	Accounts payable turnover rate (times)	10.98	13.52	16.44	17.44	13.49	10.87
	Average days for sale of goods	55.47	56.24	59.06	57.12	52.21	54.55
	Property, plant, and equipment turnover rate (times)	4.30	4.84	4.72	4.91	4.06	3.87
	Total assets turnover rate (times)	1.11	1.16	1.12	1.08	0.84	0.82
Profitability	Return on total assets (%)	2.18	2.53	2.18	10.77	6.43	1.13
	Return on equity (%)	2.76	3.01	2.53	15.91	8.85	1.51
	Ratio of income before tax to paid-in capital(%)	6.30	6.59	5.57	29.60	19.58	3.14
	Net profit margin(%)	1.31	1.44	1.31	9.28	7.22	5.18
	Earnings Per Share (NT$)	0.34	0.26	0.02	1.68	0.72	0.17
Cash flows	Cash flow ratio (%)	4.64	13.64	32.60	129.05	56.55	(7.60)
	Cash flow adequacy ratio(%)	38.62	100.16	262.91	577.62	397.06	357.59
	Cash reinvestment ratio(%)	1.81	3.31	8.08	22.70	6.58	(1.12)
Leverage	Operating leverage	1.95	1.79	1.73	1.16	1.28	1.44
	Financial leverage	1.63	1.56	1.33	1.07	1.07	1.09

1. Return on total assets (%), return on equity (%), ratio of income before tax to paid-in capital (%), net profit margin (%), earnings per share (NT$):
   In the previous period, the Company sold the land held by its subsidiary in Nangang District, Yucheng Section, in order to increase its working capital, but there is no such circumstance in current period, besides, in the previous period, oil price dropped greatly due to COVID-19 and the cost was reduced relatively, thus resulting in reduced operating income and profit in current period compared with that of previous period.
2. Interest coverage ratio: Expenditure for interest in current period is reduced, thus resulting in increased interest coverage ratio.
3. Cash flow ratio (%), cash reinvestment ratio (%): Net cash flow of operating activities was reduced in current period, thus resulting in increased cash flow ratio and cash reinvestment ratio in current period compared with that in previous period.
4. Cash flow adequacy ratio (%): Cash dividends were increased in recent five years, thus resulting in reduced cash flow adequacy ratio in current period compared with that in previous period.

2. Financial Analysis - Parent Company Only

Analysis Item (Year)		Financial Analyses for the Past Five Years				
		2017	2018	2019	2020	2021
Financial structure(%)	Debt ratio	21.36	23.41	24.63	15.21	13.01
	Ratio of long-term capital to property, plant, and equipment	2520.64	2588.52	1957.93	2633.24	2668.19
Solvency(%)	Current ratio	142.26	139.86	176.59	444.51	239.19
	Quick ratio	120.56	128.70	95.54	423.23	200.43
	Interest coverage ratio	6.54	5.01	1.17	19.10	23.08
Operating ability	Accounts receivable turnover rate (times)	3.88	4.84	3.35	8.46	5.50
	Average days for cash receipts	94.07	75.41	108.95	43.14	66.36
	Inventory turnover rate (times)	18.39	25.06	5.29	5.40	8.26
	Accounts payable turnover rate (times)	7.63	10.49	6.50	9.95	8.78
	Average days for sale of goods	19.84	14.56	68.99	67.59	44.18
	Property, plant, and equipment turnover rate (times)	8.85	11.64	7.30	10.29	3.23
	Total assets turnover rate (times)	0.32	0.41	0.29	0.42	0.12
Profitability	Return on total assets (%)	2.67	2.21	0.45	12.41	5.17
	Return on equity (%)	3.03	2.37	0.17	14.78	5.79
	Ratio of income before tax to paid-in capital (%)	3.14	2.53	1.33	15.29	7.59
	Net profit margin (%)	7.30	4.52	0.09	28.43	42.78
	Earnings Per Share (NT$)	0.34	0.26	0.02	1.68	0.72
Cash flows	Cash flow ratio (%)	7.04	3.74	21.62	457.20	(13.97)
	Cash flow adequacy ratio (%)	70.60	129.16	41.50	185.52	123.96
	Cash reinvestment ratio (%)	0.69	(1.77)	1.53	20.30	(5.42)
Leverage	Operating leverage	2.86	(1.58)	(0.67)	1.04	0.34
	Financial leverage	(0.74)	0.21	1.70	1.06	0.68

1. Current ratio and quick ratio: This is mainly due to cash dividend, from earning of current period, cash and equivalent cash distributed reduced, thus resulting in reduced current ratio and quick ratio.
2. Interest coverage ratio: Interest expense in current period is reduced, thus resulting in increased interest coverage ratio.
3. Property, plant, and equipment turnover rate (times), total assets turnover rate (times), return on total assets (%), return on equity (%), ratio of income before tax to paid-in capital (%), net profit margin (%), earnings per share (NT$): This is mainly due to that in the previous period, the Company sold the land held by its subsidiary in Nangang District, Yucheng Section, in order to increase its working capital, but there is no such circumstance in current period, thus resulting in reduced operating income and profit in current period compared with that of previous period.
4. Accounts receivable turnover rate (times) and average days for cash receipts: Operating revenue of current period was reduced compared with that in previous period, thus resulting in reduced accounts receivable turnover rate (times) and increased average days for cash receipts.
5. Inventory turnover rate (times) and average days for sale of goods: Average inventory in current period was reduced compared with that in previous period, thus resulting in increased inventory turnover rate (times) and reduced average days for sale of goods.
6. Cash flow ratio (%), cash reinvestment ratio (%): Net cash flow of operating activities was reduced in current period, thus resulting in decreased cash flow ratio and cash reinvestment ratio in current period compared with that in previous period.
7. Cash flow adequacy ratio (%): Net cash flow of operating activities was reduced in recent five years, thus resulting in reduced cash flow adequacy ratio in current period compared with that in previous period.
8. Operating leverage: Operating revenue and operating income in current period were reduced, thus resulting in reduced operating leverage in current period compared with that in previous period.
9. Financial leverage: Operating income and interest expense in current period were reduced, thus resulting in reduced financial leverage in current period compared with that in previous period.

Note 1. The above financial information for past five years has been audited by the CPAs.

Note 2. Calculation formulas:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (Total equity＋ Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
   (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
   (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
   (3) Inventory turnover rate = Cost of goods sold/Average inventories.
   (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
   (5) Average days for sale of goods = 365/Inventory turnover rate.
   (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
   (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
   (1) Return on assets = [Income after tax + Interest expenses * (1 - Tax rate)]/Average total assets.
   (2) Return on equity = Income after tax/Average total equity.
   (3) Net profit margin = Income after tax/Net sales.
   (4) Earnings per share = (Income attributable to owners of the parent - Preferred stock dividends)/Weighted average number of shares issued. (Note 4)
5. Cash flows
   (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
   (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).
   (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income (Note 6).
   (2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 3. For the above calculation formulas of earnings per share, special attention shall be paid to the following matters while making measurement:

1. Subject to number of weighted average common stocks, instead of based on number of issued shares.
2. For companies with capital increment of cash or treasury stock transaction, the number of weighted average shares shall be calculated by taking its circulation period into consideration.
3. For companies with surplus into capital increment or capital reserve into capital increment, retroactive adjustment shall be made by increment ratio when calculating earnings per share of the previous year and semi-year of current period, without the need for considering issuance period of such capital increment.
4. If the preferred stocks are cumulative preferred stocks that can not be converted, then its annual dividends (whether distributed or not) shall be deducted from net after-tax profit or increased to net after-tax loss. If the preferred stocks are not cumulative, then its dividends shall be deducted from net after-tax profit (if any); if there is after-tax loss, it may not be adjusted.

Note 4. For cash flow analysis, special attention shall be paid to the following matters during measurement:

1. Net cash flows generated from operating activities refer to net cash flows generated from operating activities in the cash flow statement.
2. Capital expenditure refers to cash outflows for capital investment every year.
3. Increase in inventory shall be included only when the balance at the end of period is bigger than balance at the beginning of period, otherwise, it shall be counted as zero in case of reduction in inventory at the end of the year.
4. Cash dividend includes cash dividend of common stocks and preferred stocks.
5. Gross amount of property, plant and equipment refers to total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 5. The Issuer shall divide various operating costs and operating expenses into fixed ones and variable ones by nature, and if involving estimation or subjective judgment, attention shall be paid to its reasonableness and consistency.

Note 6. For companies whose stocks are of no par value or whose stocks' par value per stock is not NT$10, then the above calculation by proportion in paid-in capital shall be changed to by equity attributable to owners of the parent company in the balance sheet.

III. Audit Committee's Review Report on Financial Statements for the Most Recent Year

Ho Tung Chemical Corp.
2021 Business Report

2021 Performance

The cleaning products market has generated demand during the pandemic, but the gradual unblocking of global economic activities and the overall economic recovery have gently pushed up crude oil prices and raised the operating cost. Under the conservation of working capital, integration of various resources within the Group and joint efforts of all employees, the Company's consolidated net operating revenue in 2021 was NT$20.2 billion (hereinafter the same), a decrease of $5.6 billion from the previous year, and the consolidated profit after tax in 2021 was $1.4 billion, a decrease of $900 million from the previous year.

2022 Outlook

The tightening and easing of COVID-19 control measures are expected to affect the physical operation and operating costs of the upstream and downstream supply chains of the industry. The foreseeable unlocking of economic activities and the overall economic recovery will also push up crude oil prices continuously. The Company will stay tuned to the marketing balance between raw material prices, material prices, and product sales prices and keep on responding to the international market, the Chinese market allocation, and upstream and downstream production capacity, and strategically cooperate with market peers to enhance product selection diversity.

In addition to closely observing and responding to the volume and price changes in the upstream and downstream markets, the Company will maintain good relations with suppliers, negotiate long-term contracts to obtain raw materials steadily, and actively improve production efficiency to reduce production costs and enhance the Group's competitiveness. With the two objectives of product refinement and market segmentation, combined with a reasonable strategic alliance, we will further improve the investment foundation and the business of other surfactant products.

Chairman: Li-Chiu Chang　　Manager: Yi-Ju Chen　　Accounting Supervisor: Hui-Yen Lin

IV. Financial Statements for the Most Recent Year

<u>Ho Tung Chemical Corp.</u>

<u>Declaration of Consolidated Financial Statements of Affiliated Companies</u>

The entities that are required to be included in the combined financial statements of Ho Tung Chemical Corp. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Consolidated Business Reports, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Ho Tung Chemical Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declared by

Company Name: Ho Tung Chemical Corp.

Chairman: Li-Chiu Chang

March 16, 2022

Independent Auditors' Report

(111) TSAI-SHEN-PAO-TZU No. 21005124

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

Opinion

We have audited the Consolidated Balance Sheet of Ho Tung Chemical Corp and its subsidiaries (hereinafter referred to as “the Group”) as of December 31, 2021 and 2020, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the annual period ended December 31, 2021 and 2020.

In our opinion, based on our audits and the report of other independent accountants (please refer to "other matter"), 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 Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS) of the Republic of China. Our responsibilities required under said standards will be detailed in the paragraph about the external auditor's responsibility on auditing consolidated financial statements. We are independent of the Group in accordance with Code of Professional Ethics for Certified Public Accountant in Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key Audit Matters refer to matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statement of the Group 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 out opinion thereon, and we do not provide a separate opinion on these matters.

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

The accurate timing of export revenue recognition

Description

Please refer to Note IV (XXIX) for details of the accounting policies of the recognition of operating revenue.

Ho Tung Chemical Group is primarily engaged in selling of chemical products and sales revenue mainly arises from exports. The products are delivered to purchasers when the control of the promised goods has been transferred to the purchaser and revenue is recognized when the control is transferred. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. As transaction amount is enormous, revenue from sales of goods serves as the main indicator of determining whether the operating and financial goals and investors' expectations are met, and there might be inaccurate timing of revenue recognition shortly before or after the balances sheet date, the accurate timing of recognition of export revenue from is identified as a key audit matter.

How the matter was addressed in our audit

We performed the following key audit procedures for the above key audit matters:

1. Review terms on the sales contracts and orders, confirming revenue from sales is recognized in conformity with contract terms and other related transaction terms.
2. Analyze fluctuation in sales of all products, understanding the nature of significant changes in sales.
3. Sample and review revenues from exports in the appropriate period of time before or after the balance sheet date, including verification of the contents of transaction agreements, trade terms, and other related documents in order to confirm that these revenues were recognized at the appropriate date.

Oil spill pollution incident at port - set aside the provisions

<u>Description</u>

As described in Note IX (I) to the consolidated financial statements, Chenergy global Co., Ltd. (hereinafter referred to as “Chenergy”) had an oil spill pollution incident at West Seven Wharf of Taichung Port on October 24, 2013. Regarding the environmental restoration obligations and legal proceedings arising from the incident, the management has appointed a professional environmental engineering team and lawyers to evaluate, and the amount of impact may be significant. In addition, significant accounting judgments of the management must be involved when estimating provisions in accordance with IAS 37, and, therefore, we believe that Chenergy's provisions for this event is one of the most important matters in this year's audit.

<u>How the matter was addressed in our audit</u>

The financial statements of Chenergy were audited by other independent accountants. Summary of how the accountants addressed the above key audit matter is provided below:

1. Interview the management of Chenergy to understand their assessment of the pending environmental restoration and litigation cases.
2. Obtain the management's self-assessment documents for environmental restoration and legal confirmation letters issued by external lawyers for the pending litigation cases.
3. Assess the appropriateness of the relevant provisions and disclosure of contingent liabilities.

Other matter - Reference to the audits of other independent accountants

We did not audit the financial statements of certain subsidiaries furnished to the consolidated financial statements. The financial statements of these subsidiaries were audited by other independent accountants. Thus, opinions expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and information disclosed in Note XIII relative to these subsidiaries, are based solely on the reports of other independent accountants. The total assets of these subsidiaries amounted to NT$3,897,296 thousands and NT$4,601,800 thousands, constituting 16.23% and 18.95% of the consolidated total assets, respectively, as of December 31, 2021, and 2020; net income from operations amounted to NT$797,560 thousands and NT$3,134,625 thousands for the period ended December 31, 2021, and 2020, constituting 3.95% and 12.13% of the consolidated net income from operations, respectively. The financial statements of the Group's investees accounted for under the equity method, including HT-S Venture Philippines Corporation and Tung Bao Ltd., were audited and disclosed by other independent accountants hired by the investees. As of December 31, 2021, and 2020, the investment balance was NT$308,569 thousands and NT$297,335 thousands, respectively, constituting 1.29% and 1.22% of the consolidated total assets; for the periods from January 1 to December 31, 2021, and 2020, the comprehensive income was NT$10,745 thousands and NT$2,070 thousands, constituting 0.63% and 0.08% of the consolidated comprehensive income respectively.

Other matter - Parent company only financial reports

We have also audited the parent company only financial statements of Ho Tung Chemical Corp. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unqualified opinion.

Responsibility of the management and the governing body 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, the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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, the responsibility of management includes assessing the Group's ability to continue as a going concern, disclosing going concern related matters, as well as adopting going concern basis of accounting unless the management intends to liquidate the Group or terminate the business, or has no realistic alternative but to do so.

The governing bodies of Ho Tung Chemical Group (including the Audit Committee) have the responsibility to oversee the procedures for financial reporting.

Auditor's 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 auditor's 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 Generally Accepted Auditing Standards (GAAS) of Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could have influence on the economic decisions made by the users of the consolidated financial statements, they will be deemed as material.

As part of an audit in accordance with GAAS of Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also execute the following tasks:

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 that 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 adopted by the management and the reasonableness of the accounting estimates and related disclosures made accordingly.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, determine 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 auditor's 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 auditor's report. However, future events or circumstances may cause the Group to no longer continue as a going concern.
5. Evaluate the overall expression, structure, and contents of the consolidated financial statements (including related notes) and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence with regard to the financial information of the entities within the Group to express an opinion about the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit.

We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

PricewaterhouseCoopers Taiwan

LAI, TSUNG-HSI

CPA

WANG, CHAO-MING

Former Securities and Futures Bureau, FSC, Executive Yuan

Approval Certificate No.: CHIN-KUANCHENG-LIU-TZU No. 0960038033

Former Securities Management Commission, Ministry of Finance

Approval Certificate No.: (85)TAI-TSAICHENG(VI) No. 65945

March 16, 2022

Ho Tung Chemical Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

Unit: NT$ thousands

	Asset	Notes	December 31, 2021			December 31, 2020		
				Amount	%		Amount	%
	Current assets							
1100	Cash and cash equivalents	VI (I)	$	6,438,023	27	$	6,568,066	27
1110	Financial assets at fair value through profit or loss - current	VI (II)		528	-		208,988	1
1136	Financial assets at amortized cost - current	VI (IV) & VIII		818,854	3		1,201,686	5
1150	Notes receivable, net	VI (V) & VIII		183,200	1		156,703	1
1170	Accounts receivable, net	VI (V)(VI)		2,701,292	11		2,857,645	12
1180	Accounts receivable - related parties, net	VII		142,972	1		126,862	-
1200	Other receivables	VI (III)(VIII)(IX) & IX (I)		134,992	1		155,748	-
1210	Other receivables - related parties	VII		5	-		729	-
130X	Inventories	VI (VII)		2,520,543	10		2,375,788	10
1410	Prepayment	VI (VIII) & VII		501,131	2		478,619	2
1470	Other current assets			185	-		659	-
11XX	**Total current assets**			13,441,725	56		14,131,493	58
	Non-current assets							
1517	Financial assets at fair value through profit or loss - non-current	VI (III)		2,684,985	11		2,371,711	10
1535	Financial assets at amortized cost - non-current	VI (IV)(VIII) & IX (I)		171,207	1		57,029	-
1550	Investment accounted for using equity method	VI (IX)		308,569	1		297,335	1
1600	Property, plant, and equipment	VI (XI), VII & VIII		5,059,629	21		4,894,032	20
1755	Right-of-use assets	VI (XII) & VIII		1,494,011	6		1,571,869	7
1760	Investment property, net	VI (XIV) & VIII		101,993	1		102,176	-
1780	Intangible assets	VI (XV)		374,540	2		396,561	2
1840	Deferred income tax assets	VI (XXXV)		282,684	1		302,390	1
1900	Other non-current assets	VI (XXI)(XXII) & VII		89,780	-		157,229	1
15XX	**Total non-current assets**			10,567,398	44		10,150,332	42
1XXX	**Total assets**		$	24,009,123	100	$	24,281,825	100

(Continued)

Ho Tung Chemical Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

Unit: NT$ thousands

	Liabilities and equity	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liability					
2100	Short-term loans	VI (XVIII) & VIII	$ 581,927	2	$ 1,112,949	5
2130	Contract liabilities - current	VI (XXVII)	199,535	1	335,935	1
2150	Notes payable		1,630	-	1,630	-
2170	Accounts payable		1,585,887	7	934,909	4
2180	Accounts payable - related parties	VII	-	-	14,014	-
2200	Other payables	VI (XIX)	1,173,423	5	1,212,621	5
2220	Other payables - related parties	VII	4,531	-	12,225	-
2230	Current income tax liabilities		123,161	1	257,215	1
2280	Lease liabilities- current		34,333	-	36,870	-
2320	Long-term liabilities due within one year or one operating cycle	VI (XX) & VIII	342,000	1	243,623	1
2399	Other current liabilities－others	VI (XXI) & IX(I)	354,981	1	618,358	3
21XX	**Total current liabilities**		4,401,408	18	4,780,349	20
	Non-current liabilities					
2540	Long-term loans	VI (XX) & VIII	1,462,778	6	1,675,815	7
2570	Deferred income tax liabilities	VI (XXXV)	55,920	1	5,404	-
2580	Lease liabilities - non-current		702,153	3	736,589	3
2600	Other non-current liabilities	VII	759,757	3	739,704	3
25XX	**Total non-current liabilities**		2,980,608	13	3,157,512	13
2XXX	**Total liabilities**		7,382,016	31	7,937,861	33
	Equity					
	Equity attributable to owners of parent company					
	Share capital	VI (XXIII)				
3110	Share capital - common stock		10,168,248	42	10,168,248	42
	Capital surplus	VI (XXIV)				
3200	Capital surplus		57,093	-	50,541	-
	Retained earnings	VI (III) and (XXV)				
3310	Legal reserve		800,259	3	631,294	2
3320	Special reserve		504,761	2	396,773	2
3350	Unappropriated retained earnings		1,422,870	6	1,689,647	7
	Other equity interest	VI (XXVI)				
3400	Other equity interest		(233,850)	(1)	(504,761)	(2)
3500	Treasury stocks	VI (XXIII)	(95,951)	-	(95,951)	-
31XX	**Equity attributable to owners of parent company**		12,623,430	52	12,335,791	51
36XX	**Non-controlling Interests**		4,003,677	17	4,008,173	16
3XXX	**Total equity**		16,627,107	69	16,343,964	67
	Significant Contingent Liabilities and Unrecognized Contract Commitments	IX				
	Significant events after the balance sheet date	XI				
3X2X	**Total liabilities and equity**		$ 24,009,123	100	$ 24,281,825	100

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

Chief Director: Chang, Li-Chiu　　Manager: CHEN, YI-JU　　Accounting Supervisor: Lin, Hui-yen

Ho Tung Chemical Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2021 and 2020

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

	Items	Notes	2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenue	VI(XIII),(XXVII) & VII	$ 20,211,458	100	$ 25,849,191	100
5000	Operating costs	VI(VII),(XXVIII) , (XXXIII), (XXXIV) & VII	(17,123,376)	(85)	(19,843,007)	(77)
5900	Gross profit		3,088,082	15	6,006,184	23
5910	Unrealized profits on sales		(246)	-	(1,927)	-
5920	Realized profits on sales		1,927	-	1,521	-
5950	Gross profit from operations		3,089,763	15	6,005,778	23
	Operating expenses	VI(XXXIII), (XXXIV)				
6100	Selling expenses		(560,958)	(3)	(859,410)	(3)
6200	Administrative expenses		(679,234)	(3)	(720,864)	(3)
6300	Research and development expenses		(75,240)	-	(66,745)	-
6450	Expected credit impairment gain (loss)		7,946	-	(725,550)	(3)
6000	Total operating expenses		(1,307,486)	(6)	(2,372,569)	(9)
6900	Profit from operations		1,782,277	9	3,633,209	14
	Non-operating income and expenses					
7100	Interest income	VI (IV),(XXIX) & VII	106,207	1	68,925	-
7010	Other income	VI (XXI),(XXX) & VII	376,038	2	111,197	-
7020	Other gains and losses	VI(II),(VIII),(IX) (XI),(XII), (XXXI) & IX(I)	(168,399)	(1)	(569,394)	(2)
7050	Finance costs	VI (XII),(XXXII)	(115,993)	(1)	(235,168)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for under equity method	VI (IX)	10,745	-	1,259	-
7000	Total non-operating income and expenses		208,598	1	(623,181)	(3)
7900	**Pre-tax profit**		1,990,875	10	3,010,028	11
7950	Income tax expense	VI (XXXV)	(531,327)	(3)	(610,482)	(2)
8200	**Net profit for the period**		$ 1,459,548	7	$ 2,399,546	9

(Continued)

Ho Tung Chemical Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2021 and 2020

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

	Items	Notes	2021 Amount	2021 %	2020 Amount	2020 %
	Other comprehensive income (loss)					
	Items that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	VI (XXII)	$ 1,156	-	$ 4,321	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	VI (III)	352,852	2	171,661	1
8349	Income tax expenses related to items that will not be reclassified subsequently to profit or loss	VI (XXXV)	(231)	-	(866)	-
8310	Total amount of items that will not be reclassified to profit or loss		353,777	2	175,116	1
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign financial statements		(109,192)	(1)	52,033	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method - components of other comprehensive income that will be reclassified to profit or loss	VI (XXVI)	(808)	-	812	-
8360	Total amount of items that may be reclassified subsequently to profit or loss		(110,000)	(1)	52,845	-
8500	**Total comprehensive income (loss) for the period**		$ 1,703,325	8	$ 2,627,507	10
	Net profit attributable to:					
8610	Owners of the parent company		$ 722,746	3	$ 1,686,431	6
8620	Non-controlling Interests		$ 736,802	4	$ 713,115	3
	Total Comprehensive Income Attributable to:					
8710	Owners of the parent company		$ 992,864	4	$ 1,857,789	7
8720	Non-controlling Interests		$ 710,461	4	$ 769,718	3
	Earnings per share	VI (XXXVI)				
9750	Basic earnings per share		$ 0.72		$ 1.68	
9850	Diluted earnings per share		$ 0.72		$ 1.68	

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

Chief Director: Chang, Li-Chiu　　Manager: CHEN, YI-JU　　Accounting Supervisor: Lin, Hui-yen

Ho Tung Chemical Corp. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

		Equity attributable to owners of parent company										
				Retained earnings			Other equity interest					
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling Interests	Total
2020												
Balance at January 1, 2020		$ 10,168,248	$ 50,541	$ 629,512	$ 284,134	$ 114,421	($ 433,532)	($ 239,178)	($ 95,951)	$ 10,478,195	$ 3,342,848	$ 13,821,043
Net profit for the period		-	-	-	-	1,686,431	-	-	-	1,686,431	713,115	2,399,546
Other comprehensive income (loss) for the year	VI (XXVI)	-	-	-	-	3,409	(2,302)	170,251	-	171,358	56,603	227,961
Total comprehensive income (loss) for the period		-	-	-	-	1,689,840	(2,302)	170,251	-	1,857,789	769,718	2,627,507
Appropriation & distribution of 2019 earnings	VI (XXV)											
Legal reserve		-	-	1,782	-	(1,782)	-	-	-	-	-	-
Special reserve		-	-	-	112,639	(112,639)	-	-	-	-	-	-
Cash dividend belong to non-controlling interests		-	-	-	-	-	-	-	-	-	(104,586)	(104,586)
Change in ownership of equity in subsidiary		-	-	-	-	(193)	-	-	-	(193)	193	-
Balance at December 31, 2020		$ 10,168,248	$ 50,541	$ 631,294	$ 396,773	$ 1,689,647	($ 435,834)	($ 68,927)	($ 95,951)	$ 12,335,791	$ 4,008,173	$ 16,343,964
2021												
Balance at January 1, 2021		$ 10,168,248	$ 50,541	$ 631,294	$ 396,773	$ 1,689,647	($ 435,834)	($ 68,927)	($ 95,951)	$ 12,335,791	$ 4,008,173	$ 16,343,964
Net profit for the period		-	-	-	-	722,746	-	-	-	722,746	736,802	1,459,548
Other comprehensive income (loss) for the year	VI (XXVI)	-	-	-	-	953	(83,580)	352,745	-	270,118	(26,341)	243,777
Total comprehensive income (loss) for the period		-	-	-	-	723,699	(83,580)	352,745	-	992,864	710,461	1,703,325
Appropriation & distribution of 2020 earnings	VI (XXV)											
Legal reserve		-	-	168,965	-	(168,965)	-	-	-	-	-	-
Special reserve		-	-	-	107,988	(107,988)	-	-	-	-	-	-
Cash dividend		-	-	-	-	(711,777)	-	-	-	(711,777)	-	(711,777)
Cash dividend belong to non-controlling interests		-	-	-	-	-	-	-	-	-	(712,623)	(712,623)
Disposal of equity instruments measured at fair value through other comprehensive income	VI (III)	-	-	-	-	(1,746)	-	1,746	-	-	-	-
Cash dividend of parent company distributed to subsidiaries	VI (XXIV)	-	7,186	-	-	-	-	-	-	7,186	-	7,186
Change in ownership of equity in subsidiary	VI (XXIV)(XXXVII)	-	(634)	-	-	-	-	-	-	(634)	(2,334)	(2,968)
Balance at December 31, 2021		$ 10,168,248	$ 57,093	$ 800,259	$ 504,761	$ 1,422,870	($ 519,414)	$ 285,564	($ 95,951)	$ 12,623,430	$ 4,003,677	$ 16,627,107

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

Chief Director: Chang, Li-Chiu　　Manager: CHEN, YI-JU　　Accounting Supervisor: Lin, Hui-yen

Ho Tung Chemical Corp. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
Cash flows from operating activities			
Profit before tax for the period		$ 1,990,875	$ 3,010,028
Adjustments			
Income and expenses having no effect on cash flows			
Net gain on financial assets at fair value through profit or loss	VI (II),(XXXI)	(3,786)	(22,880)
Depreciation charge	VI(XI),(XII),(XIV),(XXXIII)	478,612	556,639
Amortization	VI (XV)(XXXIII)	21,841	36,070
Expected credit impairment (gain of reversal) loss		(7,946)	725,550
Interest expense	VI (XXXII)	115,993	235,168
Interest income	VI (XXIX)	(106,207)	(68,925)
Dividend income	VI (XXX)	(38,807)	(16,779)
Impairment loss	VI(VIII)(IX)(XI)(XXXI)	296	505,855
Share of loss (profit) of associates accounted for under equity method	VI (IX)	(10,745)	(1,259)
Expenses transferred from property, plant and equipment		229	-
Loss on disposal of property, plant and equipment	VI (XXXI)	106,510	4,497
Loss on disposal of right-of-use assets	VI (XXXI)	4,853	-
(Gain) loss on lease modification	VI (XII) (XXXI)	(314)	14,373
Government subsidy income	VI (XXX)	(292,864)	(31,223)
Loss on disposal of investment in subsidiaries	VI (XXXI)	17,061	-
Unrealized profits on sales		246	1,927
Realized profits on sales		(1,927)	(1,521)
Provisions amount	VI (XXXI) & IX(I)	-	154,000
Changes in assets/liabilities relating to operating activities			
Net changes in operating assets			
Financial assets mandatorily measured at FVTPL		211,089	57,734
Notes receivable		(26,497)	203,826
Accounts receivable		148,965	(145,586)
Accounts receivable - related parties		54,303	229,036
Other receivables		(7,246)	160,963
Other accounts receivable - related parties		552	140
Inventories		(163,371)	1,486,200
Prepayment		(24,220)	(55,722)
Other current assets		474	(320)
Net changes in liabilities relating to operating activities			
Contract liabilities		(136,400)	32,619
Notes payable		-	(68)
Accounts payable		641,558	(398,612)
Accounts payable - related parties		-	13,739
Other payables		22,447	50,149
Other payables - related parties		(7,601)	114
Other current liabilities		7,427	16,576
Other non-current liabilities		59,127	43,536
Cash inflow generated from operations		3,054,527	6,795,844
Interest received		106,817	69,115
Dividend received		38,807	17,489
Interest paid		(116,956)	(215,919)
Income tax paid		(594,343)	(497,568)
Net cash flows from operating activities		2,488,852	6,168,961

(Continued)

Ho Tung Chemical Corp. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
Cash flows from investing activities			
Disposal of financial assets measured at fair value through other comprehensive income	VI (III)	$ 2,041	$ -
Acquisition of financial assets measured at FVTOCI	XII (V)	-	(608,034)
Capital reduction and return stock of financial assets measured at FVTOCI	VI (III)	361	-
Decrease (increase) in financial assets at amortized cost		250,219	(171,268)
Acquisition of property, plant, and equipment	VI (XXXVIII)	(751,997)	(188,184)
Disposal of property, plant, and equipment	VI (XXXVIII)	16,702	167
Acquisition of right-of-use assets		(1,216)	(2,544)
Acquisition of intangible assets	VI (XXXVIII)	(18,795)	(42,974)
Disposal of investments accounted for using equity method	VI (IX)	33,038	-
Decrease in other non-current assets		3,502	159,564
Net cash flows used in investing activities		(466,145)	(853,273)
Cash flows from financing activities			
Decrease in short-term loans	VI (XXXIX)	(525,977)	(1,465,601)
Proceeds from long-term loans	VI (XXXIX)	358,588	-
Repayment of long-term loans	VI (XXXIX)	(473,044)	(705,234)
Cash dividend paid	VI (XXIV)(XXV)	(704,591)	-
Lease principal repayment	VI (XXXIX)	(33,849)	(32,398)
Receipt of government grants		20,561	273,802
Cash dividend distributed to non-controlling interests		(712,623)	(104,586)
Changes in non-controlling interests	VI (XXXVII)	(2,968)	-
Net cash outflow from financing activities		(2,073,903)	(2,034,017)
Effect of exchange		(78,847)	86,719
(Decrease) increase in cash and cash equivalents		(130,043)	3,368,390
Cash and cash equivalents at beginning of year		6,568,066	3,199,676
Cash and cash equivalents at end of the year		$ 6,438,023	$ 6,568,066

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

Chief Director: Chang, Li-Chiu　　Manager: CHEN, YI-JU　　Accounting Supervisor: Lin, Hui-yen

Ho Tung Chemical Corp. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousands
(except as otherwise indicated)

I. Company History

Ho Tung Chemical Corp. ("the Company") was incorporated in August 1980 in the Republic of China. The Company's shares have been traded on the Taiwan Stock Exchange since August 30, 1991. The Company and its subsidiaries (collectively referred herein as "the Group") are primarily engaged in manufacturing, processing and sales of chemicals such as normal paraffin, alkenes, etc.

II. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were approved and issued on March 16, 2022, by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

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

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

New Standards, Interpretations, and Amendments	Effective date by International Accounting Standards Board
Amendment to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Phase 2 "Interest Rate Benchmark Reform"	January 1, 2021
Amendment to IFRS 16 "COVID-19-related Rent Concessions After June 30, 2021"	April 1, 2021 (Note)

Note: The FSC allows early application on January 1, 2021.

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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

New standards, interpretations and amendments endorsed by FSC effective from 2022 are as follows:

New Standards, Interpretations, and Amendments	Effective date by International Accounting Standards Board
Amendment to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendment to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations, and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IV. 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.

(I) Compliance statement

These consolidated financial statements are prepared by the Group in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC Interpretations endorsed by the FSC.

(II) Basis of preparation

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:
   (1) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
   (2) Financial assets at fair value through other comprehensive income measured at fair value
   (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the 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 V.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

2. Subsidiaries included in the consolidated financial statements:

			Percentage of ownership (direct or indirect)		
Investor company	Name of subsidiaries	Business activities	December 31, 2021	December 31, 2020	Details
Ho Tung Chemical Corp.	Paotze Investment Ltd. (Paotze)	Investment company and sales of a variety of commodities	100	100	
Ho Tung Chemical Corp.	He Hsin Cheng Co., Ltd. (He Hsin Cheng)	Residence and Buildings Lease Construction and Development	-	-	Note 5
Ho Tung Chemical Corp.	He Mao Venture Capital Co., Ltd. (He Mao VC)	General investment	100	100	Note 14
Ho Tung Chemical Corp.	Zortech Corporation (Zortech)	Chemical trading	-	100	Notes 12, 13

Investor company	Name of subsidiaries	Business activities	Percentage of ownership (direct or indirect) December 31, 2021	December 31, 2020	Details
Ho Tung Chemical Corp.	Inadvance Holdings Ltd. (Inadvance)	Trading of goods	100	100	
Ho Tung Chemical Corp.	Hua Chung Co., Ltd. (Hua Chung)	Manufacture and sale of cement raw materials	94.22	94.22	Notes 7, 14
Ho Tung Chemical Corp.	Ho Tung Cement Corp. (Ho Tung Cement)	Cement manufacturing	92.71	92.71	Notes 8, 14
Ho Tung Chemical Corp.	Sharpinvest International Ltd. (Sharpinvest)	Trading of goods	100	100	Note 14
Ho Tung Chemical Corp.	Signpost Enterprises Ltd.(Signpost)	Trading of goods	100	100	
Ho Tung Chemical Corp.	Hua Tung Investment Co., Ltd (Hua Tung)	General investment	-	-	Note 5
Ho Tung Chemical Corp.	Top Device Investments Ltd. (Top Device)	General investment	100	100	Note 1
Ho Tung Chemical Corp.	Hsin Tay Petroleum Co., Ltd. (Hsin Tay Petro)	Oil trading	100	100	Notes 6, 14
Ho Tung Chemical Corp.	Chenergy global Co., Ltd (Chenergy)	Oil trading	99.42	99.07	Notes 6, 10, 11, 14
Ho Tung Chemical Corp.	Ally Solution Ltd. (Ally Solution)	General investment	100	100	
Paotze Investment Ltd.	Jintung Petrochemical Co., Ltd. (Nanjing Jintung)	Manufacture and sale of Linear Alkyl benzene	60	60	
Paotze Investment Ltd.	Jiangsu Jintung Chemical Corp., Ltd (Jiangsu Jintung)	Manufacture and sale of surfactant	50	50	
Paotze Investment Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd. (Tianjin Tianzhi)	Manufacture and sale of linear alkyl benzene sulfonic acid	25.95	25.95	

Investor company	Name of subsidiaries	Business activities	Percentage of ownership (direct or indirect) December 31, 2021	Percentage of ownership (direct or indirect) December 31, 2020	Details
Paotze Investment Ltd.	Nanjing Kuan Hsin Optoelectronics Co., Ltd. (Nanjing Kuan Hsin)	Manufacture and sale of PMMA Light Guide Plate	51.59	51.59	
Paotze Investment Ltd.	Nanjing He Sheng Pao New Energy Technology Co., Ltd. (Nanjing He Sheng Pao)	Development of new energy and surfactant	100	100	
Paotze Investment Ltd.	Xiamen Jintung Synthetic Detergent Co., Ltd. (Xiamen Jintung)	Manufacture and sale of surfactant	65	65	
Paotze Investment Ltd.	Signpost (HK) Limited (Signpost (HK))	Trading of goods	48.65	48.65	
Paotze Investment Ltd.	Hsin Tay (Shanghai) Ltd. (Shanghai Hsin Tay)	Trade of chemicals and fuels	100	100	Notes 3, 13
Jintung Petrochemical Corp., Ltd	Sichuan Jintung Fine Chemical Corp., Ltd (Sichuan Fine)	Manufacture and sale of linear alkyl benzene sulfonic acid	100	100	
Jintung Petrochemical Corp., Ltd	Anhui Jintung Fine Chemical Corp., Ltd. (Anhui Fine)	Manufacture and sale of linear alkyl benzene sulfonic acid	100	100	
Jiangsu Jintung Chemical Corp., Ltd	Jiangsu Jintung Surfactant Corp., Ltd. (Jiangbei Sutung)	Manufacture and sale of linear alkyl benzene sulfonic acid	100	100	
Signpost Enterprises Ltd.	Signpost (HK)Limited (Signpost (HK))	Trading of goods	33.39	33.39	
Signpost (HK) Limited	Guangzhou Litze Chemical Co., Ltd (Guangzhou Litze)	Manufacture and sale of linear alkyl benzene sulfonic acid	60	60	
Signpost (HK) Limited	Chih Sheng (Huizhou) Petrochemical Co., Ltd (Chih Sheng Huizhou)	Manufacture and sale of surfactant	100	100	
Signpost (HK) Limited	Tianjin Tianzhi Fine Chemical Co., Ltd. (Tianjin Tianzhi)	Manufacture and sale of linear alkyl benzene sulfonic acid	24.05	24.05	
Inadvance Holdings Ltd.	Signpost (HK)Limited (Signpost (HK))	Trading of goods	17.96	17.96	

Investor company	Name of subsidiaries	Business activities	Percentage of ownership (direct or indirect) December 31, 2021	December 31, 2020	Details
Hsin Tay Petroleum Co., Ltd. (Hsin Tay Petro)	Hsin Tay Ltd. (Hsin Tay)	Oil trading	100	100	Note 14
Hsin Tay Petroleum Co., Ltd. (Hsin Tay Petro)	Chenergy global Co., Ltd (Chenergy)	Oil trading	-	-	Notes 4, 6
Chenergy global Co., Ltd	Big Success Co., Ltd. (Big Success)	General investment	100	100	Notes 9, 14
Hsin Tay Ltd.	Tianjin Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd. (Tianjin Hsing Tung)	Wholesale of chemicals and fuels and lease of oil reservoir	55	55	Note 14
Hsin Tay Ltd.	Hsin Tay (Shanghai) Ltd. (Shanghai Hsin Tay)	Trade of chemicals and fuels	-	-	Note 3
Hsin Tay Ltd.	Beijing Tung Sheng Tai Trade Co., Ltd	Wholesale of chemicals and fuels	75	75	Note 14
Hsin Tay Ltd.	Shanghai Hsin Tay Investment (HK) Corporation (Shanghai Hsin Tay Investment)	General investment	-	-	Note 2
Hsin Tay Ltd.	Oceanwise International Ltd. (Oceanwise)	General investment	100	100	Note 14

Note 1: In accordance to the organizational plan of the Group, Top Device Co. was dissolved as approved by the Board of Directors on August 12, 2016. Shares were returned on September 20, 2016. The dissolution procedure is still in progress.

Note 2: The Board of Directors of Shanghai Hsin Tay Investment approved the dissolution of the company on January 9, 2020, and the refund of shares on January 13, 2020. The registration of dissolution was completed on January 29, 2021.

Note 3: In accordance with the organizational plan of the Group, the Board of Directors of Hsin Tay passed a resolution to transfer the equity of Shanghai Hsin Tay to Paotze on February 27, 2020, and the relevant change registration procedures have been completed.

Note 4: On May 25, 2020, the Board of Directors of Hsin Tay Petroleum passed a resolution to not subscribed in proportion to the shareholding ratio of all ordinary shares issued by the subsidiary Chenergy in cash capital increase, and the relevant legal registration procedures have been completed. The equity of Chenergy held by Hsin Tay Petroleum was changed to 98.56%.

Note 5: In accordance with the organizational plan of the Group, on June 19, 2020, the Company passed a resolution of the Board of Directors to conduct a short-form merger with Hua Tung and He Hsin Cheng with the base date of merger on September 10, 2020, and the relevant change registration procedures have been completed.

Note 6: In accordance with the organizational plan of the Group, on August 14, 2020, Hsin Tay Petroleum passed the resolution of the Board of Directors for capital reduction amounted to $489,300, cancellation shares of 48,930 thousand, and refund of shares to the Company by its shares of Chenergy, and the relevant change registration procedures have been completed.

Note 7: In accordance with the organizational adjustment of the Group, the Board of Directors of the Company determined to purchase equity of Hua Chung Co., Ltd. from Zortech on June 19, 2020. The related equity transaction was completed.

Note 8: In accordance with the organizational adjustment of the Group, the Board of Directors of the Company determined to purchase equity of Ho Tung Cement from Zortech on June 19, 2020. The related equity transaction was completed.

Note 9: Chenergy was approved by the Board of Directors on September 28, 2020. In response to the investment plan of Gulei, it increased the 100% equity of Big Success Co.,Ltd. in cash for a total of US$9,844 thousand (equivalent to $281,095), which were all transferred to EVER VICTORY GLOBAL LTD. to indirectly invest in mainland Fujian Gulei Petrochemical Co., Ltd.

Note 10: In November 2020, the Company increased its capital in Chenergy in cash amounted to $300,000 by NT$15 per share, and 20,000,000 shares for capital increase. The shareholding ratio increased from 98.56% to 99.07% after the capital increase, and the relevant change registration procedures have been completed.

Note 11: In July 2021, the Company approved to acquire 197,874 shares of Chenergy with NT$15 per share with shareholding ratio increased from 99.07% to 99.42%, and the relevant change registration procedures have been completed.

Note 12: In accordance with the organizational plan of the Group, the Board of Directors of Zortech approved the dissolution of the company on June 29, 2020. The registration of dissolution was completed on December 9, 2021.

Note 13: The consolidated financial statements for the year ended December 31, 2020 were audited by other independent accountants.

Note 14: The consolidated financial statements for the years ended December 31, 2021 and 2020 were audited by other independent accountants.

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustments for subsidiaries with different balance sheet dates: None.
5. Significant restrictions: None.
6. Subsidiaries that have non-controlling interests that are material to the Group:

The total non-controlling interests of the Group as of December 31, 2021 and 2020 were $4,003,677 and $4,008,173 respectively. Followings are the non-controlling interests that are material to the Group and information of subsidiaries:

		Non-controlling Interests			
		December 31, 2021		December 31, 2020	
Name of subsidiaries	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
Jiangsu Jintung	China	$1,866,444	50%	$1,685,600	50%
Nanjing Jintung	China	1,404,675	40%	1,578,225	40%
Tianjin Tianzhi	China	535,667	50%	538,041	50%

Summary of financial information for subsidiaries:

Balance Sheets

	Jiangsu Jintung	
	December 31, 2021	December 31, 2020
Current assets	$1,215,791	$1,967,968
Non-current assets	2,984,600	1,974,347
Current liability	(187,049)	(258,456)
Non-current liability	(189,058)	(218,620)
Total net assets	$3,824,284	$3,465,239

	Nanjing Jintung	
	December 31, 2021	December 31, 2020
Current assets	$1,827,725	$2,570,703
Non-current assets	2,178,356	1,832,186
Current liability	(327,222)	(307,602)
Non-current liability	(167,172)	(149,725)
Total net assets	$3,511,687	$3,945,562

	Tianjin Tianzhi	
	December 31, 2021	December 31, 2020
Current assets	$694,385	$788,738
Non-current assets	958,342	1,098,437
Current liability	(581,394)	(811,094)
Total net assets	$1,071,333	$1,076,081

Statements of Comprehensive Income

	Jiangsu Jintung	
	2021	2020
Revenue	$319,873	· $4,263,778
Pre-tax profit	1,027,262	1,181,051
Income tax benefit (expense)	2,989	(125,931)
Net profit for the period	1,030,251	1,055,120
Other comprehensive income (net amount after taxes)	89,082	223,969
Total comprehensive income (loss) for the period	$1,119,333	$1,279,089
Comprehensive income (loss) attributable to non-controlling interests	$559,667	$639,545

	Nanjing Jintung	
	2021	2020
Revenue	$3,921,518	$4,025,090
Pre-tax profit	482,128	781,972
Income tax benefit (expense)	(25,047)	(123,306)
Net profit for the period	457,081	658,666
Other comprehensive income (net amount after taxes)	92,705	90,781
Total comprehensive income (loss) for the period	$549,786	$749,447
Comprehensive income (loss) attributable to non-controlling interests	$219,914	$299,779

	Tianjin Tianzhi	
	2021	2020
Revenue	$2,290,746	$2,168,682
Pre-tax profit	13,194	(215,669)
Income tax benefit (expense)	(2,122)	(19,578)
Net profit for the period	11,072	(235,247)
Other comprehensive income (net amount after taxes)	24,304	77,806
Total comprehensive income (loss) for the period	$35,376	($157,441)
Comprehensive income (loss) attributable to non-controlling interests	$17,688	($78,721)

Statements of Cash Flows

	Jiangsu Jintung	
	2021	2020
Net cash flows from operating activities	$428,337	$1,012,369
Net cash inflow (outflow) from investing activities	9,530	(21,703)
Net cash flows from financing activities	(653,214)	(351,349)
Effect of exchange	(6,038)	19,983
(Decrease) Increase in cash and cash equivalents for the period	(221,385)	659,300
Beginning balance of cash and cash equivalents	1,074,820	415,520
Cash and cash equivalents at end of the year	$853,435	$1,074,820

	Nanjing Jintung	
	2021	2020
Net cash flows from operating activities	$819,649	$571,702
Net cash inflow (outflow) from investing activities	8,620	(63,008)
Net cash flows from financing activities	(868,700)	(94,195)
Effect of exchange	(3,961)	13,037
(Decrease) Increase in cash and cash equivalents for the period	(44,392)	427,536
Beginning balance of cash and cash equivalents	701,673	274,137
Cash and cash equivalents at end of the year	$657,281	$701,673

	Tianjin Tianzhi	
	2021	2020
Net cash flows from operating activities	$65,491	$218,088
Net cash inflow (outflow) from investing activities	258,236	(29,722)
Net cash flows from financing activities	(270,339)	(231,975)
Effect of exchange	(1,214)	3,490
(Decrease) Increase in cash and cash equivalents for the period	52,174	(40,119)
Beginning balance of cash and cash equivalents	212,736	252,855
Cash and cash equivalents at end of the year	$264,910	$212,736

(IV) Foreign currency translation

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 (that is, 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.

1. Foreign currency transactions and balances
   (1) 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.
   (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated 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.
   (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
   (4) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses."
2. Translation of foreign operations
   (1) The operating results and financial position of all the group entities, associates and joint arrangements 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.
   (2) When the foreign operation that is partially disposed of or sold is an associate, 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, if the Group still retains partial interests in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
   (3) When the foreign operation that is 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 interests in this foreign operation. In addition, if the Company still retains partial interests 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 these foreign operations.
   (4) Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at balance sheet date.

(V) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
(2) Assets arising mainly from trading activities.
(3) Assets that are expected to be realized within twelve months from the balance sheet date.
(4) 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.

All other assets that do not meet any of the above criteria are classified as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be paid off within the normal operating cycle.
(2) Liabilities arising mainly from trading activities.
(3) Liabilities that are expected to be paid off within twelve months from the balance sheet date.
(4) 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.

All other liabilities that do not meet any of the above criteria are classified as non-current liabilities.

(VI) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits can be classified as cash equivalents if they meet the criteria mentioned above and are held for short-term cash commitments in operational purpose.

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

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.
3. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
4. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(VIII) Financial assets measured at FVTOCI

1. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.

3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings. When the equity instruments are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is not reclassified from equity to profit or loss. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(IX) Accounts and notes receivable

1. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
3. The Group's operating pattern of accounts receivable that are expected to be factored is for the purpose of collecting contractual cash flows and selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognized in profit or loss.

(X) Impairment of financial assets

The Group measures the loss allowance for financial assets measured at amortized cost after taking into account all reasonable and provable information (including forward-looking information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the 12-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance is measured at full lifetime expected credit losses; and where they are accounts receivables or contract assets that do not comprise any significant financing components, the loss allowance is measured at full lifetime expected credit losses.

(XI) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(XII) Lease Transactions for the Lessors - Operating Leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XIII) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using weighted-average method for the Company, and it is calculated using the first-in, first-out (FIFO) method except for work in progress whose cost is calculated using weighted-average method for subsidiaries. The cost of finished goods and work in process 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.

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

1. 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 using the equity method and are initially recognized at cost.
2. 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 statutory/constructive obligations or made payments on behalf of the associate.
3. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in equity in the associate in "capital surplus" in proportion to its ownership.
4. 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.
5. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
6. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss for the period.
7. When the Group disposes its investment in an associate and 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.
8. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(XV) Joint operations

For the interests in joint operations, the Group recognizes its direct rights to the joint operations' assets, liabilities, income and expenses (and its share of the joint operations) and includes the appropriate line of intent that is required to be applicable to the financial statements.

(XVI) Property, plant, and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. 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.
3. 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. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed by the Group, 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 of property, plant and equipment are as follows:

Buildings and structures (affiliated facilities included)	2 to 55 years
Machinery equipment	2 to 20 years
Leasehold equipment	2 to 17 years
Other equipment	2 to 20 years

(XVII) Lease Transactions for the Lessees—Right-of-Use Assets / Lease Liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date when they are available for use by the Group. When a lease contract is a short-term lease or a lease of a low-value underlying asset, the lease payment is recognized as an expense using the straight-line method.
2. A lease liability is recognized at the commencement date of a lease as the present value of the outstanding lease payment after discounting based on the present value of the Group's incremental borrowing rate. Lease payment includes:

   (1) Fixed payments, less any lease incentives receivable;

   (2) Variable lease payments that depend on an index or a rate.

   The subsequent interest method is used to measure the amortized cost method, and the interest expenses are set aside during the lease term. When a non-contractual modification causes a change in the lease period or lease payment, the lease liability will be reassessed and remeasured to adjust the right-of-use asset.

3. Right-of-use assets are recognized at cost on the commencement date of a lease. Cost includes:
   (1) The original measured amount of the lease liability;
   (2) Any lease payments paid on or before the commencement date;
   (3) Any initial direct costs incurred by the lessee.

   The subsequent measurement adopts the cost model, and depreciation expenses are recognized at the earlier of the expiration date of the right-of-use asset or the lease period. When the lease liability is reassessed, any remeasurement of the lease liability will be adjusted using the right-of-use asset.
4. For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced by the lessee to reflect the partial or full termination of the lease, and the difference between the lease and the remeasured amount of the lease liability is recognized in profit or loss.

(XVIII) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(XIX) Intangible assets

1. Royalty fees
   (1) The royalty fees of the equipment for normal paraffin unit expansion and technologies for improving production process are initially recorded at cost and amortized using the straight-line method with the amortization period of 10 years.
   (2) The royalty fees of storage tanks for Slag loading paid to China Steel Corp. are initially recorded at cost and amortized using the straight-line method with the amortization period of 20 years.
2. Goodwill

   Goodwill arises in a business combination accounted for by applying the acquisition method.
3. Computer software

   Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life.
4. Customer relationships

   Customer relationships is stated at cost and amortized on a straight-line basis over its estimated useful life of 5 years.

(XX) Impairment of non-financial assets

1. 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 or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

2. The recoverable amounts of goodwill should be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
3. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cashgenerating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(XXI) Borrowings

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

(XXII) Notes and accounts payable

1. It refers to liabilities for purchases of raw materials, goods and services and notes payable are those resulting from operating and non-operating activities.
2. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXIII) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(XXIV) 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.

(XXV) Employee benefits

1. 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 expense in that period when the employees render service.

2. Pensions

   (1) Defined contribution plans
   For defined contribution plans, the contributions are recognized as pension expense 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.

   (2) Defined benefit plans

   A. The 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 periods. 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. The net defined benefit 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 government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

   B. Remeasurements 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.

3. Employees' compensation and Directors' and Supervisors' remuneration

   Employees' compensation and Directors' and Supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(XXVI) Income tax

1. The tax expense for the period comprises current and deferred tax. Income 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 directly in equity.

2. The current income tax expense 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 estimated income tax liabilities where appropriate based on the amounts expected to be paid to the tax authorities. For the income tax levied on the unappropriated retained earnings in accordance with the Income Tax Act, it will be recognized as income

tax for unappropriated retained earnings based on the actual distribution of surplus after the surplus distribution proposal is adopted at the shareholders' meeting in the year following the year of which the said surplus is generated.

3. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred 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 (loss). Deferred tax is provided on temporary differences arising on investments in subsidiaries, 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 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 tax asset is realized or the deferred tax liability is settled.
4. Deferred 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 tax assets are reassessed.
5. 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 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.

(XXVII) Share capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
2. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(XXVIII) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(XXIX) Revenue

Sales of goods

1. The Group is primarily engaged in manufacturing and selling of chemical and oil related products. If the customer's payables exceed the products rendered, a contract liability is recognized.
2. The products are delivered to purchasers when the control of the promised goods has been transferred to the purchasers and revenue is recognized when the control is transferred. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
3. Because the Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year, the Group does not adjust transaction prices to account for time value of money

Land Development and Resale

The Company is engaged in land development, and the recognition of revenue is based on the transferring of property ownership.

(XXX) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(XXXI) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of these consolidated financial statements requires the management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. The resulting accounting estimates and assumptions might be different from the actual results, and will be continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related explanation about the uncertainties in material accounting judgments, estimates, and assumptions is addressed below:

Critical accounting estimates and assumptions

(I) Impairment Assessment of Accounts Receivable

During the impairment assessment of accounts receivables, the Group must use judgments and estimates to measure the credit risk of accounts receivables in order to assess expected credit losses. This credit risk is affected by a number of factors, such as the customer's financial status, the Group's internal credit rating, historical transaction records and many other factors that may affect the customer's credit quality. This assessment is based on a reasonable expectation of expected credit losses based on the conditions at the balance sheet date, but actual results may differ from estimates and may change materially.

The book value of the Group's accounts receivable amounted to $2,844,264 on December 31, 2021.

(II) Financial assets - fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' recent fund raising activities, fair value assessment of other companies of the same type, technical development status, market conditions and other economic indicators existing at balance sheet date. Any changes in these judgments and estimates will impact the fair value measurement of these unlisted stocks. For the information concerning the fair value of financial assets, please refer to Note XII (V).

As of December 31, 2021, the carrying amount of unlisted stocks without active market was NT$1,967,912.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$3,252	$4,439
Check accounts	1,809	415
Demand deposits	3,700,144	4,097,777
Time deposits	2,515,683	2,378,086
Cash equivalents	217,135	87,349
	$6,438,023	$6,568,066

1. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. Time deposits with original maturity more than three months held by the Group as of December 31, 2021 and 2020 were $286,366 and $344,608 respectively, recorded as "financial asset measured at amortized cost."
3. The Group's cash and cash equivalents were recorded as "financial assets at amortized cost-current" and "financial assets at amortized cost - non-current" amounted to $532,488 and $171,207, respectively, as of December 31, 2021, and amounted to $857,078 and $57,029, respectively, as of December 31, 2020. Please refer to VIII for relevant information.

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

Assets	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at FVTPL		
Financial products	$-	$208,326
Beneficiary certificates	396	407
	396	208,733
Valuation adjustment	132	255
Total	$528	$208,988

1. Details of financial assets at fair value through profit or loss recognized to profit or loss are as follows:

	2021	2020
Financial assets mandatorily measured at FVTPL		
Financial products	$3,786	$20
Structured deposits	-	18,086
Beneficiary certificates	-	1,403
Derivatives	-	3,371
Total	$3,786	$22,880

2. The Group has no financial assets at fair value through profit or loss pledged to others.
3. For information relating to the price risk of financial assets and liabilities measured at fair value through profit or loss and information on fair value, and please refer to Note XII (IV) and (V).

(III) Financial assets measured at FVTOCI

Items	December 31, 2021	December 31, 2020
Non-current items:		
Equity instruments		
Listed and OTC stocks	$530,078	$533,918
Unlisted stocks	1,886,914	1,946,128
	2,416,992	2,480,046
Valuation adjustment	267,993	(108,335)
Total	$2,684,985	$2,371,711

1. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets measured at fair value through other comprehensive income.

The fair value of such investments as of December 31, 2021 and 2020 amounted to $2,684,985 and $2,371,711, respectively.

2. The Group's capital increase in Gulei Petrochemical amounted to $20,587 thousand for the year ended December 31, 2020, and please refer to Note IX (II).
3. For the year ended March 31, 2021, due to the adjustment of the group organization, the Group sold the investment in Hannstouch Solution Incorporated with a fair value of $2,041, and the accumulated disposal loss was $1,746.
4. Wk Technology Fund Co., Ltd. reduced its capital in March 2021. The Company has received a refund of the capital reduction amounted to $361. The company was dissolved on April 30, 2021 by the resolution of the shareholders' meeting. The Company has reclassified its investment amount of $334 to "other receivables."
5. Details of financial assets at fair value through other comprehensive income recognized in profit or loss and comprehensive income are as follows:

	2021	2020
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	$352,852	$171,661
Accumulative gains or losses transferred to retained earnings due to derecognition	($1,746)	$-

6. The Group has no financial assets at fair value through other comprehensive income pledged to others.
7. For information relating to the price risk of financial assets measured at fair value through other comprehensive income and information on fair value, please refer to Note XII (IV) and (V).

(IV) Financial assets at amortized cost

Items	December 31, 2021	December 31, 2020
Current items:		
Time deposits matured after three months	$286,366	$344,608
Restricted cash and cash equivalents	532,488	857,078
Total	818,854	1,201,686
Non-current items:		
Restricted cash and cash equivalents	171,207	57,029
Total	$171,207	$57,029

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

	2021	2020
Interest income	$16,171	$13,684

2. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's financial assets measured at amortized cost was $990,061 and $1,258,715, respectively.

3. Please refer to Note VIII for the Group's financial assets measured at amortized cost having conditions of pledge/guarantee.
4. For other information relating to the credit risk of financial assets measured at amortized cost, please refer to Note XII (IV)

(V) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$183,200	$156,703
Accounts receivable	$3,016,830	$3,185,010
Less: Allowance for bad debts	(315,638)	(327,365)
	$2,701,192	$2,857,645

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

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$2,628,449	$183,200	$2,699,191	$156,703
Past due				
Within 90 days	30,738	-	116,304	-
91-180 days	2,507	-	-	-
Over 181 days	355,236	-	369,515	-
	$3,016,930	$183,200	$3,185,010	$156,703

The above aging analysis is based on past due date.

2. The balances of receivables (including notes receivable) contracted by the Group and customers on December 31, 2021, December 31, 2020 and January 1, 2020 were $3,200,130, $3,341,713, and $3,374,955, respectively.
3. Details of the Group's notes receivable pledged to others are provided in Note VIII.
4. The Group does not hold any collateral as security for notes receivable.
5. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were $183,200 and $156,703, respectively, and the amount that best represents the Group's accounts receivable were $2,701,292 and $2,857,645, respectively.
6. As of December 31, 2021 and 2020, $1,190,643 and $1,482,698 of the Group's accounts receivable were recorded in financial assets measured at FVTOCI. Information relating to transfer of financial assets is provided in Note VI (VI).
7. Information relating to credit risk of accounts receivable and notes receivable is provided in Note XII (IV).

(VI) Transfer of financial assets

The Group entered into a factoring agreement with financial institutions to sell its accounts receivable. The offering document states that the factoring is without the right of recourse, and the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable; thus, the Group derecognized accounts receivable. The derecognized accounts receivable are summarized as follows:

December 31, 2021					
Factoring counter-parties	Amount of receivables sold	Derecognized amount	Advanced amount	Advanced amount available	Interest rate range of advance
J.P. Morgan	$2,534,946	$2,534,946	$2,534,946	$-	0.02%~0.94%
Citibank	92,899	92,899	92,899	-	0.24%~0.98%

December 31, 2020					
Factoring counter-parties	Amount of receivables sold	Derecognized amount	Advanced amount	Advanced amount available	Interest rate range of advance
J.P. Morgan	$2,036,252	$2,036,252	$2,036,252	$-	0.04%~1.18%

(VII) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$1,449,552	($26,456)	$1,423,096
Work in process	307,336	-	307,336
Finished goods	645,570	(24,209)	621,361
Merchandise inventories	146,276	(85,579)	60,697
Inventory in transit	108,053	-	108,053
	$2,656,787	($136,244)	$2,520,543

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

The cost of inventories recognized as expense for the period:

	2021	2020
Cost of inventories sold	$16,898,206	$19,701,791
Recovery benefit of inventory impairment	(252)	(21,392)
Gain on physical inventory	(84,236)	(10,428)
Unallocated fixed manufacturing overheads	192,049	61,918
	$17,005,767	$19,731,889

1. Allowance for market price decline was accounted for the year ended December 31, 2019.

The net realizable value hiked up and thus gain from price recovery of inventory was generated for the year ended December 31, 2020.

2. The amount and interest rate ranges of the capitalized borrowing costs for land held for construction are:

	2021	2020
Capitalized amount	$-	$6,440
Range of capitalized interest rate	-	2.17%~3.01%

(VIII) Prepayment

	December 31, 2021	December 31, 2020
Prepayment	$312,775	$349,660
Tax overpaid retained	172,746	111,623
Prepaid expense	15,610	17,336
	$501,131	$478,619

In response to the development plan of the Gulei project, Beijing Tung Sheng Tai entrusted an agent to import ethylene glycol through prepayment to Company A, and sold it to end customers. Based on the Group's future operating policies, it is planned to reduce the scale of the aforementioned businesses, but Company A's capital turnover was not efficient, so Beijing Tung Sheng Tai signed a repayment agreement with it, and transferred the prepayment to other receivables amounted to $98,773. The Group set aside the provision for impairment loss amounted to $79,801 for the year ended December 31, 2019. As of December 31, 2021, the accumulated amount of RMB 8,330 thousand (equivalent to $36,218) has been recovered. It recognized losses on (Gain on reversal of) impairment amounted to $347 and ($13,401), respectively, recorded as “other gains and losses” for the years ended December 31, 2021 and 2020. For the aforesaid matters, the Group has fully provided for the loss of doubtful debts in previous years based on the principle of prudence and conservatism; however, the Group continues to appoint lawyers to conduct legal recovery procedures to protect the rights and interests of the shareholders.

(IX) Investment accounted for using equity method

1. Details of investments accounted for using equity method are as follows:

Name of associate	December 31, 2021	December 31, 2020
Tung Bao Co., Ltd. (Tung Bao)	$297,122	$284,469
HT-S Venture Philippines Corporation (HT-S Venture)	11,447	12,866
	$308,569	$297,335

2. The share of profit/loss of associates accounted for under equity method is as follows:

Name of associate	2021	2020
Tung Bao	$12,653	$852
HT-S Venture	(1,908)	407
	$10,745	$1,259

3. The basic information of the associates is as follows:

Company name	Principal place of business	Shareholding Ratio December 31, 2021	Shareholding Ratio December 31, 2020	Method of measurement
Tung Bao	Taiwan	34.64%	34.64%	Equity method
HT-S Venture	Philippines	40.00%	40.00%	"

4. The carrying amount of the Group's interests in all individually immaterial associates as of December 31, 2021 and 2020 were $308,569 and $297,335, respectively. The operating results are summarized below:

	2021	2020
Net Income for continuing operations	$32,228	$3,428
Other comprehensive income (net amount after taxes)	189	2,029
Total comprehensive income (loss) for the period	$32,417	$5,457

5. Shanghai Ching Ti entered the liquidation process in October 2019. As the Group has lost significant influence over it, the investment amount originally accounted for using the equity method of $47,152 was reclassified to "other receivables". The estimated recoverable amount was RMB 7,613 thousand (equivalent to NT$ 33,249) for the year ended December 31, 2020, so impairment losses were provided amounted to $10,390, recording as "other gains and losses."

   During the liquidation process, the liquidation process could not be completed due to the registration of Shanghai Ching Ti's real estate certificate, and the Group intends to transfer the equity held by the Group to other shareholders through the shareholders' agreement. The equity transfer agreement was signed on May 8, 2021, and the relevant transfer procedures procedures have been completed. The sales amount was RMB 7,613 thousand (equivalent to NT$ 33,038).

6. As of December 31, 2021 and 2020 are Tung Bao Corporation and HT-S Venture, whose valuation was based on the evaluation provided in their financial statements audited by other independent accountants appointed by the companies.

7. The Group has no investments accounted for using equity method pledged to others.

(X) Joint operations

He Hsin Cheng Co., Ltd. entered into a "Joint Development Agreement" with other joint operations in November 2006 and jointly purchased four plots of land located in 271, 271-4, 271-5, and 271-7, Yucheng Sec., Nangang Dist., Taipei City. One of the participating companies was assigned to apply for the urban plan change. After the procedure of change was completed, the same company was responsible for planning, building and selling the building and the profit after necessary costs and expenses were deducted was distributed to all participating companies in proportion to the percentage of investment.

He Hsin Cheng Co., Ltd. held 12.25% shares of the above mentioned investment. Listed below are the shares of the sale and management result of the investment project, which have already been included in the consolidated comprehensive income statements:

	2020
Operating revenue	$2,950,334
Operating costs	(1,115,789)
Gross profit	1,834,545
Operating expenses	(697)
Profit from operations	1,833,848
Non-Operating revenue	
Interest income	13,553
Pre-tax profit	1,847,401

Income tax expense	(45,935)
Net profit for the period	$1,801,466
Shares of joint operation agreements	12.25%

1. The Group does not have contingent liabilities relating to the agreement of joint operations and the joint operations do not have contingent liabilities, either.
2. In order to enrich working capital and increase capital utilization efficiency, He Hsin Cheng and other joint operating companies sold the land located at Section 2, Yucheng Section, Nangang District, Taipei City by public auction on May 7, 2020. Fubon Life Insurance Co., Ltd. won the bid with a total bid price of $28,287,000. All land owners held a landlord meeting on June 8, 2020 to resolve the first cash distribution, distributed on June 10, 2020; on July 7, 2020, a landlord meeting was held to make a resolution on the rights and interests of the landlords for the settlement of the Great Nangang project and the second distributable cash, and the settlement and distribution were completed on the next day.

(XI) Property, plant, and equipment

	Land	Buildings		Machinery equipment		Leasehold improvements	Other equipment		Unfinished constructions and equipment to be tested	Total
		For self-use	For lease	For self-use	For lease	For lease	For self-use	For lease		
January 1, 2021										
Cost	$508,806	$2,918,797	$199,638	$7,791,481	$156	$160,210	$395,436	$14,154	$576,320	$12,564,998
Accumulated depreciation and impairment	-	(1,203,734)	(174,079)	(5,613,014)	(156)	(58,531)	(304,262)	(9,341)	(307,849)	(7,670,966)
	$508,806	$1,715,063	$25,559	$2,178,467	$-	$101,679	$91,174	$4,813	$268,471	$4,894,032
2021										
January 1	$508,806	$1,715,063	$25,559	$2,178,467	$-	$101,679	$91,174	$4,813	$268,471	$4,894,032
Additions	-	2,212	956	21,884	-	(13,204)	5,241	2,919	677,356	723,772
Disposals	-	(32,531)	-	(53,741)	-	-	(938)	-	(43,195)	(130,405)
Transfer	-	2,769	339	(6,508)	-	-	107,389	-	(98,326)	5,663
Depreciation charge	-	(87,609)	(1,565)	(266,769)	-	(22,875)	(30,796)	(1,949)	-	(411,563)
Net exchange differences	-	(8,904)	(144)	(11,502)	-	-	(206)	-	(1,114)	(21,870)
December 31	$508,806	$1,591,000	$25,145	$1,861,831	$-	$92,008	$171,864	$5,783	$803,192	$5,059,629
December 31, 2021										
Cost	$508,806	$2,836,607	$199,803	$7,403,640	$156	$173,414	$491,257	$17,073	$923,167	$12,553,923
Accumulated depreciation and impairment	-	(1,245,607)	(174,658)	(5,541,809)	(156)	(81,406)	(319,393)	(11,290)	(119,975)	(7,494,294)
	$508,806	$1,591,000	$25,145	$1,861,831	$-	$92,008	$171,864	$5,783	$803,192	$5,059,629

	Land	Buildings		Machinery equipment		Leasehold improvements	Other equipment		Unfinished constructions and equipment to be tested	Total
		For self-use	For lease	For self-use	For lease	For lease	For self-use	For lease		
January 1, 2020										
Cost	$508,806	$2,872,704	$192,560	$7,658,530	$156	$144,069	$395,436	$13,842	$635,572	$12,422,034
Accumulated depreciation and impairment	-	(1,060,192)	(168,990)	(5,215,362)	(104)	(34,723)	(280,363)	(6,885)	(11,475)	(6,778,094)
	$508,806	$1,812,512	$23,570	$2,443,168	$52	$109,346	$115,432	$6,957	$624,097	$5,643,940
2020										
January 1	$508,806	$1,812,512	$23,570	$2,443,168	$52	$109,346	$115,432	$6,957	$624,097	$5,643,940
Additions	-	2,779	1,876	21,781	-	15,539	9,140	312	127,306	177,044
Disposals	-	(549)	-	(3,511)	-	-	(604)	-	-	(4,664)
Capitalization of interest	-	-	-	-	-	-	-	-	6,958	6,958
Transfer	-	2,525	3,492	173,008	-	-	2,330	-	(201,098)	(19,743)
Depreciation charge	-	(100,620)	(2,128)	(323,299)	(52)	(23,206)	(25,779)	(2,457)	-	(477,541)
Impairment loss	-	(27,396)	-	(166,567)	-	-	(9,951)	-	(290,351)	(494,265)
Net exchange differences	-	25,812	438	33,887	-	-	606	1	1,559	62,303
December 31	$508,806	$1,715,063	$25,559	$2,178,467	$-	$101,679	$91,174	$4,813	$268,471	$4,894,032
December 31, 2020										
Cost	$508,806	$2,918,797	$199,638	$7,791,481	$156	$160,210	$395,436	$14,154	$576,320	$12,564,998
Accumulated depreciation and impairment	-	(1,203,734)	(174,079)	(5,613,014)	(156)	(58,531)	(304,262)	(9,341)	(307,849)	(7,670,966)
	$508,806	$1,715,063	$25,559	$2,178,467	$-	$101,679	$91,174	$4,813	$268,471	$4,894,032

1. The recoverable amounts of the Company's fixed assets are lower than the book value due to impact by market competition and thus $80,937 of impairment loss was recorded in December 2020.
2. The recoverable amounts of the Tianjin Tianzhi's fixed assets are lower than the book value due to their usage is not as good as expected, and thus $288,055 of impairment loss was recorded for the year ended December 31, 2020.
3. The recoverable amounts of the Jiangsu Jintung's fixed assets are lower than the book value due to they were affected by the fire and the plant was expected to have a low chance of resuming work, and thus $78,252 of impairment loss was recorded for the year ended December 31, 2020.
4. The recoverable amounts of the Nanjing Jintung's fixed assets are lower than the book value due to their usage is not as good as expected and its plants were affected by the fire of the near Jiangsu Jintung which was expected to have a low chance of resuming work, and thus $47,021 of impairment loss was recorded for the year ended December 31, 2020.
5. For the above-mentioned fixed assets with indicators of impairment, the Group assesses the impairment loss based on the recoverable amount, and uses the value in use and the net fair value (which belongs to Level 3) as the basis for the calculation of the recoverable amount. The value in use was calculated by the annual discount rate of 9.06% based on the five-year financial budget pre-tax cash flow forecast prepared by the management.
6. Please refer to Note XII(II) for details of the Jiangsu Jintung fire.
7. The amount and interest rate range of the capitalized borrowing costs for property, plant and equipment are as follows:

	2021	2020
Capitalized amount	$-	$6,958
Range of capitalized interest rate	-	2.61%~4.20%

8. For the information relating to property, plant and equipment pledged as collateral, please refer to Note VIII.

(XII) Lease transaction – Lessee

1. The underlying assets of the Group's lease were land, building, and machinery equipment, and the terms of the lease contract was between 1995 and 2061. The lease contract is negotiated individually and contains various terms and conditions.
2. The lease terms of the parking lots, buildings and office equipment leased by the Group were not exceed 12 months, and the lease of office equipment is a low-value subject asset.
3. The carrying amount of right-of-use assets and depreciation expense recognized are shown as follows:

	December 31, 2021	December 31, 2020
	Book value	Book value
Land	$1,489,578	$1,562,064
Buildings	4,433	9,805
	$1,494,011	$1,571,869

	2021	2020
	Depreciation charge	Depreciation charge
Land	$64,254	$63,531
Buildings	2,324	3,481
Transportation Equipment	237	-
Machinery equipment	-	11,850
	$66,815	$78,862

4. Chenergy has leased land from the Taichung Port Authority of the Ministry of Transportation and Communications to cooperate in the construction of Taichung Port West No. 7 Wharf and line storage tanks and other facilities. After the rent-free service life obtained by the investment amount is 17 years (from June 25, 2002 to June 24, 2019), a new contract was signed with the Taichung Port Authority of "Taichung Port West No. 7 Wharf and Back Line Storage Tanks and Ancillary Facilities as well as Petrochemical Industry Specialized Zone Lease Agreement" on June 25, 2019 to lease land and back-end storage tanks and ancillary facilities under operating leases. The lease term was a total of 20 years (from June 25, 2019 to June 24, 2039) with the priority to renew the lease on the expiry date of the lease term. The land use fee was calculated based on the segment value and the rate approved by the government according to the area of the leased land. Rent was prepaid in every three months in January, April, July and October of each year according to the deadline set in the Taichung Port Authority's payment notice. In addition, both parties agreed that all or a part of the subject of the lease shall not be sublet or transferred except with the consent of Taichung Port Authority.
5. Xinyuan Biology Sci. and Tech. Co. rescinded the 10-year production line use rights contract signed with Shanghai Hsin Tay in advance on September 30, 2020, and returned the performance bond amounting to RMB 8,000 thousand (equivalent to $34,939) with additional compensation amounted to RMB 24,000 thousand (equivalent to $102,757). Therefore, Shanghai Hsin Tay excluded right-of-use assets of RMB18,829 thousand (equivalent to $80,619) and lease liabilities of RMB15,472 thousand (equivalent to $66,246), and it recognized lease modification losses of RMB 3,357 thousand (equivalent to $14,373) and compensation income of RMB 24,000 thousand (equivalent to $102,757), recorded as “other gains and losses.”
6. The increase in the Group’s right-of-use assets in 2021 and 2020 were $2,907 and $46,042, respectively.
7. The profit and loss items related to lease contracts are shown as follows:

	2021	2020
Items affecting profit or loss for the current period		
Interest expense of lease liabilities	$22,598	$25,181
Expenses arising from short-term lease contracts	4,756	2,323
Expenses relating to low-value asset leases	26	36
Gain (loss) on lease amendment	314	(14,373)

8. The total cash flow arising from the Group's leases for the years ended December 31, 2021 and 2020 was $61,229 and $59,938, respectively.
9. Information about the right-of-use assets pledged to others as collateral is provided in Note VIII.

(XIII) Lease transaction – Lessor

1. The underlying assets leased by the Group include wharfs, storage tanks and storage facilities and their ancillary facilities. The term of the lease contract was from May 1, 2019 to June 30, 2024. The lease contract were individually negotiated and contain various terms and conditions.
2. The Group recognized rental income of $125,849 and $120,129 based on operating lease contracts for the years ended December 31, 2021 and 2020, respectively, with no change in lease payments.
3. The maturity and analysis of the lease payments of leasing by the Group under operating leases are as follows：

	December 31, 2021	December 31, 2020
Less than 1 year	$64,022	$32,146
More than 1 but no more than 2 years	28,560	3,425
More than 2 but no more than 3 years	14,280	-
Total	$106,862	$35,571

(XIV) Investment property

	Land	Buildings	Total
January 1, 2021			
Cost	$244,959	$6,040	$250,999
Accumulated depreciation and impairment	(145,037)	(3,786)	(148,823)
	$99,922	$2,254	$102,176
2021			
January 1	$99,922	$2,254	$102,176
Depreciation charge	-	(234)	($234)
Gain on reversal of impairment loss	51	-	$51
December 31	$99,973	$2,020	$101,993
December 31, 2021			
Cost	$244,959	$6,040	$250,999
Accumulated depreciation and impairment	(144,986)	(4,020)	(149,006)
	$99,973	$2,020	$101,993

	Land	Buildings	Total
January 1, 2020			
Cost	$244,959	$6,040	$250,999
Accumulated depreciation and impairment	(145,039)	(3,550)	(148,589)
	$99,920	$2,490	$102,410
2020			
January 1	$99,920	$2,490	$102,410
Depreciation charge	-	(236)	($236)

Gain on reversal of impairment loss	2	-	$2
December 31	$99,922	$2,254	$102,176
December 31, 2020			
Cost	$244,959	$6,040	$250,999
Accumulated depreciation and impairment	(145,037)	(3,786)	(148,823)
	$99,922	$2,254	$102,176

1. Rental income from the lease of the investment property and direct operating expenses arising from the investment property:

	2021	2020
Rental income from investment property	$400	$400
Direct operating expenses arising from the investment property generating rental income in the period	$234	$236

2. The plots of land in Pingtung held by Hua Chung Co., Ltd. was appraised by an independent real estate appraiser using sales comparison approach and income approach (less land value-added tax). For the years ended December 31, 2021 and 2020, the appraised amount were $16,448 and $16,397, respectively.
3. As of December 31, 2021 and 2020, the fair value of the investment property held by the Group other than the plots of land in Pingtung was $167,740 and $162,101, respectively. The evaluated fair value was based on the transaction prices of similar properties in the same area and belong to the fair value of Level 3.
4. Information about the investment property pledged to others as collateral is provided in Note VIII.

(XV) Intangible assets

	Goodwill	Royalty fees	Others	Total
January 1, 2021				
Cost	$246,149	$347,628	$106,461	$700,238
Accumulated amortization and impairment	-	(203,758)	(99,919)	(303,677)
	$246,149	$143,870	$6,542	$396,561
2021				
January 1	$246,149	$143,870	$6,542	$396,561
Addition - resourced from individual acquisition of property, plant and equipment	-	-	297	297
Transferred in	-	-	147	147
Amortization	-	(20,732)	(1,109)	(21,841)
Net exchange differences	-	(613)	(11)	(624)
December 31	$246,149	$122,525	$5,866	$374,540
December 31, 2021				
Cost	$246,149	$340,672	$105,633	$692,454
Accumulated amortization and impairment	-	(218,147)	(99,767)	(317,914)
	$246,149	$122,525	$5,866	$374,540

	Goodwill	Royalty fees	Others	Total

January 1, 2020				
Cost	$246,149	$359,766	$103,982	$709,897
Accumulated amortization and impairment	0	(198,085)	(71,828)	(269,913)
	$246,149	$161,681	$32,154	$439,984
2020				
January 1	$246,149	$161,681	$32,154	$439,984
Addition - resourced from individual acquisition of property, plant and equipment	-	892	4,567	5,459
Transferred in	-	(20,511)	(15,559)	(36,070)
Amortization	-	-	(14,603)	(14,603)
Net exchange differences	-	1,808	(17)	1,791
December 31	$246,149	$143,870	$6,542	$396,561
December 31, 2020				
Cost	$246,149	$347,628	$106,461	$700,238
Accumulated amortization and impairment	-	(203,758)	(99,919)	(303,677)
	$246,149	$143,870	$6,542	$396,561

(XVI) Other non-current assets

	December 31, 2021	December 31, 2020
Refundable deposit	$4,403	$7,556
Long-term account receivables - related parties	71,303	139,159
Others	14,074	10,514
	$89,780	$157,229

Regarding the account receivables of Hsin Tay Ltd. from Tianjin Zhongran, it was based on the results of the agreement between the two parties as Tianjin Zhongran was unable to repay the contract that Tianjin Zhongran plans to pay off in 3 years. The Group recorded it as "accounts receivable - related parties" and "long-term account receivables - related parties" per its liquidity. and please refer to Note VII (II)3. for relevant description.

(XVII) Impairment of non-financial assets

The gain on reversal of (loss on) impairment loss recognized for the years ended December 31, 2021 and 2020 were $51 and ($508,866), respectively. Details are provided below:

	2021 Recognized in profit or loss for the period	2020 Recognized in profit or loss for the period
Non-financial assets:		
Impairment loss - buildings	$-	($27,396)
Impairment loss - machinery equipment	-	(166,567)
Impairment loss - other equipment	-	(9,951)
Impairment loss - unfinished constructions and equipment to be tested	-	(290,351)
Reversal gain - investment property	51	2
Impairment loss - intangible assets	-	(14,603)
	$51	($508,866)

(XVIII) Short-term loans

Loan type	December 31, 2021	Interest range
Collateralized loan from bank	$174,216	1.25%~2.25%
Bank credit loan	112,407	1.25%~3.95%
Bank purchase loan	295,304	4.00%~4.10%
	$581,927	
Issue guaranteed bill	$1,213,040	

Loan type	December 31, 2020	Interest range
Collateralized loan from bank	$636,410	2.06%~3.11%
Bank credit loan	41,943	1.29%~2.06%
Bank purchase loan	434,596	3.30%~4.20%
	$1,112,949	
Issue guaranteed bill	$1,305,440	

Information about short-term borrowings pledged to others is provided in Note VIII.

(XIX) Other payables

	December 31, 2021	December 31, 2020
Salary payable	$320,610	$299,916
Freight payable	184,731	251,809
Repairing charges payable	182,123	126,640
Tax payable	159,511	127,448
Utility expenses payable	151,884	156,523
Payables on equipment	27,956	56,181
Employees benefits payable and remuneration payable to directors and supervisors	21,172	38,712
Usage fee of the pipe gallery payables	15,997	48,987
Professional service fees payable	9,855	15,013
Fine payable	6,000	6,000
Management fee payables	9,275	5,371
Commission payable	1,922	4,640
Interest payable	1,080	5,983
Others	81,307	69,398
	$1,173,423	$1,212,621

1. The Company experienced an oil spill incident in the Houjin River in Kaohsiung City on May 30, 2017. The Environmental Protection Bureau of Kaohsiung City Government imposed a fine of $6,000 on the Company in accordance with Water Pollution Control Act on July 25, 2017. The Company has recognized a provision for the full amount of this fine in “other payables.”

   The Company was not satisfied with the above rulings and has appealed for an administrative remedy in accordance with the law in August 2017; however, the petition was dismissed, and the Company filed an administrative lawsuit on June 28, 2018. On February 4, 2020, the Kaohsiung High Administrative Court judged (2018 Prosecution No. 251) that the Kaohsiung City Government Environmental Protection Bureau's judgment was flawed resulting in the cancellation of the penalty, and the Kaohsiung City Government Environmental Protection Bureau will re-evaluate the Company's violations and impose penalties again. Currently, the amount of the penalty is still under negotiation with the Kaohsiung City Government Environmental Protection Bureau, so the other payables originally recognized by the Company have not been adjusted.

2. It is stipulated in the lease contract signed between Chenergy and Taichung Port Authority that if the import, export or re-export from Taichung Port does not reach the total minimum operating volume for every 3 years within these 3 years, management fees shall be paid based on the total minimum operating volume for every 3 years. For the years ended December 31, 2021 and 2020, Chenergy accrued the management fee as agreed and accounted for profit and loss as $3,165 and $0, respectively, and the outstanding balances of $7,701 and $4,536, respectively, were recorded under "other payables."

(XX) Long-term loans

Loan type	December 31, 2021	Interest range
Secured loans from banks	$1,699,000	1.98%~2.16%
Bank credit loan	108,568	4.00%
	$1,807,568	
Less: Arranger fees	(2,790)	
Portions due within one year (listed as current liability)	(342,000)	
	$1,462,778	
Issue guaranteed bill	$1,750,000	

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

1. Information about collaterals pledged for long-term borrowings is provided in Note VIII.
2.
   (1) On December 28, 2018, the Company entered into a long-term syndicated loan contract, amounted to $1,750,000, with Land Bank of Taiwan and other financial institutions to repay the syndicated loan outstanding on account. The syndicated loan consist of two types, namely Type A and B, and the term of the loan is five years starting from the first drawdown. The company shall make the first drawdown within

two months after the date of signing the contract. Otherwise, for the purpose of counting the loan period, two months after the date of signing the contract shall serve as the date of first drawdown.

Type A: The loan amount of Type A is $1,650,000 with a non-revolving credit line. On January 28, 2019, the drawdown took place, and its amount was $1,650,000. The repayment method is to repay the loan in quarterly installments starting from two years after the drawdown (i.e., January 28, 2021).

Type B: The loan limit of Type B is $100,000 with a revolving credit line. As of December 31, 2021, the Company did not drawdown any loans from Type B.

(2) The main contents of this syndicated loan are as follows:

a. In the duration of the syndicated loan, the Company cannot provide endorsement for third parties without permission from a majority of the lending banks except for general capital lending and endorsement that follows the endorsement procedures.

b. In the duration of the syndicated loan, annual financial reports should maintain financial ratios as follows:

(a) Current ratio: No less than 100%.

(b) Debt ratio: No higher than 100%.

(c) Interest coverage ratio: No less than (including) 2 times.

(d) Net tangible assets: No less than $8,000,000.

c. The Company pledged as the security of the loan the 15 plots of Land No. 474, 474-1, 481, 488, 503, 504, 505, 507, 508, 523, 524, 525, 526, 527 and 528 in Zhuyuan Se, Renwu Dist., Kaohsiung City, five buildings and their affiliated facilities of Building No. 1, 797-1, 797-2, 797-3, and 804 in Zhuyuan Se, Renwu Dist., Kaohsiung City, Land No. 124 in Zhongxing Se, Wugu District., New Taipei city, building No. 211, 213, 215, 217, 219, 221, 223, 225, 227 and their affiliated facilities of Land No. 8 in Dayou Se, Sanchong Dist., New Taipei City.

The aforementioned financial ratios and restrictions are calculated based on the annual consolidated financial statements audited by independent accountants and the consolidated financial statements reviewed by independent accountants as of and for the periods ended June 30 each year. Inspection shall be conducted semi-annually. The date for annual inspection is March 31 of each year and the date for semi-annual inspection is August 15 of each year. If the Company breaches the agreements, it should take remedial measures in order to meet all the criteria of financial ratios and restrictions before the next inspection date (herein referred to as remedial period). If the financial ratios improve and meet all the criteria and restrictions within the remedial period, it is not deemed as a breach to the agreements. However, from the inspection date to the date when the improvement is actually made, interest will be charged at the applicable rate plus an annual rate of 0.20%. If the Company failed to meet the criteria and restrictions within the remedial period, it is deemed as a breach to the agreements. The administering bank is entitled with the right to take actions in accordance the contract. Actions that the administering bank can take include but are not limited to the following actions:

a. Partially or fully suspend the borrower's right to drawdown the loan.

b. Partially or fully cancel the loan amount that has not been drawn down.

c. Declare that all the principal balance outstanding, interest, fees and other payables under the loan contract are partially or fully due immediately.

d. Exercise the right of mortgage, the right of lien, other rights or the rights conferred by the contract.

e. Request the Company to repay the loan with the promissory note.

f. Enforce other rights that have been entitled to the administering bank and other lending banks under the laws, the contract or other related documents.

g. Take other actions upon which the majority of the lending banks agreed.

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

	December 31, 2021	December 31, 2020
Due after 1 year	$100,000	$70,000

4. Borrowings from non-financial institutions are as follows:

The financing amounted to RMB 33,800 thousand from Far Eastern Leasing Co.,ltd with the loan period from January 27, 2019 to July 27, 2021. The principal of RMB 1,127 thousand has been repaid each month since February 2019, and the loan was repaid in advance and in full in February 2021.

(XXI) Deferred government grants

	December 31, 2021	December 31, 2020
Deferred income from government grants	$-	$273,802

1. As a result of the land consolidation in Tianjin City, the Tianjin City Government required Tianjin Tianzhi to relocate its factory from the urban area to the industrial area. Under the agreement of relocation compensation entered into by Tianjin Tianzhi and the Tianjin City government, the government compensates Tianjin Tianzhi for the relocation with RMB3,800 thousand for each Mu (1 Mu is approximately 667 square meters) it owns. In addition, the compensation for the original land use rights, buildings and other land attachments is RMB2,000 thousand for every Mu; compensation for other expenses, including loss due to production and business suspension, relocation expenses and personnel settlement expenses, is RMB1,800 thousand for every Mu. The total amount of the above compensation is $868,235, which Tianjin Tianzhi fully received in 2016 and recognized income from government grants in accordance with the terms of the compensation agreement.

   For the year ended December 31, 2020, the government grants income of $31,223 was recognized and recorded as "other income," and the related grants has been recognized.

2. Due to the needs of the urban reconstruction project, the Ma'anshan Municipal Government requested the expropriation of the land use rights, buildings and other attachments of Anhui Jintung. According to the agreement in the "Requisition and Compensation of Expropriation Agreement" signed by both parties, the compensation for the assets of land use rights, buildings and other attachments was RMB 59,579 thousand; the compensation for the loss of production and business suspension was RMB 7,846 thousand. Anhui Jintung received RMB 62,692 thousand and RMB 4,733 thousand, respectively, in December 2020 and June 2021, in totaled RMB 67,425 thousand (equivalent to $292,864), which was recorded as “other current liabilities.” The expropriation subjects and demolition for the year ended December 31, 2021 have been completed, and losses arising from related disposal of real estate, plant and equipment, right-of-use assets, etc. amounted to RMB 21,208 thousand (equivalent to $92,117), which were recorded as “other gains and losses.” Anhui Jintung recognized government grants income in the amount of RMB 67,425 thousand (equivalent to $292,864) according to the compensation conditions agreed in the agreement, and recorded as “other income.”

(XXII) Pensions

1.

(1) The Company and domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005, and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	($52,935)	($62,610)
Fair value of plan assets	59,596	68,008
Net defined benefit assets	$6,661	$5,398

(3) Changes in net defined benefit assets were as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
2021			
Balance as of January 1	($62,610)	$68,008	$5,398
Current service cost	(109)	-	(109)
Interest income (expense)	(328)	398	70
	(63,047)	68,406	5,359
Remeasurement:			
Return on plan assets (not including interest revenue or expenses)	-	918	918
Effect of changes in financial assumptions	(638)	-	(638)
Experience adjustment	876	-	876
	238	918	1,156
Allocation of pension funds	-	146	146
Pension paid	9,874	(9,874)	-
Balance as of December 31	($52,935)	$59,596	$6,661

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
2020			
Balance as of January 1	($73,381)	$73,443	$62
Current service cost	(217)	-	(217)
Interest income (expense)	(452)	483	31
	(74,050)	73,926	(124)
Remeasurement:			
Return on plan assets (not including interest revenue or expenses)	-	2,702	2,702
Effect of changes in financial assumptions	(208)	-	(208)
Experience adjustment	1,827	-	1,827
	1,619	2,702	4,321
Allocation of pension funds	-	1,201	1,201
Pension paid	9,821	(9,821)	-
Balance as of December 31	($62,610)	$68,008	$5,398

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). The utilization of the fund is overseen by the Fund's supervisory committee. With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The principal actuarial assumptions used were as follows:

	2021	2020
Discount rate	0.60%	0.57~0.60%
Future salary increase rate	1.00%~2.00%	1.00%~2.00%

Future morality rate was estimated based on the Annuity Mortality Table.
Due to changes in the main actuarial assumption, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
December 31, 2021 Effect on present value of defined benefit obligation	($1,434)	$1,476	$1,475	($1,409)
December 31, 2020 Effect on present value of defined benefit obligation	($1,676)	$1,726	$1,736	($1,651)

The sensitivity analysis above was based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.
The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(6) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to $146.

(7) As of December 31, 2021, the weighted average duration of the retirement plan is 8.9 to 12.7 years. The maturity analysis of the pension payments is as follows:

Year	Payment of employee benefits
2022	$38,520
2023	1,241
2024	863
2025	1,852
2026	482
2027~2031	1,638
	$44,596

2.

(1) Since July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan ("the New Plan") under the Labor Pension Act ("the Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of

employment.

(2) The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2021 and 2020 was 14%~21% and 13%~20%. Other than the monthly contributions, the Group has no further obligations.

(3) The pension costs under the defined contribution pension plans of the Group were $59,352 and $25,568 for 2021 and 2020, respectively.

(XXIII) Share capital

1. As of December 31, 2021, the Company's authorized capital was $11,000,000 ad the paid-in capital was $10,168,248 with a par value of NT$10 per share, consisting of 1,016,825 thousand shares of common stock. All proceeds from shares issued have been collected.

2. Movements in the number of the Company's common shares outstanding are as follows:

	2021	2020
January 1/ December 31	1,016,825 thousand shares	1,016,825 thousand shares

3. Treasury stock

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

	December 31, 2021		December 31, 2020	
Name of entities for which the Company holds stocks	Number of shares (in thousand shares)	Book value	Number of shares (in thousand shares)	Book value
Ho Tung Cement (Note)	3,518	$16,978	3,518	$16,978
Paotze (Note)	10,142	78,973	10,142	78,973
		$95,951		$95,951

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

(2) Securities and Exchange Act stipulates that the number of stocks bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding stocks and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

(3) The treasury stock held by the Company may not be pledged under the Securities and Exchange Act and is not entitled to shareholders' rights until it is transferred.

(4) According to the Securities and Exchange Act, treasury stocks should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(XXIV) Capital surplus

According to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to stockholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2021			
	Issue premium	Treasury stock trade	Difference between the price received from acquisition or disposal of a subsidiary and its book value	Total
January 1	$8	$40,744	$9,789	$50,541
Transactions with non-controlling equity	-	-	(634)	(634)
Cash dividends received by subsidiaries from the parent company	-	7,186	-	7,186
December 31	$8	$47,930	$9,155	$57,093

	2020			
	Issue premium	Treasury stock trade	Difference between the price received from acquisition or disposal of a subsidiary and its book value	Total
January 1/ December 31	$8	$40,744	$9,789	$50,541

(XXV) Retained earnings

1. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses; then, 10% of the remaining amount shall be set aside as legal reserve. If, after setting aside the remaining amount as special reserve, there are still earnings, the remaining amount shall be retained or appropriated in accordance with the resolution made by the stockholders' meeting. When appropriating earnings, the Company shall first distribute stock dividends, which shall not exceed 10% of the unappropriated earnings.
2. The Company's dividend policy stipulates that the percentage of distribution of cash dividends shall be no lower than 10%. However, the percentage may be adjusted considering future fund demands and capital expenditure. If there has been business expansion in the year, such as building new factories, or fund is needed for future investment plans, the dividends may all be distributed in shares.
3. The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.
4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

5.

(1) The appropriation of 2019 earnings has been approved at the annual stockholders' meeting on June 19, 2020, and the details are summarized below:

	2019	
	Amount	Dividend per share (NT$)
Legal capital reserve	$1,782	
Special capital reserve	112,639	
Cash dividend	-	$-
	$114,421	

(2) The appropriation of 2020 earnings has been approved through the electronic voting reaching the statutory threshold for passing resolutions at the annual stockholders' meeting on June 20, 2021, and the details are summarized below:

	2020	
	Amount	Dividend per share (NT$)
Legal capital reserve	$168,965	
Special capital reserve	107,988	
Cash dividend	711,777	$0.70
	$988,730	

(3) The appropriation of 2021 earnings had been proposed at the Board of Directors' meeting on March 16, 2022. Details are summarized below:

	2021	
	Amount	Dividend per share (NT$)
Legal capital reserve	$72,195	
Special capital reserve	(270,912)	
Cash dividend	427,066	$0.42
	$228,349	

(XXVI) Other equity items

	2021		
	Unrealized gain (loss) on valuation	Foreign currency translation	Total
January 1	($68,927)	($435,834)	($504,761)
- The Group	352,745	(82,772)	269,973
- Associate	-	(808)	(808)
- Valuation adjustment transferred to retained earnings	1,746	-	1,746
December 31	$285,564	($519,414)	($233,850)

	2020		
	Unrealized gain (loss) on valuation	Foreign currency translation	Total
January 1	($239,178)	($433,532)	($672,710)
- The Group	170,251	(3,114)	167,137
- Associate	-	812	812
December 31	($68,927)	($435,834)	($504,761)

(XXVII) Operating revenue

	2021	2020
Revenue from Contracts with Customers		
Sales revenue	$20,085,609	$25,729,062
Rental income	125,849	120,129
Total	$20,211,458	$25,849,191

1. Disaggregation of revenue from contracts with customers

   The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

	2021				
	Chemicals	Construction	Cement	Warehousing	Total
Taiwan	$139,761	-	$657,215	$14,495	$811,471
China	16,457,214	-	-	-	16,457,214
Southeast Asia	1,848,745	-	-	-	1,848,745
Others	968,179	-	-	-	968,179
	$19,413,899	-	$657,215	$14,495	$20,085,609

	2020				
	Chemicals	Construction	Cement	Warehousing	Total
Taiwan	$224,943	$2,950,334	$868,575	$15,594	$4,059,446
China	17,073,283	-	-	-	17,073,283
Southeast Asia	2,728,251	-	-	-	2,728,251
Others	1,868,082	-	-	-	1,868,082
	$21,894,559	$2,950,334	$868,575	$15,594	$25,729,062

Note: The commodities of Hsin Tay Petroleum and its subsidiaries include chemicals, oil products and storage recorded under oil department of Note XIV.

2. Contract liabilities

   The Group recognized contract liabilities as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities			
Contract liability – advanced receipts	$199,535	$335,935	$303,316

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

	2021	2020
Opening balance of contract liabilities recognized as income for the period		
Advance receipts	$309,314	$278,172

(XXVIII) Operating costs

	2021	2020
Cost of goods sold	$17,005,767	$19,731,889
Cost of lease	117,609	111,118
	$17,123,376	$19,843,007

(XXIX) Interest income

	2021	2020
Interest from bank deposits	$80,803	$51,289
Interest income on financial assets at amortized cost	16,171	13,684
Long-term account receivables - related parties	8,725	2,633
Other interest income	508	1,319
	$106,207	$68,925

(XXX) Other income

	2021	2020
Dividend income	$38,807	$16,779
Government subsidy income	292,864	31,223
Other income - others	44,367	63,195
	$376,038	$111,197

(XXXI) Other gains and losses

	2021	2020
Loss on disposal of property, plant and equipment	($106,510)	($4,497)
Loss on disposal of right-of-use assets	(4,853)	-
Loss on disposal of investments in subsidiary	(17,061)	-
Gain (loss) on lease amendment	314	(14,373)
Gain (loss) on foreign exchange	(11,277)	10,068
Net gain on financial assets measured at fair value through profit and loss	3,786	22,880

Impairment loss	(347)	(519,258)
Gain on reversal of impairment	51	13,403
Indemnity income	-	102,757
Loss on tentative accrual of oil pollution indemnity	-	(154,000)
Other expenses	(32,502)	(26,374)
	($168,399)	($569,394)

(XXXII) Finance costs

	2021	2020
Interest expense		
Bank loans	$86,224	$140,439
Loans from non-financial institution	794	4,494
Non-arrived funding of joint operations	-	50,193
Amortization of syndication arranger fees	2,212	7,090
Lease payable - discounted amortization	22,598	25,181
Long-term payables - discounted amortization	3,844	5,416
Others	321	15,753
Less: Capitalization of assets that meet the criteria	-	(13,398)
	$115,993	$235,168

(XXXIII) Expenses by nature

	2021		
	Cost	Expenses	Total
Employee benefit expenses	$441,945	$536,441	$978,386
Depreciation on property, plant and equipment	383,655	27,908	411,563
Depreciation of right-of-use assets	40,799	26,016	66,815
Depreciation of investment property	-	234	234
Depreciation of intangible assets	20,774	1,067	21,841

	2020		
	Cost	Expenses	Total
Employee benefit expenses	$411,268	$516,714	$927,982
Depreciation on property, plant and equipment	451,025	26,516	477,541
Depreciation of right-of-use assets	40,795	38,067	78,862
Depreciation of investment property	-	236	236
Depreciation of intangible assets	24,359	11,711	36,070

(XXXIV) Employee benefit expenses

	2021	2020
Salary expense	$722,305	$721,078
Labor insurance and National Health Insurance expense	14,960	12,257
Pension expense	59,391	25,754
Directors' remuneration	8,801	18,178
Other personnel cost	172,929	150,715
	$978,386	$927,982

1. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and Directors' and Supervisors' remuneration. The ratio shall be no less than 1% for employees' compensation and shall not be higher than 3% for Directors' and Supervisors' remuneration.
2. In 2021 and 2020, employees' compensation was accrued at $7,879 and $17,430, respectively while directors' and supervisors' remuneration was accrued at $7,879 and $17,430, respectively. The aforementioned amounts were recognized in salary expenses.

   For the year ended December 31, 2021, it was accrued based on 1% of distributable profit. The resolved amounts as approved by the Board of Directors were $7,879 and $7,879, respectively, and the employees' compensation will be distributed in the form of cash.

   Employees' compensation and directors and supervisors' remuneration for 2020 as resolved by the Board of Directors during its meeting on May 12, 2021 amounted to $5,989 and $7,500, respectively, were different from the amounts recognized in the 2020 financial statements by $17,430 for employees' compensation and $17,430 for directors' and supervisors' remuneration. The difference of $11,441 and $9,930, respectively, has been adjusted in profit or loss for 2021.

   Information on employees' compensation and directors and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted on the Market Observation Post System website.

(XXXV) Income tax

1. Income tax expense

(1) Components of income tax expense:

	2021	2020
Current income tax		
Income tax incurred in current period	$442,756	$593,058
Value-added tax on land	-	45,935
Surtax on unappropriated earnings	41,468	-
Under(Over)-estimated provision of the prior year's income tax	(21,660)	542
Total current income tax	462,564	639,535
Deferred income tax:		
Initial recognition and reversal of temporary differences	69,991	(32,778)
Effect of exchange	(1,228)	3,725
Total deferred income tax	68,763	(29,053)
Income tax expense	$531,327	$610,482

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

	2021	2020
Remeasurement of defined benefit obligations	($231)	($866)

2. Reconciliation between income tax expense and accounting profit

	2021	2020
Income tax calculated based on profit before tax and at the statutory rate	$510,296	$864,930
Effects from items adjusted by tax regulation	(177,784)	(386,064)
Value-added tax on land	-	45,935
Foreign dividend income	-	16,655
Tax on distributed earnings	89,789	12,020
Surtax on unappropriated earnings	41,468	-
Under(Over)-estimated provision of the prior year's income tax	(21,660)	542
Change in realizability evaluation of deferred income tax assets	31,897	19,602
Temporary differences that are not recognized in deferred income tax assets	57,321	36,862
Income tax expense	$531,327	$610,482

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

	2021			
	January 1	Recognized in profit and loss	Recognized in Other Comprehensive Income	December 31
Deferred income tax assets:				
- Temporary differences:				
Excess of allowance for bad debts	$27,596	$356	$-	$27,952
Impairment loss on property, plant and equipment	65,665	(1,010)	-	64,655
Unrealized exchange loss	2,923	(1,493)	-	1,430
Unrealized selling gross profit	2,469	(2,459)	-	10
Allowance for inventory write-down	268	(268)	-	-
Unrealized cost and expense	170,149	(12,600)	-	157,549
Temporary difference arising from pension costs recognized	1,564	-	-	1,564
Compensation to unused annual leave	1,818	(122)	-	1,696
- Deductible loss	29,938	(2,110)	-	27,828
Subtotal	$302,390	($19,706)	$-	$282,684
Deferred income tax liabilities:				
- Temporary differences:				
Unrealized revenue and income	(1,638)	(50,295)	-	(51,933)
Temporary difference arising from pension costs recognized	(3,766)	10	(231)	(3,987)
Subtotal	($5,404)	($50,285)	($231)	($55,920)
Total	$296,986	($69,991)	($231)	$226,764

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

4. The Company did not recognize the deferred income tax liabilities for the taxable temporary differences related to certain subsidiaries' investments. As of December 31, 2021 and 2020, the amount of temporary differences that has not been recognized as deferred income tax liabilities were $5,132,199 and $3,968,772, respectively.
5. The profit-seeking enterprise income tax of the Company is approved by the taxation authority till 2018.

(XXXVI) Earnings per share

	2021		
	Income after tax	Weighted average number of common shares outstanding (in thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$722,746	$1,003,165	$0.72
Diluted EPS:			
Profit attributable to ordinary shareholders of the parent	$722,746	$1,003,165	
Effect on employees' compensation of dilutive potential ordinary shares	-	918	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$722,746	$1,004,083	$0.72

	2020		
	Income after tax	Weighted average number of common shares outstanding (in thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$1,686,431	$1,003,165	$1.68
Diluted EPS:			
Profit attributable to ordinary shareholders of the parent	$1,686,431	$1,003,165	
Effect on employees' compensation of dilutive potential ordinary shares	-	1,680	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$1,686,431	$1,004,845	$1.68

(XXXVII) Transactions with non-controlling equity

The Group acquired an additional 0.35% of the issued shares of Chenergy on July 16, 2021 for $2,968 in cash. The book value of non-controlling interests of Chenergy amounted to $6,203, and this transaction decreased non-controlling interests by $2,334 and increased the equity attributable to owners of parent company by $2,334. The changes in the interests of the Chenergy have produced the following impact on the equity attributable to owners of parent company in 2021 were as below:

	2021	2020
Book value of non-controlling interests	$2,334	$-
Consideration paid to non-controlling interests	(2,968)	-
Capital surplus - Difference between the price received from actual acquisition or disposal of a subsidiary and its book value	($634)	$-

(XXXVIII) Supplemental cash flow information

1. Investing activities with partial cash received:

	2021	2020
Acquisition of property, plant and equipment	$723,772	$177,044
Add: Payable on equipment, beginning	56,181	74,279
Less: Payable on equipment, ending	(27,956)	(56,181)
Less: Capitalization of interest	-	(6,958)
Cash paid in the period	$751,997	$188,184

	2021	2020
Disposal of property, plant, and equipment	$130,405	$4,664
Less: Loss on disposal of property, plant and equipment	(106,510)	(4,497)
Less: Other receivables, ending	(7,193)	-
Cash received during the period	$16,702	$167

	2021	2020
Acquisition of intangible assets	$297	$5,459
Add: Long-term payables, beginning	88,729	120,828
Less: Long-term payables - discounted amortization	3,844	5,416
Less: Long-term payables, ending	(74,075)	(88,729)
Cash paid in the period	$18,795	$42,974

2. Operating activities with no cash flow effect:

	2021	2020
Inventories transferred to property, plant and equipment	$6,195	$16,376
Property, plant and equipment transferred to intangible assets	$147	-

(XXXIX) Changes in liabilities from financing activities

	2021			
	Short-term loans	Long-term loans	Lease liabilities	Total liabilities from financing activities
January 1	$1,112,949	$1,919,438	$773,459	$3,805,846
Changes in cash flows from financing activities	(525,977)	(114,456)	(33,849)	(674,282)
Effect of exchange rate changes	(5,045)	(204)	(54)	(5,303)

Gains on lease modifications	-	-	314	314
Increase in right-of-use assets	-	-	1,705	1,705
Decrease in right-of-use assets	-	-	(5,089)	(5,089)
December 31	$581,927	$1,804,778	$736,486	$3,123,191

	2020			
	Short-term loans	Long-term loans	Lease liabilities	Total liabilities from financing activities
January 1	$2,577,146	$2,620,637	$864,704	$6,062,487
Changes in cash flows from financing activities	(1,465,601)	(705,234)	(32,398)	(2,203,233)
Effect of exchange rate changes	1,404	4,035	7,399	12,838
Loss on lease modification	-	-	14,373	14,373
Decrease in right-of-use assets	-	-	(80,619)	(80,619)
December 31	$1,112,949	$1,919,438	$773,459	$3,805,846

VII. Related-Party Transactions

(I) Names of related parties and relationship

Name of related party	Relationship with the Group
Tung Bao	Associate
HT-S Venture	"
Jiangsu HSINTAI Chemical S&T CO., Ltd (Jiangsu HSINTAI) (Note)	-
Tianjin Zhongran Ship Fuel Limited Company (Tianjin Zhongran)	Other associates
Tianjin Angel Chemicals Group Co., Ltd. (Tianjin Angel)	"
Tianjin Dai-Ichi Fine Chemicals Co.,Ltd. (Tianjin Dai-Ichi)	"
He Ming Co., Ltd. (He Ming)	"
Ho Tung (China) Co., Ltd. (Ho Tung China)	"
SINOPEC Jilin Petrochemical Ltd.(SINOPEC Jilin)	"
Chia He Co., Ltd. (Chia He)	"
Yuan He Biotech Co., Ltd (Yuan He)	"
Hung I Investment Co., Ltd (Hung I Investment)	"
Liby Daily Chemical Co., Ltd. (Liby Daily)	"
Xiamen Xiahua industrial Co. ,Ltd.(Xiamen Xiahua)	"
Xiamen Jinbaitong Investment Management Consulting Co., Ltd. (Xiamen Jinbaitong)	"
Zanyu Technology Group Co., Ltd. (Zanyu Tech)	"
BELLFIELD INVESTMENTS LIMITED (BELLFIELD)	"
Dynamic Ever Investments Ltd. (Dynamic Ever)	"

Note: Jiangsu HSINTAI is not the Group's related party as of January 1, 2021.

(II) Significant transactions with related parties

1. Operating revenue

	2021	2020
Sales of goods:		
Other associates		
Zanyu Tech	$74,674	$-
Others	-	77,058
Associate		
HT-S Venture	38,397	401,144
Sale of service:		
Other associates	10,591	2,491
Lease income		
Other associates	10,424	10,276
	$134,086	$490,969

(1) The Group sells commodities based on mutually agreed selling price. The collection period for certain related parties was 120 days after the sale is completed. Except for the collection period mentioned above, other terms of sales were not significantly different from those of third parties with collection period of 30 days to 90 days after sales.

(2) The price of services provided by the Group is calculated based on cost-plus pricing. The collection term is 30 days after providing the services.

(3) Prices and terms of leasing storage equipment to related parties are determined by the tenancy contracts upon which agreed by both parties. There are no similar transactions with third parties for reference.

2. Purchase

	2021	2020
Purchase of goods:		
Other associates		
SINOPEC Jilin	$1,723,161	$3,142,174
Jiangsu HSINTAI	-	692,505
Others	-	37,859
Purchase on service:		
Other associates	16,535	201,265
	$1,739,696	$4,073,803

(1) The purchase price of commodities is negotiated and determined by both parties. Terms of payment were not significantly different from those of third parties where the payment is due within 30 days to 90 days after the purchase of the goods.

(2) Price of services provided by related parties is calculated based on cost-plus pricing. The payment term is 30 days after their services are provided.

3. Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
Other associates		
Tianjin Zhongran	$280,323	$144,212
Others	9	-
Associate		
HT-S Venture	312	54,756
	280,644	198,968
Less: Allowance for bad debts	(137,672)	(72,106)
	$142,972	$126,862

	December 31, 2021	December 31, 2020
Other receivables:		
Other associates		
Ho Tung China	-	$437
Xiamen Jinbaitong	-	116
Jiangsu HSINTAI	-	171
Others	5	5
	$5	$729
Long-term account receivable:		
Other associates		
Tianjin Zhongran	$140,161	$288,424
Less: Unrealized interest income	(3,667)	(12,644)
	136,494	275,780
Less: Allowance for bad debts	(65,191)	(136,621)
	$71,303	$139,159

(1) The account receivables from related parties arise mainly from sales transactions.

(2) Other receivables arise mainly from interest receivable and payments on behalf of others.

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

	December 31, 2021	December 31, 2020
Not past due	$321	$54,756
Past due		
Over 181 days	280,323	144,212
	$280,644	$198,968

The above aging analysis is based on past due date.

(4) Tianjin Zhongran is a large-scale import and export enterprise of China fuel oil products. The company postponed the payment of fuel goods due to the alternation of new and old teams. After agreed between the two parties, the Group and the company solved the dispute by reaching a settlement. Meanwhile, it obtained a letter of guarantee provided by a subsidiary of the company's group (the ultimate parent company is a government-owned enterprise of China). According to the agreement, the company can complete the

repayment in three years through various methods, such as cash, equity, fixed assets and business cooperation etc. In 2022, according to the content of the agreement between the two parties, the Group has appointed a lawyer to file a civil lawsuit to ensure the rights and interests of the Group, and the relevant procedures are still in progress. Based on the steady and conservative principle, the Group has made provision for expected credit impairment losses amounted to $470,881, and wrote off the accounts of $245,103 for the year ended December 31, 2020.

As of December 31, 2021, the Group's accounts receivable of Tianjin Zhongran amounted to $416,817, recorded as “accounts receivable - related parties” for $142,651 (accounts receivable amounted to $280,323 and allowance for bad debts amounted to $137,672) and recorded as “other non-current assets - long-term account receivable - related parties” for $71,303 (long-term account receivable amounted to $136,494 and allowance for bad debts amounted to $65,191) according to the liquidity. The realized interest income on this long-term receivable amounted to $8,725 for the year ended December 31, 2021.

4. Payables to related parties

	December 31, 2021	December 31, 2020
Accounts payable:		
Other associates		
Jiangsu HSINTAI	$0	$14,014
Other payables:		
Other associates		
SINOPEC Jilin	$1,594	$11,727
Others	59	498
Associate		
Tung Bao	2,878	-
	$4,531	$12,225
Long-term accounts payable:		
Other associates		
SINOPEC Jilin	$23,451	$23,584

(1) The payables to related parties arise mainly from purchase transactions.

(2) Other payables to related parties arise mainly from bonus payable, payment of processing fee, and custodial receipts.

(3) Long-term payables mainly arise from technical service fees.

5. Prepayment

	December 31, 2021	December 31, 2020
Other associates		
SINOPEC Jilin	$108,200	$94,474
Jiangsu HSINTAI	-	28,104
	$108,200	$122,578

Prepayment arises mainly for goods.

6. Property transactions

Disposal of property, plant and equipment:

	2021		2020	
	Proceeds from disposal	Gain on disposal	Proceeds from disposal	Gain on disposal
Other associates				
Xiamen Xiahua	$1,406	$1,157	$0	$0

7. Loans to related parties

Loans to related parties

Hsin Tay has been providing capital loans to BELLFIELD since 2008. According to the repayment agreement entered into by both parties, BELLFIELD provided stocks that equal to the amount of the debt as security for the loan. Thus, BELLFIELD provided 19,545 thousand shares of Taiwan Yuli as security for the loan in the first half of 2010. However, because the recoverable amounts were lower than the book value of the shares, Hsin Tay recognized USD 5,100 thousands of impairment loss in 2012 and proposed a repayment plan. The actual recovered amount subsequently amounted to USD 5,739 thousand. BELLFIELD was dissolved in October 2019, and the Group appointed a lawyer to evaluate the legal recourse procedure based on the protection of shareholders' rights and interests. The Group has assessed that it is no longer beneficial to recover the accounts in July 2020, so it appointed a lawyer to conduct a benefit assessment for overseas debt recovery matters in September 2020 and the allowance loss was written off after considering the opinion of the appointed lawyer in November 2020.

8. Other income

	2021	2020
Other associates		
Xiamen Xiahua	$222	$219
Yuan He Biotech	60	60
Others	9	22
	$291	$301

Other incomes arise mainly from providing services.

9. Endorsements and guarantees

	December 31, 2021	December 31, 2020
Key management of the entity or its parent	$770,000	$3,910,880
Other associates	-	275,148
	$770,000	$4,186,028

10. Others

The property of A-1901, Modern City, Beijing (with book value of US$201,677), which is owned by Hsin Tay, was bought in the name of the Group's entrusted chief management and was registered under his/her name due to the convenience of the loan. The letter of appointment and the certificate of ownership of the building are available.

(III) Key management compensation

	2021	2020
Salary and other short-term employees' benefits	$38,341	$107,795
Benefits after retirement	43	141
	$38,384	$107,936

VIII. Pledged Assets

Details of assets pledged as collateral by the Groups are as follows:

Assets	December 31, 2021	December 31, 2020	Nature of pledges
Notes receivable	$33,023	$21,861	Financing guarantees
Repurchase bond, demand deposit and time deposit (listed as financial assets at amortized cost - current)	532,488	857,078	L/C guarantee deposit, financing guarantees and performance bond
Property, plant, and equipment	856,518	871,129	Financing guarantees
Investment property	74,867	74,867	Financing guarantees
demand deposit and time deposit (listed as financial assets at amortized cost - non-current)	171,207	57,029	Financing guarantees, performance bond and arbitration bond
Right-of-use assets - Land	261,563	290,440	Financing guarantees
	$1,929,666	$2,172,404	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

1. Chenergy had an oil spill pollution incident at Taichung Port's West No. 7 Wharf on October 24, 2013. Regarding its subsequent insurance claims and other related matters, Chenergy and the engineering company that outsourced for renovation initially estimated that the total cost of the soil remediation project will not exceed the maximum claim amount agreed by the insurance of $360,000. Hence, on June 27, 2018, Chenergy and Fubon Insurance reached a settlement over this case and signed a settlement agreement. A settlement transcript was made on July 6, 2018. It is agreed that the insurance payment of $190,000 received by Chenergy should be completely used in the remediation and cleanup for the soil and groundwater in the polluted site at issue. If Chenergy does not partially or completely use the insurance payment received in the remediation and cleanup for the soil and groundwater in the polluted site at issue, Chenergy shall return all the insurance payment plus statutory interest fees. Hsin Tay Petro will provide guarantee for the aforementioned matter. Chenergy received the insurance payment amounted to $190,000 in July and August 2018, and the balance was $140,632 as of December 31, 2021. (recorded as other current liabilities).

   In May 2020, Chenergy once again appointed a professional environmental engineering team to evaluate the pollution site improvement plan, and hydraulic tests and biological restoration tests have been carried out successively, and it also initiate the change of the soil and groundwater pollution control plan of the site and other related matters. Also, in October 2020, it obtained the approval of the Environmental Protection Bureau of Taichung City Government through Chung-Shi-Huan-Shui-Zi No. 1090123376 to extend the change control plan to April 30, 2021. In summary, the aforementioned incidents have been evaluated by Chenergy with reference to the professional environmental engineering team according to the construction process, construction period and the scope of pollution for the best remediation of the polluted site. Although Chenergy has received an insurance claim of $190,000 which greatly reduced the damage suffered by Chenergy due to the oil spill,it has been self-accrued amounted to $154,000 for the year ended December 31, 2020 (recorded as "other gains and losses" and "other current liabilities") in order to improve the site remediation project. However, the aforementioned incidents shall not cause significant business damage to Chenergy's financial or operational aspects.

2. Due to a contract dispute between Chenergy and the contractor of the original soil remediation project, a letter was sent to the project contractor on June 12, 2019 to terminate the contract, and it also requested the project contractor to return the construction payment amounted to $44,100 (recorded as "other receivables") on August 23, 2019. The project contractor applied for arbitration to the Chinese Arbitration Association, Taipei in February 2020, and the relevant arbitration results were made in the arbitration judgment in May 2021. Chenergy refused to accept it, and it filed a lawsuit to rescind the arbitration in the Taiwan Taipei District Court in June 2021, paid a security deposit of $34,150 (recorded as "financial assets at amortized cost - non-current"), and applied for and guaranteed to stop the execution of the arbitration judgment. In addition to the subject matter claimed in the arbitration case, the aforementioned contractors still filed lawsuits for soil pollution-related incidents, which are currently going on trial by the Taiwan Taipei District Court.

(II) Commitments

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

1. The letter of credits amount that the Group issued but not yet used due to purchase of goods, property, plant and equipment as of December 31, 2021 and 2020 were $5,234 (equivalent to US$189 thousand) and $147,857 (equivalent to US$5,192 thousand), respectively.
2. The Company entered into a procurement contract for kerosene with CPC Corp., Taiwan. Both parties agreed that the Company sells raffinate oil back to CPC. The contract term covers from January 20, 2019 to January 19, 2020, from January 20, 2020 to January 19, 2021, from January 20, 2021 to January 19, 2022, and from January 20, 2022 to January 19, 2023. The Company purchased kerosene from CPC on December 31, 2021 and 2020 with banks providing a purchase guarantee in the amount of $262,000 and $98,000, respectively.
3. The contract prices of significant contracting construction that the Group has signed but not yet completed as of December 31, 2021 and 2020 amounted to $296,943 and $684,722, respectively. The Group has paid $145,463 and $339,138 in accordance with the contract terms, and subsequent payments will be made based on the progress of the construction.
4. The Group applied for an indirect investment on December 3, 2013 to establish Fujian Gulei Petrochemical Co., Ltd ("Gulei Petrochemical") in Mainland China. The investment was approved by MOEAIC on January 27, 2014. The investment project was jointly invested by the Group (including Ho Tung Chemical Corp., Hsin Tay Petroleum and Chenergy) and third parties. According to the revised joint investment agreement entered into by the Group and third parties on September 30, 2016. The amount all participating companies should invest in was US$640,505 thousands. The Group's investment amount should be US$114,020 thousands.

   According to the revised joint investment agreement entered into by the Group and third parties on December 18, 2019. The amount all participating companies should invest in was US$618,885 thousands. The Group's investment amount should be US$57,185 thousands.

Contents of the contract the progress of the investment are detailed below:

(1) Contents of the contract:

A. It is agreed that each shareholder shall jointly invest in and establish Ever Victory in accordance with the contract. In addition, each shareholder shall invest in Gulei Petrochemical and other operations approved by the competent authorities of R.O.C. and the Board of Directors of each participating company through Dynamic Ever, a subsidiary which Ever Victory established in Hong Kong and holds 100% of the ownership over (ownership of Dynamic Ever dropped to 85% due to new investors).

B. Dynamic Ever jointly invested in the establishment of Gulei Petrochemical with SINOPEC Fujian Refining & Chemical Co., Ltd. (FPCL), an associate of Sinopec Group and obtained 50% ownership of Gulei Petrochemical.

(2) Progress of the investment:

The Group reinvested in Ever Victory through Ally Solution, Big Success, and Oceanwise and then reinvested in Dynamic Ever. After further investment of US$9,553 thousand and $11,034 thousand, respectively, were invested in April 2020 and November 2020, a total of US$57,185 thousand has been invested in accordance with the new joint venture agreement.

Gulei Petrochemical started production in early August 2021, and some production lines were slightly delayed due to the pandemic. According to the agreement between the two parties, the Group provides services for the production and sales activities of some products of Gulei Petrochemical and collects service revenue, and the above-mentioned products have started to be sold one after another.

X. Significant Disaster Loss

None.

XI. Significant Events after the Balance Sheet Date

Please refer to Note VI (XXV) for details.

XII. Others

(I) Certain accounts in the financial statements as of and for the year ended December 31, 2020 have been reclassified so as to be comparable with those in the financial statements as of and for the year ended December 31, 2021.

(II) Jiangsu Jintung suffered a fire on July 18, 2020, and its production was still suspended as of March 16, 2022. Jiangsu Jintung and Nanjing Municipal Government mediated in November 2020. The Nanjing Municipal Government basically disagreed with the resumption of production of Jiangsu Jintung, instead it hoped that Jiangsu Jintung and Nanjing Jintung implement the relocation plan as soon as possible, and move the factory to Jiangbei New District, Nanjing City. Jiangsu Jintung and Nanjing Jintung will develop relevant plans and submit them to relevant units for approval.

(III) Capital management

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may change the amount of stock dividends paid to shareholders, return capital to shareholders, issue new shares or sell certain assets to reduce debt. The Group monitors capital on the basis of the debt-capital ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt.

The Group's strategies in 2021 are the same as those in 2020. The Group has been endeavoring to maintain the debt-capital ratio in a reasonable level. The Group's debt-capital ratio as of the years ended December 31, 2021 and 2020 are listed below:

	December 31, 2021	December 31, 2020
Total loans	$2,386,705	$3,032,387
Less: Cash and cash equivalents	(6,438,023)	(6,568,066)
Net liabilities	(4,051,318)	(3,535,679)
Total equity	16,627,107	16,343,964
Total capital	$12,575,789	$12,808,285
Debt-capital ratio	-32.22%	-27.60%

(IV) Financial instruments

1. Categories of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at FVTPL	$528	$208,988
Financial assets measured at FVTOCI		
Investment on designated equity instruments	2,684,985	2,371,711
Accounts receivable	1,190,643	1,482,698
Financial assets at amortized cost		
Cash and cash equivalents	6,438,023	6,568,066
Financial assets at amortized cost- current	818,854	1,201,686
Notes receivable	183,200	156,703
Accounts receivable	1,510,649	1,374,947
Accounts receivable - related parties	142,972	126,862
Other receivables	134,992	155,748
Other receivable - related parties	5	729
Financial assets at amortized cost - non-current	171,207	57,029
Long-term account receivables - related parties	71,303	139,159
Refundable deposit	4,403	7,556
	$13,351,764	$13,851,882

	December 31, 2021	December 31, 2020
Financial liabilities		
Financial liabilities measured at amortized costs		
Short-term loans	$591,927	$1,112,949
Notes payable	1,630	1,630
Accounts payable	1,585,887	934,909
Accounts payable - related parties	-	14,014
Other payables	1,173,423	1,212,621
Other payables - related parties	4,531	12,225
Long-term payables	74,075	88,729
Long-term payables - related parties	23,451	23,584
Long-term borrowings (including those due within one year or one operating cycle)	1,804,778	1,919,438
Guarantee deposit received	63,493	64,011
	$5,313,195	$5,384,110
Lease liabilities- current	$34,333	$36,870
Lease liabilities- non-current	702,153	736,589
	$736,486	$773,459

2. Risk management policies
   (1) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity 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.
   (2) Risk management is carried out by a central treasury department of the Group under policies approved by the Board of Directors. Group treasury identifies, evaluates, and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
3. Significant financial risks and degrees of financial risks
   (1) Market risk

   Foreign exchange risk

   A. The Group operates internationally and is exposed to foreign exchange risk arising from various functional currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

   B. The management has set up a policy to require all companies in the Group to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use forward foreign exchange contracts. The foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in foreign currencies other than the entity's functional currency.

C. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group expected that currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

D. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB) and is thus affected by the exchange rate fluctuation. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021					
				Sensitivity analysis		
	Foreign Currency (in thousand)	Exchange rate	Book value (NT$)	Range of change	Effect on income	Effect on other comprehensive income
(Foreign Currency: Functional currency)						
Financial assets						
Monetary items						
NTD: USD	$24,798	0.0361	$24,798	5%	$1,240	$-
USD: NTD	42,388	27.68	1,173,300	5%	58,665	-
RMB: USD	215,757	0.1569	936,968	5%	46,848	-
USD: RMB	27,148	6.3739	751,457	5%	37,573	-
Non-monetary items						
USD: NTD	64,504	27.68	1,785,461	5%	-	89,273
PESO USD	21,384	0.0193	11,447	5%	-	572
Financial liabilities						
Monetary items						
USD: NTD	4,992	27.68	138,179	5%	6,909	-
USD: RMB	26,482	6.3739	733,022	5%	36,651	-
RMB: USD	12,333	0.1569	53,559	5%	2,678	-
NTD: USD	11,928	0.0361	11,928	5%	596	-

	December 31, 2020					
				Sensitivity analysis		
	Foreign Currency (in thousand)	Exchange rate	Book value (NT$)	Range of change	Effect on income	Effect on other comprehensive income
(Foreign Currency: Functional currency)						
Financial assets						
Monetary items						
NTD: USD	$32,994	0.0351	$32,994	5%	$1,650	$-
USD: NTD	36,248	28.48	1,032,343	5%	51,617	-
RMB: USD	93,861	0.1534	409,929	5%	20,496	-
USD: RMB	29,812	6.5210	849,046	5%	42,452	-
Non-monetary items						
USD: NTD	59,640	28.48	1,698,547	5%	-	84,927
PESO USD	21,952	0.0206	12,866	5%	-	643

Financial liabilities						
Monetary items						
USD: NTD	6,813	28.48	194,034	5%	9,702	-
USD: RMB	24,082	6.5210	685,855	5%	34,293	-
RMB: USD	12,333	0.1534	53,863	5%	2,693	-
NTD: USD	23,966	0.0351	23,966	5%	1,198	-

E. The aggregate amounts of all exchange (loss) gain (including realized and unrealized) recognized for monetary items of the Group due to significant impact of exchange rate fluctuations were ($11,277) and $10,068, respectively, for the years ended December 31, 2021 and 2020.

Price risk

A. The Group's financial instruments exposed to price risk are financial assets held at FVTPL and financial assets measured at FVTOCI. To manage its price risk arising from investments in financial instruments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

B. The Group mainly invests in financial instruments comprised of equity instruments, open-end funds and structured products, etc. The value of these financial instruments are susceptible to market price risk arising from uncertainties about future performance of equity markets. If the prices of these financial securities had increased/decreased by 5% with all other variables held constant, profit before tax for the years ended December 31, 2021 and 2020 would have increased/decreased by $26 and $10,449, respectively, as a result of financial assets at fair value through profit or loss; gains or losses for the same periods would have increased/decreased by $134,249 and $118,586, respectively, as a result of financial assets measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

A. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, exposing the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. For the years ended December 31, 2021 and 2020, the Group's borrowings at variable rate were denominated in NTD, USD and RMB.

B. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

C. If the NTD borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit before tax for the years ended December 31, 2021 and 2020 would have increased/decreased by $4,698 and $5,227, respectively. The main factor is changes in interest expense resulting from floating-rate borrowings.

D. If the USD borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit before tax for the years ended December 31, 2021 and 2020 would have increased/decreased by $38 and $79, respectively. The main factor is changes in interest expense resulting from floating-rate borrowings.

E. If the RMB borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit before tax for the years ended December 31, 2021 and 2020 would have increased/decreased by $0 and $1,419, respectively. The main factor is changes in interest expense resulting from floating-rate borrowings.

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms and financial assets classified as measured at amortized cost.

B. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. According to the Group's internal credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience, and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

C. The Group adopts the assumptions under IFRS 9 that he default is regarded to have occurred when the contract payments are past due over 90 days.

D. The Group adopted the following assumptions under IFRS 9 to judge whether there is any evidence that the credit risk of financial instruments has been significantly increased after initial recognition:

(A) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
(B) If any external rating agency is rated as investment grade on the balance sheet date, the financial asset is considered as low credit risk.

E. The Group uses the following indicators to determine whether a debt instrument credit impairment is deemed to have occurred:

(A) It becomes probable that the issuer experiences significant financial difficulties or will enter into bankruptcy or other financial reorganization;
(B) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
(C) Default or delinquency on interest or principal repayments;
(D) Adverse changes in national or regional economic conditions that are expected to cause a default.

F. The Group classifies customers' accounts receivable in accordance with geographical areas, trade credit risk and customer types. The Group applies the simplified approach using provision matrix or loss rate methodology to estimate expected credit loss.

G. After the Group has gone through the recourse procedure, it will write off the amount of financial assets that cannot reasonably be expected to be recovered; however, the Group will continue to carry out legal procedures of recourse to preserve the rights of the creditor's rights.

H. The Group is included in the National Development Council's economic indicators and indicators and the comprehensive leading indicators of the Organization for Economic Cooperation and Development. The forward-looking consideration for the future is adjusted based on historical and current information in a specific period to establish a loss rate to estimate the allowance for loss of notes receivable and accounts receivable (including related parties). Matrix preparation as of December 31, 2021 and 2020 were as below:

	Not past due	90 days past due	91 to 180 days past due	More than 181 days past due
December 31, 2021				
Expected loss rate	0.015%~1.08%	0.18%~73.40%	1%~100%	10%~100%
December 31, 2020				
Expected loss rate	0.01%~1.12%	0.18%~59.24%	1%~100%	10%~100%

I. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2021		
	Accounts receivable	Accounts receivable - related parties	Total
January 1	$327,365	$72,106	$399,471
Reversal of impairment loss	(7,946)	-	(7,946)
Long-term account receivable Allowance for loss Transferred in	-	67,592	67,592
Write-off of uncollectible amounts	(1,603)	-	(1,603)
Effect of exchange	(2,178)	(2,026)	(4,204)
December 31	$315,638	$137,672	$453,310

	2020		
	Accounts receivable	Accounts receivable - related parties	Total
January 1	$75,208	$18,267	$93,475
Provision of impairment loss	254,669	329,127	583,796
Write-off of uncollectible amounts	-	(263,369)	(263,369)
Effect of exchange	(2,512)	(11,919)	(14,431)
December 31	$327,365	$72,106	$399,471

J. The portion of the Group with low credit risk has been assessed based on 12-month expected credit losses, and no allowance has been made for losses, except for other receivables (including related parties) and long-term receivables (including related parties) due to the financial difficulties of the counterparty so that it is set as a non-low risk and is set aside as an allowance for losses. Movements in loss allowance for other receivables of the Group are as follows:

	2021		
		By duration	
	By 12 months	Credit risk has been increased significantly	Credit has been impaired
January 1	$-	$-	$211,257
Provision of impairment loss	-	-	347
Long-term account receivable Allowance for loss Transferred out	-	-	(67,592)
Effect of exchange	-	-	(4,485)
December 31	$-	$-	$139,527

	2020		
		By duration	
	By 12 months	Credit risk has already increased significantly	Credit has been impaired
January 1	$-	$-	$120,615
Provision of impairment loss	-	-	152,144
Gain on reversal of impairment	-	-	(13,401)
Write-off of uncollectible amounts	-	-	(38,772)
Effect of exchange	-	-	(9,329)
December 31	$-	$-	$211,257

K. Financial assets measured at amortized cost in the Group's account are time deposits with maturity over three months and restricted bank deposits, and the Group transacts with a variety of financial institutions, all with high credit quality, to disperse credit risk so it expects that the probability of counter-party's default is remote.

L. The Group's refundable deposits were mainly performance security deposits, and the possibility of default was expected to be low due to the good credit quality of the transaction counterparties.

(3) Liquidity risk

A. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

B. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, bonds under repurchase agreement and short-term marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. As of December 31, 2021 and 2020, the Group held money market position of $6,719,856 and $7,116,808, respectively, which are expected to generate sufficient cash inflows to cover liquidity risk.

C. The table below analyzes the Group's non-derivative financial liabilities classified into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: December 31, 2021	Within 1 Year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Short-term loans	$581,927	$-	$-	$-
Notes payable	1,630	-	-	-
Accounts payable	1,585,887	-	-	-
Other payables	1,173,423	-	-	-
Other payables - related parties	4,531	-	-	-
Lease liabilities (current and non-current)	55,918	110,104	780,339	-
Long-term payable	20,896	39,239	23,451	-
Long-term payables - related parties	-	23,451	-	-
Long-term borrowings (including due within one year or one operating cycle)	378,255	1,283,439	25,876	23,416

Non-derivative financial liabilities: December 31, 2020	Within 1 Year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Short-term loans	$1,112,949	$-	$-	$-
Notes payable	1,630	-	-	-
Accounts payable	934,909	-	-	-
Accounts payable - related parties	14,014	-	-	-
Other payables	1,212,621	-	-	-
Other payables - related parties	12,225			
Lease liabilities (current and non-current)	59,537	112,318	107,633	672,706
Long-term payable	16,130	19,430	66,599	-
Long-term payables - related parties		23,584	-	-
Long-term borrowings (including due within one year or one operating cycle)	277,059	863,470	880,906	-

For non-derivative financial liabilities, the Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(V) Fair value information

1. The table below analyzes financial and non-financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Level 1 inputs are (unadjusted) 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 when a market where 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 Group's investment in listed (including emerging) stocks and beneficiary certificates are included in Level 1.

Level 2: Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair values of financial products and structured deposits invested by the Group belong to this level.

Level 3: Level 3 inputs are unobservable inputs for the asset or liability. The Group's investment in partial equity instruments without active market is included.

2. The information relating to the fair value of investment property at cost is provided in Note VI (XIV).
3. Financial assets that are not measured at fair value

The carrying amounts of the Group's financial assets not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable (related parties included), other receivables (related parties included), long-term receivables (related parties included), refundable deposits, financial assets at amortized cost, short-term borrowings, notes payable, accounts payable (related parties included), other payables (related parties included), lease liabilities, long-term borrowings, long-term payables (related parties included) and guarantee deposits received, are approximate to their fair values.

4. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:
   (1) The Groups classify assets and liabilities on the basis of its nature. Related information is provided below:

December 31, 2021	Level 1	Level 2	Level 3	Total
Asset				
Recurring fair value				
Financial assets at fair value through profit or loss				
- Beneficiary certificates	$528	$-	$-	$528
Financial assets measured at FVTOCI				
- Equity securities	717,073	-	1,967,912	2,684,985
	$717,601	$-	$1,967,912	$2,685,513

December 31, 2020	Level 1	Level 2	Level 3	Total
Asset				
Recurring fair value				
Financial assets at fair value through profit or loss				
- Beneficiary certificates	$527	$-	$-	$527
- Financial products	-	208,461	-	208,461
Financial assets measured at FVTOCI				
- Equity securities	494,562	-	1,877,149	2,371,711
	$495,089	$208,461	$1,877,149	$2,580,699

(2) The methods and assumptions the Group used to measure fair value are as follows:

A. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net value

B. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counter-party quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

C. When assessing non-standard and low-complexity financial instruments, for example, financial products and swaps contract, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

D. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted according to additional inputs, e.g., model risk or liquidity risk, etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, the management believes that adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

5. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.
6. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

7. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	2021
	Equity securities
January 1	$1,877,149
Capital reduction for the period	(361)
Reclassification during this period	(334)
Gains or losses recognized in other comprehensive income	
Unrealized valuation gain (loss) on investment listed as equity instrument measured at FVTOCI	140,775
Effect of exchange	(49,317)
December 31	$1,967,912

	2020
	Equity securities
January 1	$1,246,311
Acquisition in the period	608,034
Gains or losses recognized in other comprehensive income	
Unrealized valuation gain (loss) on investment listed as equity instrument measured at FVTOCI	103,711
Effect of exchange	(80,907)
December 31	$1,877,149

8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value on December 31, 2021	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instruments:				
Unlisted shares	$1,967,912	Comparable company analysis	Net multiplier and discount for lack of marketability	The higher the multiplier premium and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value

	Fair value on December 31, 2020	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instruments:				
Unlisted shares	$177,907	Comparable company analysis	Net multiplier and discount for lack of marketability	The higher the multiplier premium and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
Unlisted shares	$1,699,242	Net asset value approach	Not applicable	Not applicable

9. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss for the current period or on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2021	
			Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change
Financial assets				
Equity instruments	Discount for lack of marketability	±1%	$19,679	($ 19,679)

			December 31, 2021	
			Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change
Financial assets				
Equity instruments	Discount for lack of marketability	±1%	$1,779	($ 1,779)

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

1. Financing provided to others: Please refer to Table I.
2. Endorsement or guarantee provided to others: Please refer to Table II.
3. Marketable Securities Held at the End of the Period (Excluding Subsidiaries, Associates, and Joint Ventures): Please refer to Table III.
4. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20% of the paid-in capital: Table IV.
5. Acquisition of real estate reaching NT$300 million or 20% of the paid-in capital or more: None.
6. Disposal of real estate reaching NT$300 million or 20% of the paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of the paid-in capital or more: Please refer to Table V.
8. The receivables from related party to reach NT$ 100 million or 20% of actually received capital amount: Please refer to Table VI.
9. Trading in derivative instruments: None.
10. Relationships and significant intercompany transactions between consolidated entities: Please refer to Table VII.

(II) <u>Information on investees</u>

Name, Location, and Information on Investee Companies (Excluding Investee Companies in mainland China): Please refer to Table VIII.

(III) <u>Information on investments in Mainland China</u>

1. Basic information: Please refer to Table IX.
2. Significant transactions with invested companies in Mainland China, either directly or indirectly via a third area: Please refer to Table VII.

(IV) <u>Information on Major Shareholders</u>

Information on major shareholders: Please refer to Table X.

XIV. Operating Segment Information

(I) General information

The management of the Group has determined the reportable operating segments based on the reports reviewed by operating decision makers that are used to make strategic decisions. The chief operating decision makers run the business and assess the performance of segments from an industry perspective; the Group currently focuses on the business of chemicals, oil, investment, cement, and construction. Although the scale of operation of investment and cement did not meet the quantitative thresholds of reportable segments defined in IFRS 8, the management of the Group believes the related information will be of use to users of the financial statements. Thus, the Group includes the above operations in reportable segments.

(II) Measurement of segment information

1. Accounting policies of operating segments are the same as the summary of significant accounting policies in Note IV to the consolidated financial statements.

2. The chief operating decision makers assess performance of the operating segments based on each operating segment's revenue and their profit or loss.

(III) Information about segment profit or loss, assets and liabilities

The financial information of operating segments provided to the chief operating decision makers for the reportable segments is as follows:

	2021					
	Chemicals	Oil products	Investments	Cement	Construction	Total
Segment revenue from external customers	$19,413,899	$140,344	$-	$657,215	$-	$20,211,458
Inter-segment revenue	7,150,778	177,458	-	-	-	7,328,236
Segment Revenue	$26,564,677	$317,802	$-	$657,215	$-	$27,539,694
Net operating profit (loss) of reportable segments	$1,734,180	($ 3,993)	($ 1,028)	$39,727	$-	$1,768,886

	2020					
	Chemicals	Oil products	Investments	Cement	Construction	Total
Segment revenue from external customers	$19,594,348	$2,435,934	$-	$868,575	$2,950,334	$25,849,191
Inter-segment revenue	5,384,166	1,786,253	-	-	-	7,170,419
Segment Revenue	$24,978,514	$4,222,187	$-	$868,575	$2,950,334	$33,019,610
Net operating profit (loss) of reportable segments	$2,205,004	($ 461,952)	($ 980)	$53,075	$1,782,437	$3,577,584

(IV) Reconciliation for segment income (loss)

The reconciliation of the reportable operating segment's profit (loss) and income before tax from continuing operations is as follows:

	2021	2020
Reportable net profit of operating segments	$1,768,886	$3,577,584
Write-off and adjustments	13,391	55,625
Total	$1,782,277	$3,633,209
Non-operating income and expenses	208,598	(623,181)
Continuing business department pre-tax net profit	$1,990,875	$3,010,028

(V) Information on products and services

External customer revenue mainly arises from the businesses of chemicals, oil, cement, and construction. Details of income balance are the same as the information of operating segments' income provided in Notes XIV (III).

(VI) Regional Information

Geographical information for the years ended December 31, 2021 and 2020 was as follows:

	2021		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$926,896	$2,171,381	$4,179,575	$2,240,625
China	$16,467,639	$4,866,204	$17,073,283	$4,729,128
Southeast Asia	$1,848,744	-	$2,728,251	-
Others	$968,179	-	$1,868,082	-
Total	$20,211,458	$7,037,585	$25,849,191	$6,969,753

The Group's geographical revenue information is determined based on the area collecting the accounts receivable. Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets and other assets, but excluding financial assets and deferred income tax assets.

(VII) Major customer information

Major customer information of the Group for the years ended December 31, 2021 and 2020 was as follows:

	2021		2021	
	Revenue	Segment	Revenue	Segment
Customer A	$3,352,643	Chemicals	$2,738,499	Chemicals
Customer C	-	Construction	2,950,334	Construction

Ho Tung Chemical Co., Ltd. and Subsidiaries

Financing provided to others

From January 1, 2021 to December 31, 2021

Table 1

Unit: NT$ thousands

(except as otherwise indicated)

No. (Note 1)	Lending company	Counterparty	Items (Note 2)	Related party or not	Highest amount of the period (Note 3)	Ending balance (Note 8)	Amount actually drawn	Interest range	Nature of the loan (Note 4)	Amount of transaction (Note 5)	Reason for short-term financing (Note 6)	Allowance for bad debts recognized	Collateral Name	Collateral Value	Limit on the loan amount to individual counterparty (Note 7)	Total limit amount on loan to others (Note 7)	Remark
1	Paotze Investment Ltd.	Nanjing Kuan Hsin Optoelectronics Co., Ltd.	Other receivables	Yes	201,135	$ 195,074	$ 195,074	0.00~2.70%	Short-term financing	$ -	Business turnover	$ 195,074	-	$ -	$ 2,880,956	2,880,956	Note 9
2	Jintung Petrochemical Co., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	Other receivables	"	378,030	-	-	-	Short-term financing	-	Business turnover	-	-	-	1,404,672	1,404,672	
3	Jintung Petrochemical Co., Ltd.	Sichuan Jintung Fine Chemical Co., Ltd.	Other receivables	"	305,438	303,989	-	4.35%	Short-term financing	-	Business turnover	-	-	-	1,404,672	1,404,672	
4	Jiangsu Jintung Chemical Co., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	Other receivables	"	131,871	-	-	-	Short-term financing	-	Business turnover	-	-	-	1,529,710	1,529,710	
5	Hsin Tay Ltd.	Beijing Tung Sheng Tai Trade Co., Ltd.	Other receivables	"	54,347	50,140	50,140	3.30%	Short-term financing	-	Business turnover	-	-	-	414,587	414,587	Note 10

Note 1: Description for the Number column:
(1) The issuer is coded 0.
(2) Investees are numbered consecutively from 1 in the order presented in the table above.

Note 2: Items such as receivables from associates and related parties, transactions between shareholders, prepayments, temporary payments, and so on, shall be filled in this column if the item is a loan by nature.

Note 3: The highest balance of loans to others for the period.

Note 4: Nature of the loan should be either business transactions or short-term financing.

Note 5: When the loan is a business transaction by its nature, the amount of the business interaction should be listed in the table. The amount of business interaction refers to the amount of business between the lending company and the counterparty in the latest year.

Note 6: When the loan is for the counterparty’s short-term financing need, the reason of the loan and how the counterparty will use the loan, such as payment to other borrowings, purchase of equipment, and business turnover, etc., shall be elaborated in the table.

Note 7: For counterparties with the need of short-term financing, limit on the loan amount provided by the Company and its subsidiaries to a single counterparty shall not exceed 10% of each company’s shareholder’s equity based on the financial statements for the period. For counterparties with which the Company or its subsidiaries have business transactions, limit on the loan amount to a single counterparty shall not exceed the amount of business transactions accumulated in the latest year. The maximum limit of total loan amount shall not exceed 40% of each lending company's shareholder's equity based on the financial statements for the period.
For counterparties with the need of short-term financing, limit on the loan amount provided by one of the Company’s subsidiaries, Paotze, and its subsidiaries to a single counterparty shall not exceed 40% of each company’s shareholder’s equity based on the financial statements for the period. For counterparties with which Paotze or its subsidiaries have business transactions, limit on the loan amount to a single counterparty shall not exceed the amount of business transactions accumulated in the latest year. The maximum limit of total loan amount shall not exceed 40% of each lending company’s shareholder’s equity based on the financial statements for the period.
Limit on the loan amount provided by one of the Company’s subsidiaries, Signpost, and its subsidiaries to a single counterparty shall not exceed 40% of each company’s shareholder’s equity based on the financial statements for the period. The maximum limit of total loan amount shall not exceed 40% of each lending company's shareholder's equity based on the financial statements for the period.
For counterparties with the need of short-term financing, limit on the loan amount provided by one of the Company’s subsidiaries, Hsin Tay Petroleum, and its subsidiaries to a single counterparty shall not exceed 40% of each company’s shareholder’s equity based on the financial statements for the period. For counterparties with which Hsin Tay Petroleum or its subsidiaries have business transactions, limit on the loan amount to a single counterparty shall not exceed the amount of business transactions accumulated in the latest year. The maximum limit of total loan amount shall not exceed 40% of each lending company’s shareholder’s equity based on the financial statements for the period.

Note 8: If a public company submits each of its loan of funds to the Board of Directors for a resolution pursuant to Article 14, Paragraph 1 of Regulations Governing Loaning of Funds and Making of endorsement/guarantee by Public Companies, the amount as resolved by the Board of Directors shall be included in the balance announced to disclose the risk the company undertakes even when the loan is not given yet. In addition, when the loan is paid back, the public company shall disclose the balance after the payment to reflect the adjustment of risk. If a public company’s Board of Directors authorizes its chairperson, within a certain monetary limit and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down pursuant to Article 14, Paragraph 2 of the aforementioned Regulations, the loan amount as resolved by the Board of Directors shall be the amount recorded in the declaration announced. After the loan is paid back, as much as it is still possible to give loans, the company shall still use the loan amount as resolved by the Board of Directors as the amount recorded in the declaration announced.

Note 9: Paotze, one of the Company's subsidiaries, provided loan of funds to its sub-subsidiary, Nanjing GuanXin, due to the need of short-term financing. The payment is overdue more than one year, which is a breach to the regulations concerning the term of short-term financing as stated in Article 3 of Regulations Governing Loaning of Funds and Making of endorsement/guarantee by Public Companies. However, as Nanjing GuanXin is not operating well, Paotze was unable to collect the repayment as expected. On July 17, 2015, the Board of Directors of Paotze resolved to terminate the collection of interest of the loan of funds to Nanjing GuanXin.

Note 10: Due to the demand for short-term financing, Hsin Tay Ltd., a subsidiary of the Company, has overdue loans to its sub-subsidiary, Beijing Tung Sheng Tai Trade Co., Ltd., in breach of the provision for short-term financing under Article 3 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, is actively improving.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Endorsement or guarantee provided to others

From January 1, 2021 to December 31, 2021

Table 2

Unit: NT$ thousands

(except as otherwise indicated)

No. (Note 1)	Name of the endorser/guarantor	Subject of Endorsements/Guarantees: Company name	Subject of Endorsements/Guarantees: Relationship (Note 2)	Limits on endorsement/guarantee amount provided to each guaranteed party (Note 3)	Maximum balance for the period (Note 4)	Ending balance of endorsement/ guarantee (Note 5)	Amount actually drawn (Note 6)	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum limit of endorsement/guarantee (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by a subsidiary (Note 7)	Guarantee provided to entities in mainland China (Note 7)	Remark
0	Ho Tung Chemical Co., Ltd.	Sharpinvest International Ltd.	2	$ 2,524,686	$ 85,440	$ -	$ -	$ -	-	$ 6,311,715	Y	N	N	
1	Hsin Tay Petroleum Co., Ltd.	Chenergy Co., Ltd.	4	555,613	190,000	190,000	190,000	-	17.10	555,613	N	N	N	
2	Jintung Petrochemical Co., Ltd.	Anhui Jintung Fine Chemical Co., Ltd.	2	2,107,007	131,871	130,281	-	-	3.71	2,107,007	Y	N	Y	
3	Jiangsu Jintung Chemical Co., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	2	2,294,565	879,140	-	-	-	-	2,294,565	Y	N	Y	

Note 1: Description for the Number column:
(1) The issuer is coded 0.
(2) Investees are numbered consecutively from 1 in the order presented in the table above.

Note 2: The relationships between endorsers/guarantors and endorsed/guaranteed parties can be classified into the following seven categories; please indicate the category:
(1) Companies having business relationships.
(2) The Company directly or indirectly holds more than 50% of the voting shares of the endorsed guaranteed party.
(3) The endorsed/guaranteed party directly or indirectly holds more than 50% of the voting shares of the endorser/guarantor.
(4) The Company directly or indirectly holds more than 90% of the voting shares of the endorsed/guaranteed party, or vice versa.
(5) A company fulfills its contractual obligations by providing mutual endorsement/guarantee for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) All capital contributing shareholders make endorsement/guarantee for their jointly invested company in proportion to their shareholding percentages
(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Limit on the amount of endorsement/guarantee provided by the Company to a single counterparty shall not exceed 20% of the Company's shareholder's equity based on the financial statements for the period. Maximum limit of endorsement/guarantee amount to third parties provided by the Company shall not exceed 50% of the Company's shareholder's equity based on the financial statements for the period.
Limit on the amount of endorsement/guarantee provided by Paotze, one of the Company's subsidiaries, and its subsidiaries to a single counterparty shall not exceed 60% of each company's shareholder's equity based on the financial statements for the period. Maximum limit of endorsement/guarantee amount to third parties provided by Paotze shall not exceed 60% of each company's shareholder's equity based on the financial statements for the period.
Limit on the amount of endorsement/guarantee provided by Hsin Tay Petroleum, one of the Company's subsidiaries, and its subsidiaries to a single counterparty shall not exceed 50% of each company's shareholder's equity based on the financial statements for the period. Maximum limit of endorsement/ guarantee amount to third parties provided shall not exceed 50% of each company's shareholder's equity based on the financial statements for the period.

Note 4: The highest limit on endorsement/guarantee amount for the period.

Note 5: The amount that should be recorded is the amount resolved by the Board of Directors. However, the amount that the Board of Directors authorized chairperson to exercise in accordance with Article 12, Paragraph 8 of Regulations Governing Loaning of Funds

Note 6: The amount actually drawn down by the endorsed/guaranteed company within the balance of endorsement/guarantee shall be filled in.

Note 7: When endorsement/guarantee are provided by public parent company to its subsidiaries, by subsidiaries to its public parent company, and to entities in mainland China, Y shall be filled in this column.

Note 8: As of December 31, 2021, the Company's tariff endorsed/guaranteed amount was NT$2,500 and pledged with equivalent certificates of deposit, representing 0.02% of the net equity of the latest financial statements.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period (Excluding Subsidiaries, Associates, and Joint Ventures)
From Jy 1, 2021 to December 31, 2021

Table 3

Unit: NT$ thousands
(except as otherwise indicated)

Holding company	Type and name of marketable securities (Note 1)	Relationship with the issuer of the marketable securities (Note 2)	Financial Statement Account	End of the period: Number of shares/units	End of the period: Book value (Note 3)	End of the period: Shareholding percentage	End of the period: Fair value	Remark (Note 4)
Ho Tung Chemical Co., Ltd.	Shares - O-Bank Co., Ltd.	-	Financial assets measured at FVTOCI	5,192,384	$ 41,539	0.17%	$ 41,539	
-	Shares - Formosan Union Chemical Co.	-	"	29,234,040	675,306	6.13%	675,306	
-	Shares - Hsing Tai Co., Ltd.	Related party in substance	"	2,850,000	-	19.00%	-	
-	Shares - Vita Genomics, Inc.	"	"	963,925	13,748	1.61%	13,748	
-	Shares - Yuan He Biotech Co., Ltd.	"	"	8,702,824	58,544	4.25%	58,544	
					$ 789,137		$ 789,137	
He Mao Venture Capital Co., Ltd.	Shares - Formosan Union Chemical Co.	-	"	9,857	$ 228	0.00%	$ 228	
-	Shares - Vita Genomics, Inc.	Related party in substance	"	1,243,528	17,736	2.08%	17,736	
-	Shares - Yuan He Biotech Co., Ltd.	"	"	13,739,040	92,423	6.70%	92,423	
					$ 110,387		$ 110,387	
Paotze Investment Ltd.	Beneficiary certificate - Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	32,425	$ 528	-	$ 528	
-	Stock - Ho Tung Chemical Co.	The Company	Financial assets measured at FVTOCI	10,141,558	$ 113,078	0.99%	$ 113,078	
Ho Tung Cement Co., Ltd.	"	"	"	3,518,286	$ 39,229	0.34%	$ 39,229	
Ally Solution Ltd.	Shares - Ever Victory Global Ltd.	This company’s Director is the Company's Chairman of the Board	"	26,865,000	$ 838,794	4.34%	$ 838,794	
Big Success Co.,Ltd.	"	"	"	14,500,000	$ 452,727	2.34%	$ 452,727	
Oceanwise International Ltd.	"	"	"	15,820,000	$ 493,940	2.56%	$ 493,940	

Note 1: The marketable securities stated in this table is defined as shares, bonds, and beneficiary certificates in the scope of IFRS 9 “Financial Instruments,” and the marketable securities derived from the above mentioned items.
Note 2: If the securities issuer is not a related party, the field may be left blank.
Note 3: For securities measured at fair value, the carrying amount should be the balance after the adjustment of fair value valuation and the deduction of accumulative impairment. For securities not measured at fair value, the carrying amount should be the balance of original acquisition cost or amortized cost less accumulated impairment.
Note 4: If the listed securities have restricted users due to provision of guarantees, pledged loans or other agreements, the number of shares to be guaranteed or pledged, the amount of guarantees or pledges, and the restricted use shall be noted in the remarks column.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20% of the paid-in capital

From January 1, 2021 to December 31, 2021

Table 4

Unit: NT$ thousands

(except as otherwise indicated)

Investor	marketable securities and Name (Note 1)	Financial Statement Account	transaction counterparty (Note 2)	Relationship (Note 2)	Beginning of the period		Acquisition (Note 3)		Sale (Note 3)				End of the period	
					Number of shares/units	Amount	Number of shares/units	Amount	Number of shares/units	Selling price	Carrying cost	Profit or loss on disposal	Number of shares/units	Amount
Xiamen Jintung Synthetic Detergent Co., Ltd.	Lingtung hotline ultra-short-term financial product without fixed term from Industrial and Commercial Bank of China	Financial assets at fair value through profit or loss - current	Industrial and Commercial Bank of China	None	38,000,000	$ 166,097	60,700,000	$ 263,602	98,700,000	$ 432,527	$ 428,624	$ 3,903	-	$ -

Note 1: The marketable securities stated in this table is defined as shares, bonds, beneficiary certificates and the marketable securities derived from the above mentioned items.

Note 2: For the marketable securities listed as Investments accounted for using the equity method, these two columns must be filled in, and the rest can be not required to fill in.

Note 3: The accumulated cost of purchase and sales shall be calculated separately based on market value to see if the amount exceed NT$300 million or 20% of the Company’s paid-in capital.

Note 4: The paid-in capital is the paid-in capital of the parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Ho Tung Chemical Co., Ltd. and Subsidiaries

purchases or sales of goods from or to related parties reaching NT$100 million or 20% of the paid-in capital or more

From January 1, 2021 to December 31, 2021

Table 5

Unit: NT$ thousands

(except as otherwise indicated)

			Transaction details				Unusual transaction terms and reasons		Notes and accounts receivable (payable)		
Company Name	Name of the Counterparty	Relationship	purchases/sales	Amount	Ratio to total purchases/sales amount	Loan period	Unit price	Loan period	Balance	Ratio to total amount of notes/accounts receivable (payable)	Remark
Ho Tung Chemical Co., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	Subsidiary	Sales	$ 781,854	46.3	30-90 days	$ -	-	$ 8,349	4.0	
"	"	"	purchases	387,884	25.1	"	-	-	(83,858)	43.8	
Jintung Petrochemical Co., Ltd.	"	"	Sales	143,438	3.7	"	-	-	-	-	
"	Anhui Jintung Fine Chemical Co., Ltd.	"	purchases	129,464	4.0	"	-	-	(7,629)	6.2	
"	Jiangsu Jintung Surfactant Co., Ltd.	"	"	2,335,688	71.7	"	-	-	(100,825)	82.1	
Jiangsu Jintung Chemical Co., Ltd.	"	"	Sales	161,034	50.3	"	-	-	10,571	97.1	
Sichuan Jintung Fine Chemical Co.,	"	"	purchases	353,078	11.6	"	-	-	-	-	
"	SINOPEC Jilin Petrochemical Co., Ltd.	Joint ventures that jointly invest in subsidiaries in mainland China with the Company	"	648,658	21.3	"	-	-	-	-	
Anhui Jintung Fine Chemical Co., Ltd.	Jintung Petrochemical Co., Ltd.	Subsidiary	Sales	129,464	6.2	"	-	-	7,629	2.6	
"	Jiangsu Jintung Surfactant Co., Ltd.	"	purchases	282,497	12.0	"	-	-	-	-	
Jiangsu Jintung Surfactant Co., Ltd.	Ho Tung Chemical Co., Ltd.	The Company	Sales	387,884	7.0	"	-	-	83,858	27.3	
"	Jintung Petrochemical Co., Ltd.	Subsidiary	"	2,335,688	42.2	"	-	-	100,825	32.9	
"	Sichuan Jintung Fine Chemical Co.,	"	"	353,078	6.4	"	-	-	-	-	
"	Anhui Jintung Fine Chemical Co., Ltd.	"	"	282,497	5.1	"	-	-	-	-	
"	Tianjin Tianzhi Fine Chemical Co., Ltd.	"	"	223,328	4.0	"	-	-	30,081	9.8	
"	Hsin Tay (Shanghai) Ltd.	"	"	146,662	2.6	"	-	-	-	-	
"	Ho Tung Chemical Co., Ltd.	The Company	purchases	781,854	20.7	"	-	-	(8,349)	9.4	
"	Jintung Petrochemical Co., Ltd.	Subsidiary	"	143,438	3.8	"	-	-	-	-	
"	Jiangsu Jintung Chemical Co., Ltd.	"	"	161,034	4.3	"	-	-	(10,571)	11.9	
"	SINOPEC Jilin Petrochemical Co., Ltd.	Joint ventures that jointly invest in subsidiaries in mainland China with the Company	"	942,441	24.9	"	-	-	-	-	
Hsin Tay (Shanghai) Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd.	Subsidiary	Sales	560,193	9.6	"	-	-	22,967	3.3	
"	Chih Sheng (Huizhou) Petrochemical	"	"	1,482,340	25.4	30-120 days	-	-	46,201	6.6	
"	Guangzhou Litze Chemical Co., Ltd.	"	"	1,190,282	20.4	30-90 days	-	-	40,029	5.7	
"	Jiangsu Jintung Surfactant Co., Ltd.	"	purchases	146,662	2.5	"	-	-	-	-	
"	Tianjin Tianzhi Fine Chemical Co., Ltd.	"	"	681,241	11.7	"	-	-	-	-	
"	Chih Sheng (Huizhou) Petrochemical	"	"	1,261,871	21.6	"	-	-	-	-	
"	Guangzhou Litze Chemical Co., Ltd.	"	"	356,307	6.1	"	-	-	-	-	

			Transaction details				Unusual transaction terms and reasons		Notes and accounts receivable (payable)		
Company Name	Name of the Counterparty	Relationship	purchases/sales	Amount	Ratio to total purchases/sales amount	Loan period	Unit price	Loan period	Balance	Ratio to total amount of notes/accounts receivable (payable)	Remark
Tianjin Tianzhi Fine Chemical Co., Ltd.	Hsin Tay (Shanghai) Ltd.	Subsidiary	Sales	$ 681,241	29.7	30-90 days	$ -	-	$ -	-	
"	Jiangsu Jintung Surfactant Co., Ltd.	"	purchases	223,328	11.4	"	-	-	(30,081)	11.2	
"	Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	"	"	177,458	9.0	"	-	-	(96,401)	36.0	
"	Hsin Tay (Shanghai) Ltd.	"	"	560,193	28.5	"	-	-	(22,967)	8.6	
Chih Sheng (Huizhou) Petrochemical Co., Ltd.	"	"	Sales	1,261,871	31.4	"	-	-	-	-	
"	Guangzhou Litze Chemical Co., Ltd.	"	"	119,698	3.0	"	-	-	-	-	
"	Hsin Tay (Shanghai) Ltd.	"	purchases	1,482,340	41.9	30-120 days	-	-	(46,201)	7.1	
Guangzhou Litze Chemical Co., Ltd.	"	"	Sales	356,307	21.3	30-90 days	-	-	-	-	
"	"	"	purchases	1,190,282	81.4	"	-	-	(40,029)	30.9	
"	Chih Sheng (Huizhou) Petrochemical Co., Ltd.	"	"	119,698	8.2	"	-	-	-	-	
Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd.	"	Sales	177,458	94.5	"	-	-	96,401	100.0	

Ho Tung Chemical Co., Ltd. and Subsidiaries

The receivables from related party to reach NT$ 100 million or 20% of actually received capital amount

From Jy 1, 2021 to December 31, 2021

Table 6

Unit: NT$ thousands

(except as otherwise indicated)

Company Name	Name of the Counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties: Amount	Overdue receivables from related parties: Action taken	Amounts received in subsequent period	Allowance for bad debts recognized	Remark
Paotze Investment Ltd.	Nanjing Kuan Hsin Optoelectronics Co., Ltd.	Subsidiary	$ 195,074	Note	$ 195,074	Improving proactively	$ -	$ 195,074	
Jiangsu Jintung Surfactant Co., Ltd.	Jintung Petrochemical Corp., Ltd.	"	100,825	42.36	-	-	100,825	-	
Hsin Tay Ltd.	Tianjin Zhongran Ship Fuel Co., Ltd.	Joint ventures that jointly invest in the company with the Company	416,817	-	416,817	Improving proactively	-	202,864	

Note: Loan of funds to related parties and receivables.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Relationships and significant intercompany transactions between consolidated entities

Only transactions amounting to $100,000 are disclosed; transactions are disclosed from the perspective of assets or revenues

From January 1, 2021 to December 31, 2021

Table 7

Unit: NT$ thousands

(except as otherwise indicated)

No. (Note 1)	Name of the trader	Name of the transaction counterparty	Relationship with the Trader (Note 2)	Conditions of transactions: Account	Amount	Terms of transaction	Percentage to consolidated net revenue or total assets (Note 3)
0	Ho Tung Chemical Co., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	1	Sales revenue	$ 781,854	Note 5	3.87
1	Paotze Investment Ltd.	Nanjing Kuan Hsin Optoelectronics Co., Ltd.	"	Receivables	195,074	Note 7	0.81
2	Jintung Petrochemical Co., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	3	Sales revenue	143,438	Note 5	0.71
		Anhui Jintung Fine Chemical Co., Ltd.	1	Endorsement	130,281	Note 8	-
3	Jiangsu Jintung Chemical Co., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	"	Sales revenue	161,034	Note 5	0.80
4	Anhui Jintung Fine Chemical Co., Ltd.	Jintung Petrochemical Co., Ltd.	2	"	129,464	"	0.64
5	Jiangsu Jintung Surfactant Co., Ltd.	Ho Tung Chemical Co., Ltd.	"	"	387,884	"	1.92
		Jintung Petrochemical Co., Ltd.	3	"	2,335,688	"	11.56
		Sichuan Jintung Fine Chemical Co., Ltd.	"	"	353,078	"	1.75
		Anhui Jintung Fine Chemical Co., Ltd.	"	"	282,497	"	1.40
		Tianjin Tianzhi Fine Chemical Co., Ltd.	"	"	223,328	"	1.10
		Hsin Tay (Shanghai) Ltd.	"	"	146,662	"	0.73
		Jintung Petrochemical Co., Ltd.	"	Receivables	100,825	"	0.42
6	Hsin Tay (Shanghai) Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd.	"	Sales revenue	560,193	"	2.77
		Chih Sheng (Huizhou) Petrochemical Co., Ltd.	"	"	1,482,340	Note 6	7.33
		Guangzhou Litze Chemical Co., Ltd.	"	"	1,190,282	Note 5	5.89
7	Tianjin Tianzhi Fine Chemical Co., Ltd.	Hsin Tay (Shanghai) Ltd.	"	"	681,241	"	3.37
8	Chih Sheng (Huizhou) Petrochemical Co., Ltd.	"	"	"	1,261,871	"	6.24
		Guangzhou Litze Chemical Co., Ltd.	"	"	119,698	"	0.59
9	Guangzhou Litze Chemical Co., Ltd.	Hsin Tay (Shanghai) Ltd.	"	"	356,307	"	1.76
10	Hsin Tay Petroleum Co., Ltd.	Chenergy Co., Ltd.	"	Endorsement	190,000	Note 8	-
11	Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd.	"	Sales revenue	177,458	Note 5	0.88

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) The parent company is coded 0.
(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship between the transaction company and the counterparty is classified into the following three categories: (If the transaction is between the parent company and its subsidiary or between subsidiaries already disclosed by one of the transaction parties, the other transaction party does not need to disclose it repeatedly. For example, if the parent company has already disclosed its transaction with a subsidiary, the subsidiary does not need to disclose the information again; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, the other one does not need to disclose it again.) :
(1) Parent company to its subsidiary.
(2) Subsidiary to its parent company.
(3) Subsidiary to another subsidiary.

Note 3: Regarding the percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on ending 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: The Company shall determine, based on the materiality principle, whether details of significant transactions shall be included in the table.

Note 5: The terms of the aforementioned transactions are the same as that of non-related parties. The transaction price is determined by both parties based on market price and the payment is due one to three months after the sale.

Note 6: The terms of the aforementioned transactions are the same as that of non-related parties. The transaction price is determined by both parties based on market price and the payment is due one to four months after the sale.

Note 7: Loan of funds to related parties and receivables.

Note 8: Balance of endorsement/guarantee.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Names, locations and other information of investee companies (not including investees in Mainland China)

From January 1, 2021 to December 31, 2021

Table 8

Unit: NT$ thousands

(except as otherwise indicated)

Investor company	Name of investees	Location	Main businesses	Original investment amount: End of the period	Original investment amount: End of last year	Balance as of December 31, 2021: Number of shares	Balance as of December 31, 2021: Ratio	Balance as of December 31, 2021: Book value	Net income (loss) of the investee	Share of profit/loss of investee	Remark
Ho Tung Chemical Co., Ltd.	He Mao Venture Capital Co., Ltd.	Taiwan	General investment	$ 341,109	$ 341,109	7,000,000	100.00	$ 123,031	$ 187	$ 187	Subsidiary
Ho Tung Chemical Co., Ltd.	Chenergy Co., Ltd.	Taiwan	Oil trading	803,701	800,733	56,291,548	99.42	693,730	(8,286)	(8,198)	"
Ho Tung Chemical Co., Ltd.	Hua Chung Co., Ltd.	Taiwan	Purchase and sale of raw materials of cement	27,472	27,472	1,442,233	72.11	(65,950)	(1,472)	(1,062)	"
Ho Tung Chemical Co., Ltd.	Tung Bao Co., Ltd.	Taiwan	Manufacture and sale of acetylene light solvent	216,817	216,817	23,076,019	34.00	292,627	36,574	12,435	Investment accounted for using equity method
Ho Tung Chemical Co., Ltd.	Ho Tung Cement Co., Ltd.	Taiwan	Cement manufacturing	285,407	195,274	27,383,847	92.72	369,644	31,770	23,227	Subsidiaries, Note 4
Ho Tung Chemical Co., Ltd.	Hsin Tay Petroleum Co., Ltd.	Taiwan	Oil trading	1,826,762	1,826,762	193,705,500	100.00	1,042,111	(629)	(629)	Subsidiary
Ho Tung Chemical Co., Ltd.	Paotze Investment Ltd.	British Virgin Islands	Trading of goods	2,513,938	2,513,938	20,000,000	100.00	7,306,169	798,735	798,735	"
Ho Tung Chemical Co., Ltd.	Sharpinvest International Ltd.	British Virgin Islands	Trading of goods	106,668	106,668	3,000,001	100.00	14,360	(2,130)	(2,130)	"
Ho Tung Chemical Co., Ltd.	Zortech Corporation	British Virgin Islands	Chemical trading	-	295,683	-	-	-	643	643	Note 3
Ho Tung Chemical Co., Ltd.	Inadvance Holdings Ltd.	British Virgin Islands	Trading of goods	164,200	164,200	5,000,100	100.00	219,032	20,633	20,633	Subsidiary
Ho Tung Chemical Co., Ltd.	Signpost Enterprises Ltd.	British Virgin Islands	Trading of goods	468,207	468,207	14,673,913	100.00	409,576	38,360	38,360	"
Ho Tung Chemical Co., Ltd.	Top Device Investments Ltd.	British Virgin Islands	General investment	140,556	140,556	4,420,000	100.00	28,813	-	-	Note 1
Ho Tung Chemical Co., Ltd.	Ally Solution Ltd.	British Virgin Islands	Investment industry	731,193	731,193	26,907,000	100.00	839,545	(141)	(141)	Subsidiary
Paotze Investment Ltd.	Hua Chung Co., Ltd.	Taiwan	Purchase and sale of raw materials of cement	10,444	10,444	442,105	22.11	11,913	(1,472)	-	"
Paotze Investment Ltd.	Ho Tung Cement Corp.	Taiwan	Cement manufacturing	-	91,069	-	-	-	31,770	-	Note 4
Paotze Investment Ltd.	Signpost (HK) Limited	Hong Kong	Investment industry	446,625	446,625	14,983,879	48.65	597,011	114,884	-	Second-tier subsidiary
Signpost Enterprises Ltd.	Signpost (HK) Limited	Hong Kong	Investment industry	464,755	464,755	10,281,716	33.39	409,747	114,884	-	"
Inadvance Holdings Ltd.	Signpost (HK) Limited	Hong Kong	Investment industry	143,012	143,012	5,531,219	17.96	220,397	114,884	-	"
Sharpinvest International Ltd.	HT-S Venture Philippines Corporation	Philippines	Trading of goods	8,062	8,062	99,996	40.00	11,693	(4,312)	-	Investment accounted for using equity method

Investor company	Name of investees	Location	Main businesses	Original investment amount: End of the period	Original investment amount: End of last year	Balance as of December 31, 2021: Number of shares	Balance as of December 31, 2021: Ratio	Balance as of December 31, 2021: Book value	Net income (loss) of the investee	Share of profit/loss of investee	Remark
Hsin Tay Petroleum Co., Ltd.	Hsin Tay Ltd.	British Virgin Islands	Oil trading	538,726	538,726	16,956,651	100.00	927,092	(1,872)	-	Second-tier subsidiary
Chenergy Co., Ltd.	Tung Bao Co., Ltd.	Taiwan	Manufacture and sale of acetylene light solvent	4,541	4,541	432,467	0.64	4,495	36,574	-	Investment accounted for using equity method
Chenergy Co., Ltd.	Big Success Co.,Ltd.	Samoa	General investment	401,678	401,678	14,511,500	100.00	452,778	(24)	-	Second-tier subsidiary
Hsin Tay Ltd.	Oceanwise International Ltd.	British Virgin Islands	Investment industry	437,898	437,898	100	100.00	493,958	-	-	Third-tier subsidiary
Hsin Tay Ltd.	Shanghai Hsin Tay Investment (HK) Corporation	Hong Kong	Investment industry	-	-	-	-	-	-	-	Note 2

Note 1: In accordance to the organizational plan of the Group, Top Device Co. was dissolved as approved by the Board of Directors on August 12, 2016. Shares were returned on September 20, 2016. The dissolution procedure is still in progress.

Note 2: In accordance with the organizational plan of the Group, the Board of Directors of Shanghai Hsin Tay Investment (HK) Corporation (Shanghai Hsin Tay Investment) approved the application of dissolution of the company on January 9, 2020. The liquidated shares were returned on January 13, 2020, and the relevant registration procedures of dissolution was completed on January 29, 2021.

Note 3: In accordance with the organizational plan of the Group, the Board of Directors of Zortech approved the dissolution of the company on June 29, 2020. The registration of dissolution was completed on December 9, 2021.

Note 4: In accordance with the organizational plan of the Group, the Board of Directors determined to purchase equity of Ho Tung Cement from Paotze on May 12, 2021, and the relevant change registration procedures have been completed.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Investment in Mainland China - Basic Information

From January 1, 2021 to December 31, 2021

Table 9

Unit: NT$ thousands

(except as otherwise indicated)

Investee Company	Main businesses	Paid-in capital	Method of Investment (Note 1)	Beginning balance of accumulated outflow of investment from Taiwan	Remittance or recovery of investment amount in the current period: Outflow	Remittance or recovery of investment amount in the current period: Inflow	Ending balance of accumulated outflow of investment from Taiwan	Net income (loss) of the investee	Percentage of ownership of the Company's direct or indirect investment	Investment profit (loss) recognized for the period (Note 2)	Ending balance of carrying amount	Ending balance of accumulated inward remittance of earnings	Note
Jintung Petrochemical Co., Ltd.	Production of linear alkylbenzene, sulfonic acid and by-products	$ 730,442	(2)a	$ 587,093	$ -	$ -	$ 587,093	$ 457,081	60.00	$ 274,249	$ 2,107,012	$ 292,488	Note 2 (2)b
Jiangsu Jintung Chemical Co., Ltd.	Production of linear alkylbenzene, sulfonic acid and by-products	1,498,906	(2)a	269,465	-	-	269,465	1,030,251	50.00	515,127	1,866,444	-	Note 2 (2)b
Tianjin Tianzhi Fine Chemical Co., Ltd.	Manufacture and sale of alkylbenzene sulfonic acid	835,101	(2)a, b	358,345	-	-	358,345	11,072	50.00	5,536	535,667	-	Note 2 (2)b
Shanghai Ching Ti Chemical Co., Ltd.	Manufacture and sale of alkylbenzene, sulfonic acid and other related surfactants	144,174	(2)b	41,520	-	-	41,520	-	-	-	-	-	Note 11
Xiamen Jintung Synthetic Detergent Co., Ltd.	Production and sales of surfactants related products	113,600	(2)a	20,992	-	-	20,992	(226)	54.60	(123)	82,076	-	Note 2 (2)b
Chih Sheng (Huizhou) Petrochemical Co., Ltd.	Production of primary alcohol ethoxylate	359,840	(2)b	359,840	-	-	359,840	77,953	100.00	77,953	689,088	-	Note 2 (2)b
Guangzhou Litze Chemical Co., Ltd.	Production and sales of alkylbenzene sulfonic acid	217,135	(2)b	110,000	-	-	110,000	61,310	60.00	36,786	275,854	-	Note 2 (2)b
Nanjing Kuan Hsin Optoelectronics Co., Ltd.	Manufacture and sale of PMMA Light Guide Plate	453,948	(2)a	179,996	-	-	179,996	4,503	47.46	-	(225,878)	-	Note 2 (2)b
Nanjing He Sheng Pao New Energy Technology Co., Ltd.	Development of new energy and surfactant	356,578	(2)a	182,134	-	-	182,134	(1,588)	100.00	(1,588)	351,437	-	Note 2 (2)b
Hsin Tay (Shanghai) Ltd.	Trade of chemicals and fuels	223,148	(2)a	13,840	-	-	13,840	40,794	100.00	40,794	760,751	-	Note 2 (2)b
Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	Wholesale of chemicals and fuels	173,708	(2)c	73,546	-	-	73,546	6,280	55.00	3,454	90,422	-	Note 2 (2)c
Beijing Tung Sheng Tai Trade Co., Ltd.	Wholesale of chemicals and fuels	43,427	(2)c	33,022	-	-	33,022	(2,428)	75.00	(1,821)	(14,245)	-	Note 2 (2)c
Sichuan Jintung Fine Chemical Co., Ltd.	Manufacture and sale of Linear Alkylbenzene	173,708	(2)a	-	-	-	-	154,602	60.00	92,761	655,496	-	Note 2 (2)b
Anhui Jintung Fine Chemical Co., Ltd.	Manufacture and sale of surfactant	260,562	(2)a	-	-	-	-	246,179	60.00	147,708	562,162	-	Note 2 (2)b
Jiangsu Jintung Surfactant Co., Ltd.	Manufacture and sale of surfactant	1,650,226	(2)a	-	-	-	-	1,056,674	50.00	528,337	1,387,184	-	Note 2 (2)b

Company name	Accumulated investment remitted from Taiwan to mainland China at the end of the period	Amount of Investments Authorized by Investment Commission, M.O.E.A.	Upper limit on investment authorized by MOEAIC
Ho Tung Chemical Co., Ltd.	$ 2,434,677 (US$87,958 thousand) (Note 7, 8, 9, 10, 11)	$ 5,223,022 (US$188,693 thousand)	Note 6

Note 1: Investment methods can be divided into the following three categories, simply mark the category:
(1) Direct investment in mainland China.
(2) Indirectly investment in mainland China through companies registered in a third region (Please specify the name of the company in the third region).
a. Reinvestment through Paotze Investment Ltd., one of the subsidiaries of the Company
b. Reinvestment through Signpost (HK), one of the second-tier subsidiaries of the Company
c. Reinvestment through Hsin Tay Ltd., one of the second-tier subsidiaries of the Company
(3) Others.

Note 2: In the column of investment profit (loss) recognized for the period:
(1) Please specify no investment income (loss) has been recognized because the investment is still in pre
(2) Investment loss and profit recognized can be classified as following four types, which shall be specif
a. The financial reports were audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm
b. The financial statements were audited and certificated by independent auditors of the parent company in Taiwan
c. The financial statements were audited and certificated by independent auditors of Hsin Tay Petrochemical, one of the Company's sul

Note 3: The amount shall be listed in NTD.

Note 4: Accounts involved in foreign currencies are translated into NTD at spot exchange rates prevailing at the balance sheet date.

Note 5: The consolidated shareholding percentage of the parent company and its subsidiaries.

Note 6: Per the regulations stipulated in the amendments of Regulations Governing the Approval of Investment or Technical Cooperation in mainland China promulgated by MOEAIC; the Company has received the certificate of operating headquarter issued by Industrial Development Bureau, MOEA, and thus is exempt from this limit.

Note 7: The Group originally held 100% of equity of Tai Tung (HK) through Signpost (HK), one of the second-tier subsidiaries, and Top Device, one of the subsidiaries and held 50% of equity of Sha Tung Tai Hsing indirectly. On September 22, 2015, the Group resolved to dispose the equity of Tai Tung (HK) held by Signpost (HK) and Top Device.
Proceeds from disposal amounted to USD4,417,920 (less process fees and other related expenses). However, the proceeds have not been remitted back to Taiwan yet, and thus are still included in the investment amount in mainland China.

Note 8: The Group disposed of 100% equity of Nan Tung (HK) on August 25, 2017. The proceeds from the disposal amounted to RMB5,000,000. However, the proceeds have not been remitted back to Taiwan yet, and thus it is still included in the investment amount in mainland China.

Note 9: In accordance with the organizational plan the Group, the Board of Directors of Nanjing Fine approved the application of dissolution of the company on March 22, 2018 and shares were returned amounted to RMB9,187,533 on December 26, 2018. However, the proceeds from dissolution have not been remitted back to Taiwan yet, and thus the original investment amount is still included in the investment amount in mainland China.

Note 10: In accordance with the organizational plan of the Group, the Board of Directors of Lien Ting (Guangzhou) approved the application of dissolution of the company on May 4, 2018. The liquidated shares were returned amounted to USD1,057,206 on December 24, 2018. However, the proceeds from dissolution have not been remitted back to Taiwan yet, and thus the original investment amount is still included in the investment amount in mainland China.

Note 11: Shanghai Ching Ti entered the liquidation process in October 2019. As the Group has lost significant influence over it, the investment amount originally accounted for using the equity method of $31,564 was reclassified to “other receivables,” subsequent due to real estate certificate could not be cancelled, so the liquidation process has been stopped.
Through the shareholders’ agreement, the Group has transferred the equity held by the Group to other shareholders, and the relevant transactions have been completed. The sale proceeds have not been repatriated to China, and thus the original investment amount is still included in the investment amount in mainland China.

Note 12: Nanjing Kuan Hsin received the judgment of the People’s Court of Nanjing City of Jiangsu Province on March 30, 2021, agreeing to process the liquidation procedures of Nanjing Kuan Hsin, which became effective on April 30, 2021. As of May 12, 2021, the Group was in the process of evaluating the liquidation plan.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Information on Major Shareholders

From Jy 1, 2021 to December 31, 2021

Table 10

Shareholder's Name	Shares	
	Shares Held	Shareholding percentage
Hung I Investments Co., Ltd.	101,690,169	10.00%
Investment Account of Capital Securities Nominee, a client of CSC Securities (HK), held by Capital Securities as custodian	60,576,749	5.95%
Ping Jung Co., Ltd.	51,878,666	5.10%

V. Parent company only financial reports in most recent year, but not including breakdown of significant accounting items

Independent Auditors' Report

(111) TSAI-SHEN-PAO-TZU No. 21004591

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

Opinion

The independent auditors have audited the accompanying Parent Company Only balance sheets of Ho Tung Chemical Corp. (hereinafter referred to as "the Company") as of December 31, 2021 and 2020, and the related Parent Company Only balance sheet, and Parent Company Only statements of changes in equity and of cash flows for the years ended December 31, 2021 and 2020, and notes to the Parent Company Only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matters section of our report, the Parent Company Only financial statements present fairly, in all material respects, the Parent Company Only financial position of Ho Tung Chemical Corp. as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS) of the Republic of China. Our responsibilities under those standards are further described in the Independent Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Ho Tung Chemical Corp. in accordance with The Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key Audit Matters refer to matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the Company for the year ended December 31, 2021. These matters were addressed in the context of our audit of the Parent Company Only financial statements as a whole and, in forming our opinion thereon, we do not provide a Parent Company Only opinion on these matters.

Key audit matters for the parent company only financial statements of the Company for the year ended December 31, 2021 are stated as follows:

The accurate timing of export revenue recognition

Description

Please refer to Note IV (XXVIII) for details of the accounting policies of the recognition of operating revenue.

Ho Tung Chemical Corp. is primarily engaged in selling of chemical products and sales revenue mainly arises from exports. The products are delivered to purchasers when the control of the promised goods has been transferred to the purchaser and revenue is recognized when the control is transferred. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. As transaction amount is enormous, revenue from sales of goods serves as the main indicator of determining whether the operating and financial goals and investors' expectations are met, and there might be inaccurate timing of revenue recognition shortly before or after the balances sheet date, the accurate timing of recognition of export revenue from is identified as a key audit matter.

How the matter was addressed in our audit

We performed the following key audit procedures for the above key audit matters:

1. Review terms on the sales contracts and orders, confirming revenue from sales is recognized in conformity with contract terms and other related transaction terms.
2. Analyze fluctuation in sales of all products, understanding the nature of significant changes in sales.
3. Sample and review revenues from exports in the appropriate period of time before or after the balance sheet date, including verification of the contents of transaction agreements, trade terms, and other related documents in order to confirm that these revenues were recognized at the appropriate date.

Evaluation on balance of investments using equity method

Refer to Note IV (XIII) for the accounting policies on investments using equity method; for details about the accounts, please refer to Note VI (VI) of the report.

Chenergy Co., Ltd (hereinafter referred to as “Chenergy”) is one of the subsidiaries held by Ho Tung Chemical Corp. Since the balance of investments using equity method on this subsidiary imposes significant influence on the financial statements of Ho Tung Corps., the key audit matters of Chenergy, including the oil spill pollution incident at port - set aside the provisions, are identified as the key audit matters of Ho Tung Chemical Corp. Details of these key audit matters are as follows:

Description

Chenergy had an oil spill pollution incident at West Seven Wharf of Taichung Port on October 24, 2013. Regarding the environmental restoration obligations and legal proceedings arising from the incident, the management has appointed a professional environmental engineering team and lawyers to evaluate, and the amount of impact may be significant. In addition, significant accounting judgments of the management must be involved when estimating provisions in accordance with IAS 37, and, therefore, we believe that Chenergy's provisions for this event is one of the most important matters in this year's audit.

How the matter was addressed in our audit

The financial statements of Chenergy were audited by other independent accountants. Summary of how the accountants addressed the above key audit matter is provided below:

1. Interview the management of Chenergy to understand their assessment of the pending environmental restoration and litigation cases.
2. Obtain the management's self-assessment documents for environmental restoration and legal confirmation letters issued by external lawyers for the pending litigation cases.
3. Assess the appropriateness of the relevant provisions and disclosure of contingent liabilities.

Other matter - Reference to the audits of other independent accountants

We did not audit the financial statements of certain investees accounted for using equity method furnished to the Parent Company Only financial statements of Ho Tung Corp. The financial statements of these investees were audited by other independent accountants. Thus, opinions expressed herein, insofar as it relates to the amounts included in the Parent Company

Only financial statements and information disclosed in Note XIII relating to these investees, are based solely on the reports of other independent accountants. For the years ended December 31, 2021, and 2020, the total amount of investments accounted for using equity method recorded as assets were NT$2,547,415 thousand and NT$2,532,452 thousand, respectively, constituting 17.55% and 17.41% of the total assets, respectively; those recorded as liabilities were NT$65,950 thousand and NT$64,537 thousand, constituting 3.49% and 2.92% of total liabilities, respectively. As of December 31, 2021, and 2020, the comprehensive income recognized of these investees were NT$65,204 thousand and NT$(764,503) thousand, constituting 6.57% and (41.15%) of the total comprehensive income, respectively.

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

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

In preparing the Parent Company Only financial statements, the management is responsible for assessing the ability of Ho Tung Chemical Corp. to continue as a going concern, disclosing, as applicable, items related to going concern and using the going concern basis of accounting unless management either intends to liquidate Ho Tung Chemical Corp. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the financial reporting process of Ho Tung Chemical Corp.

Responsibilities of Certified Public Accountants for Auditing Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ROC GAAS will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could have influence on the economic decisions made by the users of the Parent Company Only financial statements, they will be deemed as material.

As part of an audit in accordance with GAAS of Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also execute the following tasks:

1. Identify and assess the risks of material misstatement of the Parent Company Only 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 that 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 internal control of Ho Tung Chemical Corp.
3. Evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of the accounting estimates and related disclosures made accordingly.
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 ability of Ho Tung Chemical Corp. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Parent Company Only 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 auditor's report. However, future events or conditions may cause Ho Tung Chemical Corp. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the Parent Company Only financial statements, including related notes, and whether the Parent Company Only 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 Ho Tung Chemical Corp. to express an opinion on the Parent Company Only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the governing body, we determined matters that were of most significance in the audit of the Parent Company Only 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.

PricewaterhouseCoopers Taiwan

LAI, TSUNG-HSI

CPA

WANG, CHAO-MING

Former Securities and Futures Bureau, FSC,
Executive Yuan
Approval Certificate No.: CHIN-KUANCHENG-LIU-TZU No. 0960038033
Former Securities Management Commission,
Ministry of Finance
Approval Certificate No.: (85)TAI-TSAICHENG(VI) No. 65945

March 16, 2022

Ho Tung Chemical Corp.

Parent Company Only Balance Sheets

December 31, 2021 and 2020

Unit: NT$ thousands

	Asset	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI (I)	$ 1,178,076	8	$ 2,401,201	16
1150	Notes receivable, net	VI (IV)	-	-	2,403	-
1170	Accounts receivable, net	VI (IV)	101,540	1	154,594	1
1180	Accounts receivable - related parties, net	VII	107,224	1	248,395	2
1200	Other receivables	VI (II)	4,570	-	9,001	-
1210	Other receivables - related parties	VII	7,933	-	5,291	-
130X	Inventories	VI (V)	253,417	2	129,524	1
1410	Prepayment		17,208	-	10,901	-
1470	Other current assets		23	-	35	-
11XX	**Total current assets**		1,669,991	12	2,961,345	20
	Non-current assets					
1517	Financial assets at fair value through profit or loss - non-current	VI (II) & VII	789,138	5	563,208	4
1535	Financial assets at amortized cost - non-current	VI (III) & VIII	102,057	1	22,029	-
1550	Investment accounted for using equity method	VI (VI) & VII	11,338,637	78	10,372,696	71
1600	Property, plant, and equipment	VI (VIII) & VIII	517,702	4	527,182	4
1755	Right-of-use assets		1,291	-	1,318	-
1760	Investment property, net	VI (IX)	10,681	-	10,915	-
1780	Intangible assets	VI (X)	4,142	-	4,456	-
1840	Deferred income tax assets	VI (XXV)	70,317	-	79,076	1
1900	Other non-current assets	VI (XIII)	7,504	-	5,933	-
15XX	**Total non-current assets**		12,841,469	88	11,586,813	80
1XXX	**Total assets**		$ 14,511,460	100	$ 14,548,158	100

(Continued)

Ho Tung Chemical Corp.

Parent Company Only Balance Sheets

December 31, 2021 and 2020

Unit: NT$ thousands

Code	Liabilities and equity	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liability					
2100	Short-term loans	VI (XI)	$ -	-	$ -	-
2130	Contract liabilities- current	VI (XVIII)	756	-	36,704	-
2150	Notes payable		1,630	-	1,630	-
2170	Accounts payable		105,790	1	67,673	1
2180	Accounts payable - related parties	VII	83,858	1	183,754	1
2200	Other payables		83,966	1	95,053	1
2220	Other payables - related parties	VII	2,882	-	33,399	-
2230	Current income tax liabilities		40,132	-	-	-
2320	Long-term liabilities due within one year or one operating cycle	VI (XII) & VIII	330,000	2	198,000	1
2399	Other current liabilities－others	VII	49,180	-	49,997	-
21XX	**Total current liabilities**		698,194	5	666,210	4
	Non-current liabilities					
2540	Long-term loans	VI (XII) & VIII	1,119,210	8	1,477,815	10
2570	Deferred income tax liabilities	VI (XXV)	3,362	-	3,009	-
2600	Other non-current liabilities	VI (VI)	67,264	-	65,333	1
25XX	**Total non-current liabilities**		1,189,836	8	1,546,157	11
2XXX	**Total liabilities**		1,888,030	13	2,212,367	15
	Equity					
	Share capital	VI (XIV)				
3110	Share capital - common stock		10,168,248	70	10,168,248	70
	Capital surplus	VI (XV)				
3200	Capital surplus		57,093	-	50,541	-
	Retained earnings	VI (XVI)				
3310	Legal reserve		800,259	6	631,294	4
3320	Special reserve		504,761	4	396,773	3
3350	Unappropriated retained earnings		1,422,870	10	1,689,647	12
	Other equity interest	VI (XVII)				
3400	Other equity interest		(233,850)	(2)	(504,761)	(3)
3500	Treasury stocks	VI (VI)(XIV)	(95,951)	(1)	(95,951)	(1)
3XXX	**Total equity**		12,623,430	87	12,335,791	85
	Significant Contingent Liabilities and Unrecognized Contract Commitments	VI (XII), VII & IX				
	Significant events after the balance sheet date	XI				
3X2X	**Total liabilities and equity**		$ 14,511,460	100	$ 14,548,158	100

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

Chief Director: Chang, Li-Chiu　　Manager: CHEN, YI-JU　　Accounting Supervisor: Lin, Hui-yen

Ho Tung Chemical Corp.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2021 and 2020

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

	Items	Notes	2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenue	VI (XVIII) and VII	$ 1,689,331	100	$ 5,931,094	100
5000	Operating costs	VI (V)(XXIII)(XXIV) & VII	(1,594,308)	(94)	(3,926,858)	(66)
5900	Gross profit		95,023	6	2,004,236	34
5910	Unrealized profits on sales		(52)	-	(12,347)	-
5920	Realized profits on sales		12,347	1	11,514	-
5950	Gross profit from operations		107,318	7	2,003,403	34
	Operating expenses	VI (XXIII) (XXIV)				
6100	Selling expenses		(96,452)	(6)	(164,287)	(3)
6200	Administrative expenses		(84,987)	(5)	(108,897)	(2)
6450	Expected credit impairment loss		-	-	(175,409)	(3)
6000	Total operating expenses		(181,439)	(11)	(448,593)	(8)
6900	Operating (losses) profits		(74,121)	(4)	1,554,810	26
	Non-operating income and expenses					
7100	Interest income	VI (XIX)	2,549	-	17,738	-
7010	Other income	VI (XX) & VII	46,871	3	42,515	1
7020	Other gains and losses	VI (XXI)	(50,242)	(3)	(119,685)	(2)
7050	Finance costs	VI (XXII)	(34,972)	(2)	(94,397)	(1)
7070	Shares of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	VI (VI)	882,060	52	307,156	5
7000	Total non-operating income and expenses		846,266	50	153,327	3
7900	**Pre-tax profit**		772,145	46	1,708,137	29
7950	Income tax expense	VI (XXV)	(49,399)	(3)	(21,706)	(1)
8000	**Net Income for continuing operations**		722,746	43	1,686,431	28
8200	**Net profit for the period**		$ 722,746	43	$ 1,686,431	28
	Other comprehensive income - net					
	Items that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	VI (XIII)	$ 1,767	-	$ 3,317	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	VI (II)(XVII)	226,625	13	82,630	1
8330	Shares of other comprehensive income arising from subsidiaries, associates and joint ventures accounted for using equity method - components of other comprehensive income that will not be reclassified to profit or loss	VI (XVII)	125,544	8	88,377	2
8349	Income tax expenses related to items that will not be reclassified subsequently to profit or loss	VI (XXV)	(238)	-	(664)	-
8310	Total amount of items that will not be reclassified to profit or loss		353,698	21	173,660	3
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign financial statements	VI (XVII)	(82,772)	(5)	(3,114)	-
8380	Shares of other comprehensive income arising from subsidiaries, associates and joint ventures accounted for using equity method - components of other comprehensive income that may be reclassified to profit or loss	VI (XVII)	(808)	-	812	-
8360	Total amount of items that may be reclassified subsequently to profit or loss		(83,580)	(5)	(2,302)	-
8500	**Total comprehensive income (loss) for the period**		$ 992,864	59	$ 1,857,789	31
	Earnings per share	VI (XXVI)				
9750	Basic earnings per share		$	0.72	$	1.68
9850	Diluted earnings per share		$	0.72	$	1.68

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

Chief Director: Chang, Li-Chiu Manager: CHEN, YI-JU Accounting Supervisor: Lin, Hui-yen

Ho Tung Chemical Corp.
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

	Notes	Share capital - common stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Other equity interest: Exchange differences on translation of foreign financial statements	Other equity interest: Unrealized gains or losses on financial assets at fair value through other comprehensive income	Treasury stocks	Total
2020										
Balance at January 1, 2020		$ 10,168,248	$ 50,541	$ 629,512	$ 284,134	$ 114,421	($ 433,532)	($ 239,178)	($ 95,951)	$ 10,478,195
Net profit for the period		-	-	-	-	1,686,431	-	-	-	1,686,431
Other comprehensive income (loss) for the year	VI (XVII)	-	-	-	-	3,409	(2,302)	170,251	-	171,358
Total comprehensive income (loss) for the period		-	-	-	-	1,689,840	(2,302)	170,251	-	1,857,789
Appropriation & distribution of 2019 earnings	VI (XVI)									
Legal reserve		-	-	1,782	-	(1,782)	-	-	-	-
Special reserve		-	-	-	112,639	(112,639)	-	-	-	-
Change in ownership of equity in subsidiary		-	-	-	-	(193)	-	-	-	(193)
Balance at December 31, 2020		$ 10,168,248	$ 50,541	$ 631,294	$ 396,773	$ 1,689,647	($ 435,834)	($ 68,927)	($ 95,951)	$ 12,335,791
2021										
Balance at January 1, 2021		$ 10,168,248	$ 50,541	$ 631,294	$ 396,773	$ 1,689,647	($ 435,834)	($ 68,927)	($ 95,951)	$ 12,335,791
Net profit for the period		-	-	-	-	722,746	-	-	-	722,746
Other comprehensive income (loss) for the year	VI (XVII)	-	-	-	-	953	(83,580)	352,745	-	270,118
Total comprehensive income (loss) for the period		-	-	-	-	723,699	(83,580)	352,745	-	992,864
Appropriation & distribution of 2020 earnings	VI (XVI)									
Legal reserve		-	-	168,965	-	(168,965)	-	-	-	-
Special reserve		-	-	-	107,988	(107,988)	-	-	-	-
Cash dividend		-	-	-	-	(711,777)	-	-	-	(711,777)
Disposal of equity instruments measured at fair value through other comprehensive income		-	-	-	-	(1,746)	-	1,746	-	-
Cash dividend of parent company distributed to subsidiaries	VI (XV)	-	7,186	-	-	-	-	-	-	7,186
Change in ownership of equity in subsidiary	VI (XV)(XXVII)	-	(634)	-	-	-	-	-	-	(634)
Balance at December 31, 2021		$ 10,168,248	$ 57,093	$ 800,259	$ 504,761	$ 1,422,870	($ 519,414)	$ 285,564	($ 95,951)	$ 12,623,430

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

Chief Director: Chang, Li-Chiu   Manager: CHEN, YI-JU   Accounting Supervisor: Lin, Hui-yen

Ho Tung Chemical Corp.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
Cash flows from operating activities			
Profit before tax for the period		$ 772,145	$ 1,708,137
Adjustments			
Income and expenses having no effect on cash flows			
Net gain on financial assets at fair value through profit or loss	VI (XXI)	-	(1,373)
Depreciation charge	VI(VIII)(IX)(XXIII)	48,531	50,770
Expected credit impairment loss	XII (III)	-	175,409
Amortization	VI (X)(XXIII)	462	11,034
Impairment loss	VI (VIII)(XXI)	-	80,937
Interest expense	VI (XXII)	34,972	94,397
Interest income	VI (XIX)	(2,549)	(17,738)
Dividend income	VI (XX)	(36,332)	(16,699)
Shares of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	VI (VI)	(882,060)	(307,156)
Gain on lease modification	VI (XXI)	(7)	-
Gain on disposal of property, plant, and equipment	VI (XXI)	(2,033)	-
Past due accounts payable reclassified to other income	VI (XX)	-	(10,910)
Loss on disposal of investments accounted for using equity method	VI (VI)(XXI)	17,061	-
Unrealized profits on sales		52	12,347
Realized profits on sales		(12,347)	(11,514)
Changes in assets/liabilities relating to operating activities			
Net changes in operating assets			
Financial assets at fair value through profit or loss		-	1,373
Notes receivable		2,403	6,904
Accounts receivable		53,054	15,256
Accounts receivable - related parties		141,171	393,961
Other receivables		4,105	76,085
Other receivables - related parties		(2,642)	11,866
Inventories		(123,893)	1,203,555
Prepayment		(6,307)	(3,469)
Other current assets		12	140
Net changes in liabilities relating to operating activities			
Contract liabilities- current		(35,948)	36,287
Notes payable		-	67
Accounts payable		38,117	(154,298)
Accounts payable - related parties		(99,896)	(129,314)
Other payables		(12,202)	(65,331)
Other payables - related parties		2,882	(2)
Other current liabilities		(817)	(2,871)
Other non-current liabilities		517	(899)
Cash (outflow) inflow generated from operations		(101,549)	3,156,951
Interest received		2,549	17,738
Dividend received		36,332	16,699
Income tax refunded (paid)		152	(49,603)
Interest paid		(35,007)	(95,873)
Cash inflow (outflow) from operating activities, net		(97,523)	3,045,912

(Continued)

Ho Tung Chemical Corp.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
Cash flows from investing activities			
Capital reduction and return stock of financial assets measured at FVTOCI	VI (II)	$ 361	$ -
Increase in financial assets at amortized cost		(80,028)	(2,506)
Acquisition of right-of-use assets		-	(1,345)
Acquisition of investments accounted for under equity method - subsidiaries	VI (VI)	(93,101)	(300,000)
Disposal of investments accounted for using equity method - subsidiaries	VI (VI)	21,274	-
Acquisition of property, plant, and equipment	VI (XXVIII)	(36,363)	(34,430)
Disposal of property, plant, and equipment		2,081	-
Acquisition of intangible assets	VI (X)	-	(4,493)
Decrease in other non-current assets		196	129,731
Net cash flows used in investing activities		(185,580)	(213,043)
Cash flows from financing activities			
Decrease in short-term loans		-	(270,094)
Lease principal repayment		(245)	-
Repayment of long-term debts for the period		(228,000)	(635,348)
Cash dividend paid	VI (XVI)	(711,777)	-
Net cash outflow from financing activities		(940,022)	(905,442)
(Decrease) increase in cash and cash equivalents		(1,223,125)	1,927,427
Cash and cash equivalents at beginning of year		2,401,201	473,774
Cash and cash equivalents at end of the year		$ 1,178,076	$ 2,401,201

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

Chief Director: Chang, Li-Chiu　　Manager: CHEN, YI-JU　　Accounting Supervisor: Lin, Hui-yen

Ho Tung Chemical Corp.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousands
(except as otherwise indicated)

I.Company History

(I) Ho Tung Chemical Corp. ("the Company") was incorporated in August 1980 in the Republic of China. The Company's shares have been traded on the Taiwan Stock Exchange since August 30, 1991. The Company is primarily engaged in manufacturing, processing and sales of chemicals such as normal paraffin, alkenes and so on.

(II) In accordance with the organizational plan of the Group, on June 19, 2020, the Company passed a resolution of the Board of Directors to conduct a short-form merger with He Hsin Cheng Co., Ltd. (hereinafter referred to as He Hsin Cheng) and Hua Tung Investment Co., Ltd (hereinafter referred to as Hua Tung). The Company is the surviving company after the merger, and He Hsin Cheng and Hua Tung are the elimination companies. All rights and obligations of the elimination companies shall be generally accepted by the Company from September 10, 2020, the base date of merger.

(III) The name, relationship, and the abbreviation of the Company's subsidiaries:

Name and relationship of related parties	Abbreviation
Subsidiary of the Company	
Paotze Investment Ltd.	Paotze
Hsin Tay Petroleum Co., Ltd	Hsin Tay Petro
He Hsin Cheng Co., Ltd. (Note 4)	He Hsin Cheng
He Mao Venture Capital Co., Ltd.	He Mao VC
Zortech Corporation (Note 6)	Zortech
Inadvance Holdings Ltd.	Inadvance
Ho Tung Cement Corp.	Ho Tung Cement
Hua Chung Co., Ltd.	Hua Chung
Signpost Enterprises Ltd.	Signpost
Hua Tung Investment Co., Ltd. (Note 4)	Hua Tung
Chenergy Global Corporation (Note 5)	Chenergy
Top Device Investments Ltd.(Note 1)	Top Device
Sharpinvest International Ltd.	Sharpinvest
Ally Solution Ltd.	Ally Solution
Subsidiaries of Paotze	
Hsin Tay (Shanghai) Ltd. (Note 3)	Shanghai Hsin Tay
Nanjing He Sheng Pao New Energy Technology Co., Ltd	Nanjing He Sheng Pao
Jiangsu Jintung Chemical Corp., Ltd	Jiangsu Jintung
Jintung Petrochemical Corp., Ltd	Nanjing Jintung
Tianjin Tianzhi Fine Chemical Co., Ltd	Tianjin Tianzhi
Nanjing Kuan Hsin Optoelectronics Co., Ltd	Nanjing Kuan Hsin
Xiamen Jintung Synthetic Detergent Co., Ltd	Xiamen Jintung
Subsidiaries of Hsin Tay Petroleum	
Hsin Tay Ltd.	Hsin Tay
Subsidiaries of Signpost	
Signpost (HK) Ltd	Signpost (HK)
Subsidiaries of Chenergy	
Big Success Co., Ltd.	Big Success
Subsidiaries of Jiangsu Jintung	
Jiangsu Jintung Surfactant Corp., Ltd	Jiangbei Sutung
Subsidiaries of Nanjing Jintung	
Sichuan Jintung Fine Chemical Corp., Ltd.	Sichuan Fine
Anhui Jintung Fine Chemical Corp., Ltd	Anhui Jintung
Subsidiaries of Hsin Tay	
Beijing Tung Sheng Tai Trade Co., Ltd	Beijing Tung Sheng Tai
Tianjin Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd	Tianjin Hsing Tung
Oceanwise International Ltd.	Oceanwise
Shanghai Hsin Tay Investment (HK) Corporation. (cancelled) (Note 2)	Shanghai Hsin Tay Investment
Subsidiary of Signpost (HK)	
Chih Sheng (Huizhou) Petrochemical Co., Ltd	Chih Sheng Huizhou
Guangzhou Litze Chemical Co., Ltd	Guangzhou Litze

Note 1: In accordance to the organizational plan of the Group, Top Device Co. was dissolved as approved

by the Board of Directors on August 12, 2016. Shares were returned on September 20, 2016. The dissolution procedure is still in progress.

Note 2: In accordance with the organizational plan of the Group, the Board of Directors of Shanghai Hsin Tay Investment approved the dissolution of the company on January 9, 2020, and the refund of shares on January 13, 2020. The registration of dissolution was completed on January 29, 2021.

Note 3: Formerly a subsidiary of Hsin Tay, in accordance with the organizational plan of the Group, the Board of Directors of Hsin Tay passed a resolution to transfer the equity of Shanghai Hsin Tay to Paotze on February 27, 2020, and the relevant change registration procedures have been completed.

Note 4: In accordance with the organizational plan of the Group, on June 19, 2020, the Company passed a resolution of the Board of Directors to conduct a short-form merger with Hua Tung and He Hsin Cheng with the base date of merger on September 10, 2020, and the relevant change registration procedures have been completed.

Note 5: Formerly a subsidiary of Hsin Tay Petro, in accordance with the organizational plan of the Group, on August 14, 2020, Hsin Tay Petro passed the resolution of the Board of Directors for capital reduction amounted to $489,300, cancellation shares of 48,930 thousand, and refund of shares to the Company by its shares of Chenergy, and the relevant change registration procedures have been completed.

Note 6: In accordance with the organizational plan of the Group, the Board of Directors of Zortech approved the dissolution of the company on June 29, 2020. The registration of dissolution was completed on December 9, 2021.

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

The accompanying parent company only financial statements were approved by the Board of Directors and issued on March 16, 2022.

III. Application of New and Amended Standards and Interpretations

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

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

New Standards, Interpretations, and Amendments	Effective date by International Accounting Standards Board
Amendment to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Phase 2 "Interest Rate Benchmark Reform"	January 1, 2021
Amendment to IFRS 16 "COVID-19-related Rent Concessions After June 30, 2021"	April 1, 2021 (Note)

Note: The FSC allows early application on January 1, 2021.

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

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

New standards, interpretations and amendments endorsed by FSC effective from 2022 are as follows:

New Standards, Interpretations, and Amendments	Effective date by International Accounting Standards Board
Amendment to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendment to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations, and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

IV. Summary of Significant Accounting Policies

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

(I) Compliance statement

The parent company only financial statement has been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. Except for the following significant items, these parent company only financial statements have been prepared under the historical cost convention:
   (1) Financial assets and financial liabilities at fair value through profit or loss.
   (2) Financial assets at fair value through other comprehensive income measured at fair value
   (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission (collectively referred herein as the "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 parent company only financial statements are disclosed in Note V.

(III) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the entity operates (i.e., the functional currency). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

1. Foreign currency transactions and balances
   (1) 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.
   (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated 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.
   (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
   (4) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses."

2. Translation of foreign operations
   (1) The operating results and financial position of all the subsidiaries and associates 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.
   (2) When the foreign operation that is partially disposed of or sold is an associate, 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, if the Company still retains partial interests in the former foreign subsidiaries after losing control of the former foreign subsidiaries, such transactions should be accounted for as disposal of all interest in these foreign operations.

(3) When the foreign operation that is 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 interests in this foreign operation. In addition, if the Company still retains partial interests 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 these foreign operations.

(IV) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets:
   (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
   (2) Assets arising mainly from trading activities.
   (3) Assets that are expected to be realized within twelve months from the balance sheet date.
   (4) 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.

   Otherwise they are classified as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:
   (1) Liabilities that are expected to be paid off within the normal operating cycle.
   (2) Liabilities arising mainly from trading activities.
   (3) Liabilities that are expected to be paid off within twelve months from the balance sheet date.
   (4) 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.

Otherwise they are classified as non-current liabilities.

(V) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits can be classified as cash equivalents if they meet the criteria mentioned above and are held for short-term cash commitments in operational purpose.

(VI) Financial assets measured at FVTOCI

1. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings. When the equity instruments are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is not reclassified from equity to profit or loss. Dividends are recognized as revenue when the Company's right to receive payment is established, it is probable the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(VII) Financial assets at amortized cost

1. It refers to those who meet all following conditions at the same time:
   (1) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
   (2) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. On the basis of regular purchase or sale, financial assets at amortized cost are calculated using the transaction date accounting by the Company.
3. The Company measures the fair value plus transaction cost as at the time of its original recognition, and subsequently measures by adopting the effective interest method to recognize interest income and impairment losses during the circulation period according to the amortization procedure while the gain or loss shall be recognized in profit and loss as derecognition.

(VIII) Accounts and notes receivable

1. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(IX) Impairment of financial assets

The Company measures the loss allowance for financial assets measured at amortized cost after taking into account all reasonable and provable information (including forward-looking information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the 12-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance is measured at full lifetime expected credit losses; and where they are accounts receivables that do not comprise any significant financing components, the loss allowance is measured at full lifetime expected credit losses.

(X) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset have expired.

(XI) Lease Transactions for the Lessors—Operating Leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XII) Inventories

Inventories are stated at the lower of cost and net realizable value,and costs are all determined using the weighted-average method. The cost of finished goods and work in process 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.

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

1. Subsidiaries are all entities, including structured entity, 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.
2. Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its subsidiaries' 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 a subsidiary equals or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.
4. 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.
5. When the Company loses control of a subsidiary, the Company 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 investment cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss for the current period. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if all the related assets or liabilities were disposed of. That is, other comprehensive income in relation to the subsidiary should be reclassified to profit or loss from equity when the Company loses control of a subsidiary.
6. 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% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

7. 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.
8. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes changes in ownership interests in the associate in "capital surplus" in proportion to its ownership.
9. 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 evidence is provided that an impairment of the asset transferred has occurred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
10. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
11. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
12. When the Company disposes of its associate, if it loses its significant influence on the said associate, the accounting treatment is the same as if the Company directly disposes of the relevant assets or liabilities for all the amounts previously recognized in other comprehensive profit or loss related to the said associate. That is, if the interests or losses previously recognized as other comprehensive gains and losses are reclassified as profit or loss when the relevant assets or liabilities are disposed, the benefits or losses are reclassified as gain or loss when the significant influence on the associate is lost. 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.
13. When the Company disposes its investment in an associate and loses significant

influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are reclassified to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus are reclassified to profit or loss proportionately.

14. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit and other comprehensive income in the parent company only financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the parent company only financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(XIV) Joint operations

For the interests in joint operations, the Company recognizes its direct rights to the joint operations' assets, liabilities, income and expenses (and its share of the joint operations) and includes the appropriate line of intent that is required to be applicable to the financial statements.

(XV) Property, plant, and equipment

1. Property, plant and equipment are initially recorded at cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a parent company only 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.
3. 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. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. 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 of property, plant and equipment are as follows:

Buildings and structures (affiliated facilities included)	2 to 55 years
Machinery equipment	2 to 15 years
Other equipment	2 to 20 years

(XVI) Lease Transactions for the Lessees - Right-of-Use Assets / Lease Liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date when they are available for use by the Company. When a lease contract is a short-term lease or a lease of a low-value underlying asset, the lease payment is

recognized as an expense using the straight-line method.

2. The lease liabilities are recognized as the present value of the lease payments that have not been paid at the lease commencement date discounted at the Company's incremental borrowing rate of interest. The lease payments include:
   (1) Fixed payments, less any lease incentives receivable;
   (2) Variable lease payments dependent upon certain indicators or rates;
   The subsequent interest method is used to measure the amortized cost method, and the interest expenses are set aside during the lease term. When a non-contractual modification causes a change in the lease period or lease payment, the Lease liability will be reassessed and remeasured to adjust the right-of-use asset.
3. Right-of-use assets are recognized at cost on the commencement date of a lease. Cost includes:
   (1) the original measured amount of the Lease liability;
   (2) Any lease payments paid on or before the commencement date;
   The subsequent measurement adopts the cost model, and depreciation expenses are recognized at the earlier of the expiration date of the right-of-use asset or the lease period. When the Lease liability is reassessed, any remeasurement of the Lease liability will be adjusted using the right-of-use asset.

(XVII) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(XVIII) Intangible assets

1. Customer relationships

   Customer relationships are amortized on a straight-line method over its estimated useful life of 5 years.
2. Computer software

   Computer software is recognized at cost of acquisition and amortized on a straight-line method over its estimated useful life of 10 years.

(XIX) 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 or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XX) Borrowings

1. Borrowings refer to short-term and long-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of

transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

2. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(XXI) Notes and accounts payable

1. Accounts payables are liabilities for purchases of raw materials, goods and services and notes payable are those resulting from operating and non-operating activities.
2. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXII) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged, cancelled, or expires.

(XXIII) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognized at its fair value and subsequently measured at the higher of the amount of impairment provision which is calculated based on expected credit loss and the amount of accumulated income recognized.

(XXIV) Employee benefits

1. 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 expense in that period when the employees render service.

2. Pensions

   (1) Defined contribution plans

   For defined contribution plans, the contributions are recognized as pension expense 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.

   (2) 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. The net defined benefit 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 government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

B. Remeasurements 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.

3. Employees' compensation and Directors' and Supervisors' remuneration

Employees' compensation and Directors' and Supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(XXV) Income tax

1. The tax expense for the period comprises current and deferred tax. Income 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 directly in equity.
2. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It estimated income tax liabilities where appropriate based on the amounts expected to be paid to the tax authorities. For the income tax levied on the unappropriated retained earnings in accordance with the Income Tax Act, it will be recognized as income tax for unappropriated retained earnings based on the actual distribution of surplus after the surplus distribution proposal is adopted at the shareholders' meeting in the year following the year of which the said surplus is generated.
3. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the parent company only financial statements. However, the deferred 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 (loss). Deferred income tax is provided on temporary differences arising from 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 end of the financial reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

4. Deferred 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 tax assets are reassessed.
5. 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 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.

(XXVI) Share capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
2. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(XXVII) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(XXVIII) Revenue

Sales of goods

1. The Company is primarily engaged in manufacturing and selling of chemical and oil related products. If the customer's payables exceed the products rendered, a contract liability is recognized.
2. The products are delivered to purchasers when the control of the promised goods has been transferred to the purchasers and revenue is recognized when the control is transferred. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in

accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

3. Because the Company does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year, the Company does not adjust transaction prices to account for time value of money.

Land Development and Resale

The Company is engaged in land development, and the recognition of revenue is based on the transferring of property ownership.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions at balance sheet date and estimates concerning future events. The resulting accounting estimates and assumptions might be different from the actual results, and will be continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(I) Financial assets - fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Company that are not traded in an active market is determined considering those companies' recent fund raising activities, fair value assessment of other companies of the same type, technical development status, market conditions and other economic indicators. Any changes in these judgments and estimates will impact the fair value measurement of these unlisted stocks. For the information concerning the fair value of financial assets, please refer to Note XII (IV). As of December 31, 2021, the carrying amount of unlisted (non-OTC) stocks without an active market held by the Company was $72,293.

(II) Realization of deferred income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the Company's subjective and significant judgment and estimate, including the future revenue growth and profitability, the amount of tax credits can be utilized, and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

The deferred income tax assets recognized by the Company as of December 31, 2021 was $70,317.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	December 31, 2021	December 31, 2020

Cash on hand	$190	$190
Check accounts	359	372
Demand deposits	917,335	1,640,639
Time deposits	260,192	760,000
	$1,178,076	$2,401,201

1. The Company transacts with a variety of financial institutions, all with high credit quality, to disperse credit risk so it expects that the probability of counter-party's default is remote.
2. The Company's restricted cash amounted to $102,057 and $22,029, respectively, as of December 31, 2021 and 2020, and recorded as "Financial assets at amortized cost - non-current" according to its liquidity. Please refer to Note VIII for relevant information.

(XXIX) Financial assets measured at FVTOCI

Items	December 31, 2021	December 31, 2020
Non-current items:		
Equity instruments		
Listed and OTC stocks	$529,878	$529,878
Unlisted stocks	118,867	119,563
	648,745	649,441
Valuation adjustment	140,393	(86,233)
Total	$789,138	$563,208

1. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets measured at fair value through other comprehensive income. The fair value of such investments as of December 31, 2021 and 2020 amounted to $789,138 and $563,208, respectively.
2. Details of financial assets at fair value through other comprehensive income recognized in profit or loss and comprehensive income are as follows:

	2021	2020
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	$226,625	$82,630

3. In accordance with the organizational plan of the Group, the Board of Directors of the Company determined to purchase equity of YH Bio Co., Ltd. and Vita Genomics, Inc. from Zortech on June 19, 2021. The related equity transaction was completed.
4. Wk Technology Fund Co., Ltd. reduced its capital in March 2021. The Company has received a refund of the capital reduction amounted to $361. The company was dissolved on April 30, 2021 by the resolution of the shareholders' meeting. The Company has transferred its investment amount of $334 under "other receivables."
5. Dividend income for the years ended December 31, 2021 and 2020 amounted to $36,332 and $16,699, respectively, and all related to its investments held at the end of the reporting period.
6. As of December 31, 2021 and 2020, without taking into account any collateral held

or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's financial assets measured at fair value through other comprehensive income was $789,138 and $563,208, respectively.

7. The Company has no financial assets measured at fair value through other comprehensive income pledged as collateral.
8. For information relating to the price risk of financial assets measured at fair value through other comprehensive income and information on fair value, please refer to Note XII (III) and (IV).

(III) Financial assets at amortized cost

Items	December 31, 2021	December 31, 2020
Non-current items:		
Restricted cash and cash equivalents	$102,207	$22,029

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

	2021	2020
Interest income	$66	$50

2. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's financial assets measured at amortized cost was $102,057 and $22,029, respectively.
3. Please refer to Note VIII for the Company's financial assets measured at amortized cost having conditions of pledge/guarantee.
4. For other information relating to the credit risk of financial assets measured at amortized cost, please refer to Note XII (III)

(IV) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$-	$2,403
Accounts receivable	$330,376	$383,430
Less: Allowance for bad debts	(228,836)	(228,836)
	$101,540	$154,594

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

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$101,540	$-	$154,594	$2,403
Past due				
Within 90 days	-	-	-	-
91-180 days	-	-	-	-
Over 181 days	228,836	-	228,836	-
	$330,376	$-	$383,430	$2,403

The above aging analysis is based on past due date.

2. The balances of receivables (including notes receivable) contracted by the Company and customers on December 31, 2021, December 31, 2020 and January 1, 2020 were $330,376, $385,833, and $407,993, respectively.

3. The Company has no accounts and notes receivable pledged as collateral.
4. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were $0 and $2,403, respectively, and the amount that best represents the Company's accounts receivable were $101,540 and $154,594, respectively.
5. Information relating to credit risk of accounts receivable and notes receivable is provided in Note XII (III).

(V) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$110,160	$-	$110,160
Finished goods	119,843	-	119,843
Merchandise inventories	23,414	-	23,414
	$253,417	$-	$253,417

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$56,320	$-	$56,320
Work in process	1,308	-	1,308
Finished goods	57,383	(371)	57,012
Merchandise inventories	14,245	-	14,245
Inventory in transit	639	-	639
	$129,895	($371)	$129,524

The inventory-related expenses and losses recognized in the current period:

	2021	2020
Cost of inventories sold	$1,561,907	$3,913,697
Recovery benefit of inventory impairment	(371)	(1,109)
Gain on physical inventory	(3,368)	(7,510)
Unallocated fixed manufacturing overheads	36,140	21,780
	$1,594,308	$3,926,858

1. Allowance for market price decline was accounted at the end of 2019. When inventories were sold in 2020, the product price hiked up and thus gain from price recovery of inventory was generated.
2. Allowance for market price decline was accounted at the end of 2020. When inventories were sold in 2021, the product price hiked up and thus gain from price recovery of inventory was generated.

(VI) Investment accounted for using equity method

1. Details are as follows:

Name of subsidiaries and associates	December 31, 2021	December 31, 2020
Asset accounts listed:		
Subsidiary		
Paotze	$7,385,142	$6,620,117
Hsin Tay Petro	1,042,110	1,032,658
He Mao VC	123,031	120,039
Zortech	-	54,943
Inadvance	219,032	199,526
Ho Tung Cement	386,622	267,026
Signpost	409,576	373,533
Chenergy	693,730	677,668
Top Device	28,813	29,646
Sharpinvest	14,360	14,420
Ally Solution	839,545	798,879
Less: Treasury stock	(95,951)	(95,951)
Subtotal	11,046,010	10,092,504
Associate		
Tung Bao Co., Ltd. (Tung Bao)	292,267	280,192
	$11,338,637	$10,372,696

Name of subsidiaries and associates	December 31, 2021	December 31, 2020
Liabilities accounts listed:		
Subsidiary		
Hua Chung	$69,950	$64,537

2. The Company's stocks held by subsidiaries are treated as treasury stocks. Details are as follows:

Name of subsidiaries	December 31, 2021	December 31, 2020
Paotze	$78,973	$78,973
Ho Tung Cement	16,978	16,978
	$95,951	$95,951

3. The share of profit/loss of associates accounted for under equity method is as follows:

Name of subsidiaries and associates	December 31, 2021	December 31, 2020
Subsidiary		
Paotze	$798,735	$1,058,213

Hsin Tay Petro	(629)	(593,827)
He Mao VC	187	322
Zortech	643	2,017
Inadvance	20,633	5,132
Ho Tung Cement	23,227	25,592
Hua Chung	(1,062)	8,244
Signpost	38,360	8,497
Chenergy	(8,198)	(134,795)
Top Device	-	-
Sharpinvest	(2,130)	(72,337)
Ally Solution	(141)	(79)
Subtotal	869,625	306,335
Associate		
Tung Bao	12,435	821
	12,435	821
	$882,060	$307,156

4. The information about the Company's subsidiaries is provided in the Note IV (III) in the Company's consolidated financial statements for the year ended December 31, 2021.
5. On August 14, 2020, Hsin Tay Petro passed the resolution of the Board of Directors for capital reduction amounted to $489,300, cancellation shares of 48,930 thousand, and refund of shares to the Company by its shares of Chenergy, and the relevant change registration procedures have been completed.
6. In accordance with the organizational adjustment of the Group, the Board of Directors of the Company determined to purchase equity of Hua Chung Co., Ltd and Ho Tung Cement from Zortech on June 19, 2020. The related equity transaction was completed.
7. In November 2020, the Company increased its capital in Chenergy in cash amounted to $300,000 by NT$15 per share, and 20,000,000 shares for capital increase. The shareholding ratio increased from 98.56% to 99.07% after the capital increase, and the relevant change registration procedures have been completed.
8. In accordance with the organizational adjustment of the Group, on May 12, 2021, the Board of Directors of the Company approved to acquire 6,526,657 shares of Ho Tung Cement from Paotze with NT$13.81 per share and total amounted to $90,133, shareholding ratio increased from 70.62% to 92.72%, and the relevant change registration procedures have been completed.
9. In accordance with the organizational adjustment of the Group, the Board of Directors of Zortech approved the dissolution of the company on June 29, 2020. The registration of dissolution was completed on December 9, 2021.
10. In July 2021, the Company approved to acquire 197,874 shares of Chenergy with NT$15 per share and total amounted to $2,968, shareholding ratio increased from 99.07% to 99.42%, and the relevant change registration procedures have been completed.
11. Summary of financial information of the Company's associates is as follows:

	Asset	Liabilities	Revenue	Profit or loss	Shareholding percentage
December 31, 2021					
Tung Bao	$921,957	$ 72,682	$309,141	$ 36,574	34%
December 31, 2020					
Tung Bao	$992,134	$179,433	$260,237	$ 2,414	34%

12. Among the shares of profits or losses arising from the subsidiaries and associates accounted for using equity method, investment gains (losses) arising from re-investment companies, including Hsin Tay Petro, He Mao VC, Zortech, Hua Chung, Ho Tung Cement, Chenergy, Sharpinvest, and Tung Bao, recognized for the years ended December 31, 2021 and 2020 were $24,473 and ($764,607), respectively. The amounts recognized were based on the financial statements audited by the independent accountants appointed by each company.
13. The Company has no investments accounted for using equity method pledged as collateral.

(VII) Joint operations

The Company entered into a "Joint Development Agreement" with other joint operations in November 2006 and jointly purchased four plots of land located in 271, 271-4, 271-5, and 271-7, Yucheng Sec., Nangang Dist., Taipei City. One of the participating companies was assigned to apply for the urban plan change. After the procedure of change was completed, the same company was responsible for planning, building and selling the building and the profit after necessary costs and expenses were deducted was distributed to all participating companies in proportion to the percentage of investment.

The Company held 12.25% shares of the above mentioned investment. Listed below are the assets, liabilities and shares of the sale and management result of the investment project, which have already been included in the balance sheet and comprehensive income statements:

	2020
Asset	
Current assets	$-
Liabilities	
Current liability	-
Net Asset	$-
Operating revenue	$2,950,334
Operating costs	(1,115,789)
Gross profit	1,834,545
Operating expenses	(697)
Profit from operations	1,833,848
Non-Operating revenue	
Interest income	13,553
Pre-tax profit	1,847,401
Income tax expense	(45,935)
Net profit for the period	$1,801,466
Shares of joint operation agreements	12.25%

1. The Company does not have contingent liabilities relating to the agreement of joint operations and the joint operations do not have contingent liabilities, either.
2. In order to enrich working capital and increase capital utilization efficiency, the Company and other joint operating companies sold the land located at Section 2, Yucheng Section, Nangang District, Taipei City by public auction on May 7, 2020. Fubon Life Insurance Co., Ltd. won the bid with a total bid price of $28,287,000. All land owners held a landlord meeting on June 8, 2020 to resolve the first cash distribution, distributed on June 10, 2020; on July 7, 2020, a landlord meeting was held to make a resolution on the rights and interests of the landlords for the settlement of the Great Nangang project and the second distributable cash, and the settlement and distribution were completed on the next day.

(VIII) Property, plant, and equipment

	Land	Buildings	Machinery equipment	Other equipment	Unfinished constructions and equipment to be tested	Total
January 1, 2021						
Cost	$229,092	$235,182	$891,673	$203,775	$91,401	$1,651,123
Accumulated depreciation	-	(158,046)	(741,345)	(140,566)	-	(1,039,987)
Accumulated impairment	-	(9,692)	(66,316)	(7,946)	-	(83,954)
	$229,092	$67,444	$83,982	$55,263	$91,401	$527,182
2021						
January 1	$229,092	$67,444	$83,982	$55,263	$91,401	$527,182
Additions	-	-	1,085	1,653	36,011	38,749
Disposals	-	-	(2)	(46)	-	(48)
Transfer	-	1,635	15,665	105,684	(123,132)	(148)
Depreciation charge	-	(4,657)	(22,152)	(21,224)	-	(48,033)
December 31	$229,092	$64,422	$78,578	$141,330	$4,280	$517,702
December 31, 2021						
Cost	$229,092	$231,795	$874,534	$307,111	$4,280	$1,646,812
Accumulated depreciation	-	(158,694)	(729,766)	(157,901)	-	(1,046,361)
Accumulated impairment	-	(8,679)	(66,190)	(7,880)	-	(82,749)
	$229,092	$64,422	$78,578	$141,330	$4,280	$517,702

	Land	Buildings	Machinery equipment	Other equipment	Unfinished constructions and equipment to be tested	Total
January 1, 2020						
Cost	$229,092	$234,986	$856,470	$210,810	$94,940	$1,626,298
Accumulated depreciation	-	(152,075)	(714,251)	(130,955)	-	(997,281)

Accumulated impairment	-	(2,546)	(270)	(201)	-	(3,017)
	$229,092	$80,365	$141,949	$79,654	$94,940	$626,000
2020						
January 1	$229,092	$80,365	$141,949	$79,654	$94,940	$626,000
Additions	-	331	5,228	247	26,821	32,627
Disposals	-	385	29,975	-	(30,360)	-
Transfer	-	(6,491)	(27,124)	(16,893)	-	(50,508)
Depreciation charge	-	(7,146)	(66,046)	(7,745)	-	(80,937)
December 31	$229,092	$67,444	$83,982	$55,263	$91,401	$527,182
December 31, 2020						
Cost	$229,092	$235,182	$891,673	$203,775	$91,401	$1,651,123
Accumulated depreciation	-	(158,046)	(741,375)	(140,566)	-	(1,039,987)
Accumulated impairment	-	(9,692)	(66,316)	(7,946)	-	(83,954)
	$229,092	$67,444	$83,982	$55,263	$91,401	$527,182

1. The recoverable amounts of the Company's fixed assets are lower than the book value due to impact by market competition and thus $80,937 of impairment loss was recorded in December 2020. The recoverable amount is determined on the calculation basis of the value in use, and calculated by the annual discount rate of 9.06% based on the five-year financial budget pre-tax cash flow forecast prepared by the management.
2. For the information relating to property, plant and equipment pledged as collateral, please refer to Note VIII.

(IX) Investment property

	Land	Buildings	Total
January 1, 2021			
Cost	$8,658	$6,040	$14,698
Accumulated depreciation	-	(3,783)	(3,783)
	$8,658	$2,257	$10,915
2021			
January 1	$8,658	$2,257	$10,915
Depreciation charge	-	(234)	($234)
December 31	$8,658	$2,023	$10,681
December 31, 2021			
Cost	$8,658	$6,040	$14,698
Accumulated depreciation and impairment	-	(4,017)	(4,017)
	$8,658	$2,023	$10,681

	Land	Buildings	Total
January 1, 2020			
Cost	$8,658	$6,040	$14,698
Accumulated depreciation	-	(3,548)	(3,548)
	$8,658	$2,492	$11,150

2020			
January 1	$8,658	$2,492	$11,150
Depreciation charge	-	(235)	($235)
December 31	$8,658	$2,257	$10,915

December 31, 2020			
Cost	$8,658	$6,040	$14,698
Accumulated depreciation and impairment	-	(3,783)	(3,783)
	$8,658	$2,257	$10,915

1. Rental income from the lease of the investment property and direct operating expenses arising from the investment property:

	2021	2020
Rental income from investment property	$400	$400
Direct operating expenses arising from the investment property generating rental income in the period	$234	$235

2. As of December 31, 2021 and 2020, the fair value of the investment property held by the Company was $22,282 and $23,896 respectively. The evaluated fair value was based on the transaction prices of similar properties in the same area, belonging to fair value of Level 3.
3. The Company has no investment property pledged as collateral.

(X) Intangible assets

	Customer relationships	Computer software	Total
January 1, 2021			
Cost	$54,981	$4,493	$59,474
Accumulated amortization and impairment	(54,981)	(37)	(55,018)
	$-	$4,456	$4,456
2021			
January 1	$-	$4,456	$4,456
Transfer	-	148	148
Amortization	-	(462)	(462)
December 31	$-	$4,142	$4,142
December 31, 2021			
Cost	$-	$4,641	$4,641
Accumulated amortization and impairment	-	(499)	(499)
	$-	$4,142	$4,142

January 1, 2020			
Cost	$54,981	$-	$54,981
Accumulated amortization and impairment	(43,981)	-	(43,984)
	$$ 10,997	$-	$10,997
2020			
January 1	$10,997	$-	$10,997
Additions	-	4,493	4,493
Amortization	(10,997)	(37)	(11,034)
December 31	$-	$4,456	$4,456
December 31, 2020			
Cost	$54,981	$4,493	$59,474
Accumulated amortization and impairment	(54,981)	(37)	(55,018)
	$-	$4,456	$4,456

Details of the amortization of intangible assets are as follows:

	2021	2020
Amortization	$462	$11,034

(XI) Short-term loans

1. No short-term borrowings as of December 31, 2021 and 2020.
2. The Company issued guaranteed bill amounted to $1,213,040 and $1,305,440 as of December 31, 2021 and 2020.

(XII) Long-term loans

Loan type	December 31, 2021	Interest range
Bank credit loan	$1,452,000	2.1579%
Less: Syndicated loan fee	(2,790)	
Less: Due within one year	(330,000)	
	$1,119,210	
Issue guaranteed bill	$1,750,000	

Loan type	December 31, 2020	Interest range
Collateralized loan from bank	$1,680,000	2.1579%
Less: Syndicated loan fee	(4,185)	
Less: Due within one year	(198,000)	
	$1,477,815	
Issue guaranteed bill	$1,750,000	

1.

(1) On December 28, 2018, the Company entered into a long-term syndicated loan contract, amounting to $1,750,000, with Land Bank of Taiwan and other financial institutions to repay debts outstanding. The syndicated loan consist of two types, namely Type A and B, and the term of the loan is five years starting from the first drawdown. The company shall make the first drawdown within two months after the date of signing the contract. Otherwise, for the

purpose of counting the loan period, two months after the date of signing the contract shall serve as the date of first drawdown.

Type A: The loan amount of Type A is $1,650,000 with a non-revolving credit line. On January 28, 2019, the drawdown took place, and its amount was $1,650,000. The repayment method is to repay the loan in quarterly installments starting from two years after the drawdown (i.e., January 28, 2021).

Type B: The loan limit of Type B is $100,000 with a revolving credit line. As of December 31, 2021, the Company did not drawdown any loans from Type B.

(2) The main contents of this syndicated loan are as follows:

a. In the duration of the syndicated loan, the Company cannot provide endorsement for third parties without permission from the majority of the lending banks except for general capital lending and endorsement that follows the endorsement procedures.

b. In the duration of the syndicated loan, annual financial reports should maintain financial ratios as follows:

(a) Current ratio: No less than 100%.

(b) Debt ratio: No higher than 100%.

(c) Interest coverage ratio: No less than (including) 2 times.

(d) Tangible net value: No less than $8,000,000.

c. The Company pledged as the security of the loan the 15 plots of Land No. 474, 474-1, 481, 488, 503, 504, 505, 507, 508, 523, 524, 525, 526, 527 and 528 in Zhuyuan Se, Renwu Dist., Kaohsiung City, five buildings and their affiliated facilities of Building No. 1, 797-1, 797-2, 797-3, and 804 in Zhuyuan Se, Renwu Dist., Kaohsiung City, Land No. 124 in Zhongxing Se, Wugu District., New Taipei city, building No. 211, 213, 215, 217, 219, 221, 223, 225, 227 and their affiliated facilities of Land No. 8 in Dayou Se, Sanchong Dist., New Taipei City.

The aforementioned financial ratios and restrictions are calculated based on the annual consolidated financial statements audited by independent accountants and the consolidated financial statements audited by independent accountants as of and for the periods ended June 30 each year. Inspection shall be conducted semi-annually. The date for annual inspection is March 31 or each year and the date for semi-annual inspection is August 15 of each year. If the Company breaches the agreements, it should take remedial measures in order to meet all the criteria of financial ratios and restrictions before the next inspection date (herein referred to as remedial period). If the financial ratios improve and meet all the criteria and restrictions within the remedial period, it is not deemed as a breach to the agreements. However, from the inspection date to the date when the improvement is actually made, interest will be charged at the applicable rate plus an annual rate of 0.20%. If the Company failed to meet the criteria and restrictions within the remedial period, it is deemed as a breach to the agreements. The administering bank is entitled with the right to take actions in accordance the contract. Actions that the administering bank can take include but are not limited to the following actions:

a. Partially or fully suspend the borrower's right to drawdown the loan.

b. Partially or fully cancel the loan amount that has not been drawn down.

c. Declare that all the principal balance outstanding, interest, fees and other payables under the loan contract are partially or fully due immediately.

d. Exercise the right of mortgage, the right of lien, other rights or the rights conferred by the contract.

e. Request the Company to repay the loan with the promissory note.

f. Enforce other rights that have been entitled to the administering bank and other lending banks under the laws, the contract or other related documents.

g. Take other actions upon which the majority of the lending banks agreed.

3. For the information about collaterals that the Company pledged for long-term borrowings as of December 31, 2021, please refer to Note VIII.

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

	December 31, 2021	December 31, 2020
Due after 1 year	$100,000	$70,000

(XIII) Pensions

1.

(1) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	($30,966)	($40,509)
Fair value of plan assets	33,286	40,960
Net defined benefit assets	$2,320	$451

(3) Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
2021			
Balance as of January 1	($40,509)	$40,960	$451
Current service cost	-	-	-
Interest income (expense)	(231)	237	6
	(40,740)	41,197	457
Remeasurement:			
Return on plan assets (not including interest revenue or expenses)	-	590	590
Effect of changes in financial assumptions	-	-	-
Experience adjustment	1,177	-	1,177
	1,177	590	1,767
Allocation of pension funds	-	96	96
Pension paid	8,597	(8,597)	-
Balance as of December 31	($30,966)	$33,286	$2,320

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
2020			
Balance as of January 1	($49,748)	$45,832	($3,916)
Current service cost	(77)	-	(77)
Interest income (expense)	(332)	307	(25)
	(50,157)	46,139	(4,018)
Remeasurement:			
Return on plan assets (not including interest revenue or expenses)	-	1,570	1,570
Effect of changes in financial assumptions	(123)	-	(123)
Experience adjustment	1,870	-	1,870
	1,747	1,570	3,317
Allocation of pension funds	-	1,152	1,152
Pension paid	7,901	(7,901)	-
Balance as of December 31	($40,509)	$40,960	$451

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). The utilization

of the fund is overseen by the Fund's supervisory committee. With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The principal actuarial assumptions used were as follows:

	2021	2020
Discount rate	0.60%	0.60%
Future salary increase rate	2.00%	2.00%

Future morality rate was estimated based on the Annuity Mortality Table.

Due to changes in the main actuarial assumption, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
December 31, 2021				
Effect on present value of defined benefit obligation	($724)	$744	$741	($709)
December 31, 2020				
Effect on present value of defined benefit obligation	($874)	$898	$900	($859)

The sensitivity analysis above was based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(6) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2022 amount to $96.

(7) As of December 31, 2021, the weighted average duration of the retirement plan is 8.9 years. The maturity analysis of the pension payments is as follows:

Year	Payment of employee benefits
2022	$25,749
2023	1,241

2024	-
2025	1,525
2026	409
2027~2029	632
	$29,556

2.

(1) Effective starting from July 1, 2005, the Company established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(2) Under the aforementioned pension plan, the Company recognized pension costs of $3,575 and $3,296 for the years ended December 31, 2021 and 2020, respectively.

(XIV) Share capital

1. As of December 31, 2021, the Company's authorized capital was $11,000,000 and the paid-in capital was $10,168,248 with a par value of NT$10 per share, consisting of 1,016,825 thousand shares of common stock. All proceeds from shares issued have been collected.

2. Movements in the number of the Company's common shares outstanding are as follows:

	2021	2020
January 1/ December 31	1,016,825 thousand shares	1,016,825 thousand shares

3. Treasury stock

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

	December 31, 2021		December 31, 2020	
Name of entities for which the Company holds stocks	Number of shares (in thousand shares)	Book value	Number of shares (in thousand shares)	Book value
Ho Tung Cement (Note)	3,518	$16,978	3,518	$16,978
Paotze (Note)	10,142	78,973	10,142	78,973
		$95,951		$95,951

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

(2) Securities and Exchange Act stipulates that the number of stocks bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding stocks and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

(3) According to the Securities and Exchange Act, treasury stocks should neither be pledged as collateral nor exercise shareholder's rights on their

shares.

(4) According to the Securities and Exchange Act, treasury stocks should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(XV) Capital surplus

According to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to stockholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2021			
	Issue premium	Treasury stock trade	Difference between the price received from acquisition or disposal of a subsidiary and its book value	Total
January 1	$8	$40,744	$9,789	$50,541
Transactions with non-controlling equity	-	-	(634)	(634)
Cash dividend of parent company distributed to subsidiaries	-	7,186	-	7,186
December 31	$8	$47,930	$9,155	$57,093

	2020			
	Issue premium	Treasury stock trade	Difference between the price received from acquisition or disposal of a subsidiary and its book value	Total
January 1/ December 31	$8	$40,744	$9,789	$50,541

(XVI) Retained earnings

1. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses; then, 10% of the remaining amount shall be set aside as legal reserve. If, after setting aside the remaining amount as special reserve, there are still earnings, the remaining amount shall be retained or appropriated in accordance with the resolution made by the stockholders' meeting. When appropriating earnings, the Company shall first distribute stock dividends, which shall not exceed 10% of the unappropriated earnings.
2. The Company's dividend policy stipulates that the percentage of distribution of cash dividends shall be no lower than 10% but the percentage can be adjusted in accordance with the expected needs of funds and capital expenditure. If there are

extra needs of funds due to plant expansion plan in the same year or investment plan for the future, earnings can be distributed fully in stock dividends.

3. The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

5. (1) The appropriation of 2019 earnings has been approved at the annual stockholders' meeting on June 19, 2020, and the details are summarized below:

	2019	
	Amount	Dividend per share (NT$)
Legal capital reserve	$1,782	
Special capital reserve	112,639	
Cash dividend	-	$-
	$114,421	

(2) The appropriation of 2020 earnings has been approved through the electronic voting reaching the statutory threshold for passing resolutions at the annual stockholders' meeting on June 20, 2021, and the details are summarized below:

	2020	
	Amount	Dividend per share (NT$)
Legal capital reserve	$168,965	
Special capital reserve	107,988	
Cash dividend	711,777	$0.7
	$988,730	

(3) The appropriation of 2021 earnings had been proposed at the Board of Directors' meeting on March 16, 2022. Details are summarized below:

	2021	
	Amount	Dividend per share (NT$)
Legal capital reserve	$72,195	
Special capital reserve	(270,912)	
Cash dividend	427,066	$0.42
	$228,349	

(XVII) Other equity items

	2021		
	Unrealized gain (loss) on valuation	Foreign currency translation	Total
January 1	($68,927)	($435,834)	($504,761)

- The Company	226,625	(82,772)	143,853
- Subsidiary	126,120	-	126,120
- Associate	-	(808)	(808)
- Valuation adjustment transferred to retained earnings	1,746	-	1,746
December 31	$285,564	($519,414)	($233,850)

	2020		
	Unrealized gain (loss) on valuation	Foreign currency translation	Total
January 1	($239,178)	($433,532)	($672,710)
- The Company	82,630	(3,114)	79,516
- Subsidiary	87,621	-	87,621
- Associate	-	812	812
December 31	($68,927)	($435,834)	($504,761)

(XVIII) Operating revenue

	2021	2020
Revenue from Contracts with Customers		
Sales revenue	$1,689,331	$5,931,094

1. Disaggregation of revenue from contracts with customers

   The Company derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

2021

	Taiwan	China	Southeast Asia	British Virgin Islands	Others	Total
Chemicals	$ 141,304	$ 880,853	$ 485,308	$ -	$ 181,866	$1,689,331

2020

	Taiwan	China	Southeast Asia	British Virgin Islands	Others	Total
Construction	$2,950,334	$ -	$ -	$ -	$ -	$2,950,334
Chemicals	202,466	1,108,772	1,429,973	143,651	95,898	2,980,760
	$3,152,800	$1,108,772	$1,429,973	$ 143,651	$ 95,898	$5,931,094

2. Contract liabilities

   As of December 31, 2021 and 2020, the Company recognized the contract liabilities as below:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities			

Contract liability – advanced receipts	$756	$36,704	$422

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

	2021	2020
Opening balance of contract liabilities recognized as income for the period		
Advance receipts	$36,704	$422

(XIX) Interest income

	2021	2020
Interest from bank deposits	$2,483	$17,688
Interest income on financial assets at amortized cost	66	50
Total	$2,549	$17,738

(XX) Other income

	2021	2020
Dividend income	$36,332	$16,699
Past due accounts payable reclassified to other income	-	10,910
Other income - others	10,539	14,906
	$46,871	$42,515

(XXI) Other gains and losses

	2021	2020
Net gain on financial assets measured at fair value through profit and loss	$-	$1,373
Net foreign currency exchange loss	(19,041)	(32,257)
Gain on disposal of property, plant, and equipment	2,033	-
Loss on disposal of investments	(17,061)	-
Impairment loss on property, plant and equipment	-	(80,937)
Gain on lease modification	7	-
Other expenses	(16,180)	(7,864)
	($50,242)	($119,685)

(XXII) Finance costs

	2021	2020
Interest expense		
Bank loans	$33,563	$42,804
Amortization of syndication arranger fees	1,395	1,400

Lease payable - discounted amortization	14	-
Non-arrived funding of joint operations	-	50,193
	$34,972	$94,397

(XXIII) Expenses by nature

	2021		
	Cost	Expenses	Total
Employee benefits	$39,167	$60,018	$99,185
Depreciation on property, plant and equipment	45,857	2,176	48,033
Depreciation of right-of-use assets	27	237	264
Depreciation of investment property	-	234	234
Depreciation of intangible assets	-	462	462

	2020		
	Cost	Expenses	Total
Employee benefits	$38,306	$82,472	$120,778
Depreciation on property, plant and equipment	48,098	2,410	50,508
Depreciation of right-of-use assets	27	-	27
Depreciation of investment property	-	235	235
Depreciation of intangible assets	-	11,034	11,034

(XXIV) Employee benefit expenses

	2021	2020
Salary expense	$74,287	$89,066
Labor insurance and National Health Insurance expense	9,479	6,437
Pension expense	3,569	3,398
Directors' remuneration	7,879	17,430
Other personnel cost	3,971	4,447
	$99,185	$120,778

1. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and Directors' and Supervisors' remuneration. The ratio shall be no less than 1% for employees' compensation and shall not be higher than 3% for Directors' and Supervisors' remuneration.
2. In 2021 and 2020, employees' compensation was accrued at $7,879 and $17,430, respectively while Directors' and Supervisors' remuneration was accrued at $7,879 and $17,430, respectively. The aforementioned amounts were recognized in salary expenses.

   For the year ended December 31, 2021, it was accrued based on 1% of distributable profit. The resolved amounts as approved by the Board of Directors were $7,879 and $7,879, respectively, and the employees' compensation will be distributed in the form of cash.

   Employees' compensation and directors and supervisors' remuneration for 2020 as resolved by the Board of Directors during its meeting on May 12, 2021 amounted to $5,989 and $7,500, respectively, were different from the amounts recognized in the 2020 financial statements by $17,430 for employees' compensation and $17,430 for directors' remuneration. The difference of $11,441 and $9,930, respectively, has been adjusted in profit or loss for 2021.

Information of employees' compensation and directors and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted on the Market Observation Post System website.

(XXV) Income tax

1. (1) Components of income tax expense:

	2021	2020
Current income tax		
Income tax incurred in current period	$-	$3,209
Value-added tax on land	-	45,935
Surtax on unappropriated earnings	40,275	-
Prior year income tax under(over)-estimation	365	(1,171)
Total current income tax	40,640	47,973
Deferred income tax:		
Initial recognition and reversal of temporary differences	8,759	(26,267)
Total deferred income tax	8,759	(26,267)
Income tax expense	$49,399	$21,706

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

	2021	2020
Remeasurement of defined benefit obligations	($238)	($664)

2. Reconciliation between income tax expense and accounting profits:

	2021	2020
Income tax calculated based on profit before tax and at the statutory rate	$154,429	$341,627
Effects from items adjusted by tax regulation	(177,567)	(389,958)
Value-added tax on land	-	45,935
Prior year income tax over-estimation	365	(1,171)
Change in realizability evaluation of deferred income tax assets	31,897	25,273
Surtax on unappropriated earnings	40,275	-
Income tax expense	$49,399	$21,706

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

	2021			
	January 1	Recognized in profit and loss	Recognized in Other	December 31

			Comprehensive Income	
Temporary differences:				
- Deferred income tax assets::				
Unrealized exchange loss	$2,446	($1,546)	$-	$900
Impairment loss on property, plant and equipment	16,791	(2,456)	-	14,335
Unrealized selling gross profit	2,469	(2,459)	-	10
Compensation to unused annual leave	360	(114)	-	246
Allowance for inventory write-down	74	(74)	-	-
Expected credit impairment loss	26,998	-	-	26,998
Deductible loss	29,938	(2,110)	-	27,828
Subtotal	79,076	(8,759)	-	70,317
- Deferred income tax liabilities:				
Pension remeasurements	(3,009)	-	(353)	(3,362)
Subtotal	(3,009)	-	(353)	(3,362)
Total	$76,067	($8,759)	($353)	$66,955

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

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

December 31, 2021

Year incurred	Amount filed/approved	Non-deductible Amount	Unrecognized deferred income tax assets amount	Final usage year
2016	$ 92,224	$ -	$ -	2026
2017	118,675	28,408	-	2027
2021	110,733	110,733	-	2031

December 31, 2020

Year incurred	Amount filed/approved	Non-deductible Amount	Unrecognized deferred income tax assets amount	Final withholding year
2016	$ 92,224	$ 57,820	$ -	2026
2017	118,675	118,675	-	2027

5. The profit-seeking enterprise income tax of the Company is approved by the taxation authority till 2018.

(XXVI) Earnings per share

	2021		
	Income after tax	Weighted average number of common shares outstanding (in thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Net profit for the period	$722,746	$1,003,165	$0.72
Diluted EPS:			
Net profit for the period	$722,746	$1,003,165	
Assumed conversion of all dilutive potential ordinary shares on the impact of employees' compensation	-	918	
Net current profit for shareholders of ordinary shares and assumed conversion of potential ordinary shares	$722,746	$1,004,083	$0.72

	2020		
	Income after tax	Weighted average number of common shares outstanding (in thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Net profit for the period	$1,686,431	$1,003,165	$1.68
Diluted EPS:			
Net profit for the period	$1,686,431	$1,003,165	
Assumed conversion of all dilutive potential ordinary shares on the impact of employees' compensation	-	1,680	
Net current profit for shareholders of ordinary shares and assumed conversion of potential ordinary shares	$1,686,431	$1,004,845	$1.68

(XXVII) Transactions with non-controlling equity

The Company acquired an additional 0.35% of the issued shares of Chenergy on

July 16, 2021 for $2,968 in cash. The book value of non-controlling interests of Chenergy amounted to $6,203, and this transaction decreased non-controlling interests by $2,334 and increased the equity attributable to owners of parent company by $2,334. The changes in the interests of the Chenergy have produced the following impact on the equity attributable to owners of parent company in 2021 were as below:

	2021
Book value of acquired non-controlling interests	$2,334
Consideration paid to non-controlling interests	(2,968)
Capital surplus - Difference between the price received from actual acquisition or disposal of a subsidiary and its book value	($634)

(XXVIII) Supplemental cash flow information

1. Investing activities with partial cash paid:

	2021	2020
Purchase of financial assets at fair value through other comprehensive income	$-	$8,304
Add: Other payables - related parties, beginning	8,304	-
Less: Other payables - related parties, ending	-	(8,304)
Less: Subsidiary cancellation - receivables and payables net off between parent company and its subsidiary	(8,304)	-
Cash paid in the period	$-	$-

	2021	2020
Acquisition of investments accounted for using equity method	$-	$25,095
Add: Other payables - related parties, beginning	25,095	-
Less: Other payables - related parties, ending	-	(25,095)
Less: Subsidiary cancellation - receivables and payables net off between parent company and its subsidiary	(25,095)	-
Cash paid in the period	$-	$-

	2021	2020
Acquisition of property, plant, and equipment	$38,749	$32,627
Add: Payable on equipment, beginning	5,360	7,163
Less: Payable on equipment, ending	(7,746)	(5,360)
Cash paid in the period	$36,363	$34,430

2. Operating activities with no cash flow effect:

	2021	2020

Construction in progress transferred to intangible assets	$148	$-

VII.Related-Party Transactions

(I) Name, relationship and abbreviation of related parties:

Name and relationship of related parties	Relations with the company
For the name and abbreviation of subsidiaries, please refer to Note I (III)	-
Tung Bao	Associate
HT-S Venture Philippines Corporation (HT-S Venture)	"
Chia He Co., Ltd. (Chia He)	Other associates
Hung I Investment Co., Ltd (Hung I Investment)	"
Yuan He Biotech Co., Ltd (Yuan He)	"
Jiangsu HSINTAI Chemical S&T CO., Ltd (Jiangsu HSINTAI) (Note)	"
Dynamic Ever Investments Ltd. (Dynamic Ever)	"

Note: Jiangsu HSINTAI is not the Company's related party as of January 1, 2021.

(II) Significant transactions with related parties

1. Operating revenue

	2021	2020
Sales of goods:		
Subsidiary		
Jiangbei Sutung	$781,854	$629,252
Chih Sheng Huizhou	98,999	-
Jiangsu Jintung	-	479,520
Others	-	143,651
Associate		
HT-S Venture	38,397	387,550
	$919,250	$1,639,973

The sales price of goods is negotiated and determined by both parties. The collection period for certain related parties was 120 days after the sale is completed. Except for the collection period mentioned above, other terms of sales were not significantly different from those of third parties with collection period of 30 days to 90 days after sales.

2. Purchase

	2021	2020
Purchase of goods:		
Subsidiary		
Jiangbei Sutung	$387,884	$350,310
Jiangsu Jintung	79,458	447,663
Sharpinvest	-	474,149
Others	-	3,705
	$467,342	$1,275,827

The purchase price of goods is negotiated and determined by both parties. Terms of payment were not significantly different from those of third parties where the payment is due within 30 days to 90 days after the purchase of the goods.

3. Accounts receivable

	December 31, 2021	December 31, 2020
Receivables from related parties:		
Subsidiary		
Chih Sheng Huizhou	$98,566	$-
Jiangbei Sutung	8,347	193,780
Associate		
HT-S Venture	311	54,615
	$107,224	$248,395

(1) The receivables from related parties arise mainly from sales transactions.

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

	December 31, 2021	December 31, 2020
Not past due	$102,994	$248,395
Past due		
Within 90 days	1,445	-
91-180 days	2,474	-
Over 180 days	311	-
	$107,224	$248,395

The above aging analysis is based on past due date.

4. Accounts payable

	December 31, 2021	December 31, 2020
Payables to related parties:		
Subsidiary		
Jiangbei Sutung	$83,858	$27,503
Jiangsu Jintung	-	156,251
	$83,858	$183,754

5. Other ending balances

(1) Other receivables

	December 31, 2021	December 31, 2020
Other receivables from related parties:		
Subsidiary		
Signpost(HK)	$6,786	$3,857
Inadvance	638	639
Others	504	790
Other associates	5	5
	$7,933	$5,291

Other receivables mainly arise from service fees receivable, processing fees receivable and payment on behalf of others.

(2) Other payables

	December 31, 2021	December 31, 2020
Other payables from related parties:		
Subsidiary		
Zortech	$-	$33,399
Associate		
Tung Bao	2,879	-
Other associates		
Others	3	-
	$2,882	$33,399

It mainly refers to equity payable

(3) Other current liabilities

	December 31, 2021	December 31, 2020
Amounts from related parties received in advance		
Subsidiary		
Top Device	$32,537	$32,537
Hsin Tay	13,646	14,443
	$46,183	$46,980

1. The advance payment from Top Device is the investment amount returned. In accordance to the organizational plan of the Group, Top Device Co. was dissolved as approved by the Board of Directors in 2016. The dissolution procedure is still in progress.
2. The advance payment to Hsin Tay refers to the receipts of the Company's manpower support fee in advance.

6. Property transactions

Acquisition of financial assets

Counterparty	Financial Statement Account	Number of shares traded	Underlying subject traded	Acquisition price in 2021
Paotze	Investment accounted for using equity method	6,526,657	Ho Tung Cement	$ 90,133

In accordance with the organizational plan of the Group, the Board of Directors of the Company determined to purchase equity of Ho Tung Cement from Paotze on May 12, 2021. Referring to the latest financial statements of the target company that have been audited and certified by certified public accountant as the basis for evaluating the transaction price, the related equity transaction was completed.

Counterparty	Financial Statement Account	Number of shares traded	Underlying subject traded	Acquisition price in 2020
Zortech	Financial assets measured at FVTOCI	1,403,959	Yuan He Biotech Co., Ltd.	$ 7,315
"	"	127,072	Vita Genomics Co., Ltd.	989
"	Investment accounted for using equity method	117,896	Hua Chung	4,053
"	"	1,740,770	Ho Tung Cement	21,042
Total				$33,399

In accordance with the organizational plan of the Group, the Board of Directors of the Company determined to purchase equity of YH Bio Co., Ltd., Vita Genomics, Inc., Hua Chung, Ho Tung Cement from Zortech on June 19, 2020. Referring to the latest financial statements of the target company that have been audited and certified by certified public accountant as the basis for evaluating the transaction price, the related equity transaction was completed.

Other income

	2021	2020
Subsidiary		
Signpost(HK)	$2,652	$2,840
Paotze	1,898	3,169
Hsin Tay	1,524	1,900
Chenergy	1,365	1,435
Ho Tung Cement	916	919
Chih Sheng Huizhou	-	1,890
Others	27	53
Other associates	60	60
	$8,442	$12,266

Other income mainly arises from service income and processing fees.

7. Endorsements and guarantees

(1) Endorsements/guarantees provided by the Company

	December 31, 2021	December 31, 2020
Subsidiary		
Sharpinvest	$85,440	$85,440

(2) Endorsements/guarantees provided by related parties

	December 31, 2021	December 31, 2020
Key management of the Company	$-	$3,055,440

(III) Key management compensation

	2021	2020

Salary and other short-term employees' benefits	$27,938	$65,014
Benefits after retirement	-	107
	$27,938	$65,121

VIII. Pledged Assets

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

Name of assets	December 31, 2021	December 31, 2020	Nature of pledges
Demand deposits (recognized as financial assets at amortized - non-current)	$90,557	$10,529	Long-term loans
Time deposits (recognized as financial assets at amortized - non-current)	11,500	11,500	Performance bond
Property, plant, and equipment	282,154	284,248	Long-term loans
	$384,211	$306,277	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

None.

(II) Commitments

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

1. The Company entered into a procurement contract for kerosene with CPC Corp., Taiwan. Both parties agreed that the Company sells raffinate oil back to CPC. The contract term covers from January 20, 2020 to January 19, 2021, and from January 20, 2021 to January 19, 2022, and from January 20, 2022 to January 19, 2023. The Company purchased kerosene from CPC on December 31, 2021 and 2020 with banks providing a purchase guarantee in the amount of $262,000 and $98,000, respectively.
2. The Group (including the Company, Hsin Tay Petroleum, and Chenergy) applied for an indirect investment on December 3, 2013 to establish Fujian Gulei Petrochemical Co., Ltd ("Gulei Petrochemical") in Mainland China. The investment was approved by MOEAIC on January 27, 2014. The investment project was jointly invested by the Group and third parties. According to the revised joint investment agreement entered into by the Group and third parties on September 30, 2016. The amount all participating companies should invest in was US$640,505 thousands. The Group's investment amount should be US$114,020 thousands.

   According to the revised joint investment agreement entered into by the Group and third parties on December 18, 2019. The amount all participating companies should invest in was US$618,885 thousands. The Group's investment amount should be US$57,185 thousands.

   Contents of the contract the progress of the investment are detailed below:

   (1) Contents of the contract:

A. It is agreed that each shareholder shall jointly invest in and establish Ever Victory in accordance with the contract. In addition, each shareholder shall invest in Gulei Petrochemical and other operations approved by the competent authorities of R.O.C. and the Board of Directors of each participating company through Dynamic Ever, a subsidiary which Ever Victory established in Hong Kong and holds 100% of the ownership over (ownership of Dynamic Ever dropped to 85% due to new investors).

B. Dynamic Ever jointly invested in the establishment of Gulei Petrochemical with SINOPEC Fujian Refining & Chemical Co., Ltd. (FPCL), an associate of Sinopec Group and obtained 50% ownership of Gulei Petrochemical.

C. Gulei Petrochemical was incorporated on November 3, 2016 and the plants are now under construction.

(2) Progress of the investment:

The Group reinvested in Ever Victory through Ally Solution, Big Success, and Oceanwise and then reinvested in Dynamic Ever. After further investment of US$9,553 thousand and $11,034 thousand, respectively, were invested in April 2020 and November 2020, US$57,185 thousand has been invested in accordance with the new joint venture agreement.

Gulei Petrochemical started production in early August 2021, and some production lines were slightly delayed due to the pandemic. According to the agreement between the two parties, the Group provides services for the production and sales activities of some products of Gulei Petrochemical and collects service revenue, and the above-mentioned products have started to be sold one after another.

X.Significant Disaster Loss

None.

XI.Significant Events after the Balance Sheet Date

(I) Please refer to Note VI (XVI).

(II) In accordance to the organizational plan of the Group, the Company’s Board of Directors approved on March 16, 2022 to acquire the investment properties of Ho Tung Cement. According to the appraisal results, the Board of Directors agreed to authorize the chairman to handle the relevant matters within the range of $162,024.

XII.Others

(I) Certain accounts in the parent company only financial statements as of and for the year ended December 31, 2020 have been reclassified so as to be comparable with those in the parent company only financial statements as of and for the year ended December 31, 2021.

(II) Capital management

The primary objective of the Company's capital management is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may change the amount of stock dividends paid to shareholders, return capital to shareholders, issue new shares or sell certain assets to reduce debt. The Company monitors its capital on the basis of the debt-capital ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the parent company only balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the parent company only balance sheet plus net debt.

The Company's strategies in 2021 are the same as those in 2020. The Company has been endeavoring to maintain the debt-capital ratio in a reasonable level. The Company's debt-capital ratio as of the years ended December 31, 2021 and 2020 are listed below:

	December 31, 2021	December 31, 2020
Total loans	$1,449,210	$1,675,815
Less: Cash and cash equivalents	(1,178,076)	(2,401,201)
Net liabilities	271,134	(725,386)
Total equity	12,623,430	12,335,791
Total capital	$12,894,564	$11,610,405
Debt-capital ratio	2.10%	(6.25%)

(III) Financial instruments

1. Categories of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets measured at fair value through other comprehensive income		
Investment on designated equity instruments	$789,138	$563,208
Financial assets at amortized cost		
Cash and cash equivalents	1,178,076	2,401,201
Financial assets at amortized cost - non-current	102,057	22,029
Notes receivable	-	2,403
Accounts receivable	101,540	154,594
Accounts receivable - related parties	107,224	248,395
Other receivables	4,570	9,001
Other receivable - related parties	7,933	5,291
Refundable deposit	1,003	1,052
	$2,291,541	$3,407,174
Financial liabilities		
Financial liabilities measured at amortized costs		
Notes payable	$1,630	$1,630
Accounts payable	105,790	67,673
Accounts payable - related parties	83,858	183,754
Other payables	83,966	95,053
Other payables - related parties	2,882	33,399
Long-term borrowings (including those due within one year or one operating cycle)	1,449,210	1,675,815
Refundable deposit	1,528	472
	$1,728,864	$2,057,796

2. Risk management policies

(1) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk

and liquidity 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.

(2) Risk management is carried out by the Company's finance department under policies approved by the Board of Directors the Company's finance department identifies, evaluates and hedges financial risks in close cooperation with the Company's internal operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(1) Market risk

<u>Foreign exchange risk</u>

A. The Company operates internationally and is exposed to foreign exchange risk arising from various functional currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

B. The management of the Company has set up a policy to require the organization to hedge their entire foreign exchange risk exposure with the Company's finance department. To manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Company's finance department uses forward foreign exchange contracts. The foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in foreign currencies other than the Company's functional currency.

C. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD) and is thus affected by the exchange rate fluctuation. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021					
				Sensitivity analysis		
	Foreign Currency (in thousand)	Exchange rate	Book value (NT$)	Range of change	Effect on income	Effect on other comprehensive income
(Foreign Currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	$41,584	27.68	$1,151,045	5%	$57,552	$-
<u>Non-monetary items</u>						
USD:NTD	321,404	27.68	8,896,468	5%	-	444,823
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	6,661	27.68	184,376	5%	9,219	-

	December 31, 2020					
				Sensitivity analysis		

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

D. The total exchange losses, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020 amounted to $19,041 and $32,257, respectively.

Price risk

A. The Company is exposed to equity securities price risk because of investments held by the Company and classified as financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity instruments, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

B. The Company mainly invests in financial instruments comprised of equity instruments, open-end funds, etc. The value of these financial instruments are susceptible to market price risk arising from uncertainties about future performance of equity markets. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, it would have increased/ decreased by $39,457 and $28,160, respectively, for the years ended December 31, 2021 and 2020 mainly as a result of other comprehensive income arising from financial assets measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

A. The Company's main interest rate risk arises from long-term and short-term borrowings with variable rates, exposing the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. For the years ended December 31, 2021 and 2020, the Company's borrowings at variable rate were mainly denominated in NTD and USD.

B. The Company's borrowings are measured at amortized cost. Under the contract, the borrowings are periodically repriced and to that extent are also exposed to the risk of future changes in market interest rates.

C. If the NTD borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit before tax for the years ended December 31, 2021 and 2020 would have increased/decreased by $3,623 and $4,190, respectively. The main factor is changes in interest expense resulting from floating-rate borrowings.

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms and financial assets classified as measured at amortized cost.

B. The Company manages their credit risk taking into consideration the Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. According to the Company's internal credit policy, each operating unit in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience, and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

C. The Company adopts the assumptions under IFRS 9. The default occurs when the contract payments are past due over 90 days.

D. The Company adopted the following assumptions under IFRS 9 to judge whether there is any evidence that the credit risk of financial instruments has been significantly increased after initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

E. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  (A) It becomes probable that the issuer experiences significant financial difficulties or will enter into bankruptcy or other financial reorganization;
  (B) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
  (C) Default or delinquency on interest or principal repayments;
  (D) Adverse changes in national or regional economic conditions that are expected to cause a default.

F. The Company classifies customers' accounts receivable in accordance with geographical areas, trade credit risk and customer types. The Company applies the simplified approach using loss rate methodology to estimate expected credit loss.

G. After the Company has gone through the recourse procedure, it will write off the amount of financial assets that cannot reasonably be expected to be recovered; however, the Company will continue to carry out legal procedures of recourse to preserve the rights of the creditor's rights.

H. The Company is included in the National Development Council's economic indicators and indicators and the comprehensive leading indicators of the Organization for Economic Cooperation and Development. The forward-looking consideration for the future is adjusted based on historical and current information in a specific period to establish a loss rate to estimate the allowance for loss of notes receivable and accounts receivable (including related parties). Matrix preparation as of December 31, 2021 and 2020 were as below:

	Not past due	90 days past due	91 to 180 days past due	More than 181 days past due
December 31, 2021				
Expected loss rate	0.015%~0.06%	0.18%~73.40 %	100%	100%
December 31, 2020				
Expected loss rate	0.015%~0.06%	0.18%~59.24 %	100%	100%

I. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2021
	Accounts receivable
January 1	$228,836
Provision for impairment loss	-
December 31	$228,836

	2020
	Accounts receivable
January 1	$53,427
Provision for impairment loss	175,409
December 31	$228,836

The accounts for which the Company has set aside impairment losses are mainly from the Company's customers in Central and South America, and set aside the impairment losses according to the expected loss rate for the years ended December 31, 2021 and 2020.

J. Financial assets measured at amortized cost in the Company's account are restricted bank deposits, and the Company transacts with a variety of financial institutions, all with high credit quality, to disperse credit risk so it expects that the probability of counter-party's default is remote.

(3) Liquidity risk

A. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company's finance department. The Company's finance department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

B. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the

Company's finance department. The Company's finance department invests surplus cash in interest bearing current accounts, time deposits, bonds under repurchase agreement and short-term marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. As of December 31, 2021 and 2020, the Company held money market position of $1,177,527 and $2,400,639, respectively, which are expected to generate sufficient cash inflows to cover liquidity risk.

C. The table below analyzes the Company's non-derivative financial liabilities classified into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2021	Within 1 Year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Notes payable	$1,630	$-	$-	$-
Accounts payable	105,790	-	-	-
Accounts payable - related parties	83,858	-	-	-
Other payables	83,966	-	-	-
Other payables - related parties	2,882	-	-	-
Long-term borrowings (including due within one year or one operating cycle)	361,742	1,146,649	-	-

Non-derivative financial liabilities:

December 31, 2020	Within 1 Year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Notes payable	$1,630	$-	$-	$-
Accounts payable	67,673	-	-	-
Accounts payable - related parties	183,754	-	-	-
Other payables	95,053	-	-	-
Other payables - related parties	33,339	-	-	-
Long-term borrowings (including due within one year or one operating cycle)	231,288	838,273	691,210	-

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(IV) Fair value information

1. The table below analyzes financial and non-financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active when a market where 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 (including OTC) stocks 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.

Level 3: It refers to unobservable inputs for the asset or liability. The Company's investment in equity instruments without active market is included.

2. The information relating to the fair value of investment property at cost is provided in Note VI (IX).

3. Financial assets that are not measured at fair value

   The carrying amounts of the Company's financial assets that are not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable (related parties included), other receivables (related parties included), financial assets at amortized cost, refundable deposits, notes payable, accounts payable (related parties included), other payables (related parties included), long-term borrowings, and guarantee deposits received, are approximate to their fair values.

4. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

   (1) The Company classifies assets and liabilities on the basis of their nature. Related information is provided below:

December 31, 2021	Level 1	Level 2	Level 3	Total
Asset				
Recurring fair value				
Financial assets measured at FVTOCI				
- Equity securities	$716,845	$-	$72,293	$789,138

December 31, 2020	Level 1	Level 2	Level 3	Total
Asset				
Recurring fair value				
Financial assets measured at FVTOCI				
- Equity securities	$492,845	$-	$71,174	$563,208

   (2) The methods and assumptions the Company used to measure fair value are as follows:

      A. The instruments of which the Company uses market quoted prices as their fair values (that is, Level 1), are listed and OTC stocks. The market quoted prices are the closing prices.

B. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counter-party quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

C. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted according to additional inputs, e.g., model risk or liquidity risk, etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, the management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

5. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

6. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

7. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	2021
	Equity securities
January 1	$71,174
Capital reduction for the period	(361)
Reclassification during this period	(334)
Gains or losses recognized in other comprehensive income	
Unrealized valuation gain (loss) on investment listed as equity instrument measured at FVTOCI	1,814
December 31	$72,293

	2020
	Equity securities
January 1	$56,064
Purchase for the period	8,304
Gains or losses recognized in other comprehensive income	
Unrealized valuation gain (loss) on investment listed as equity instrument measured at FVTOCI	6,806
December 31	$71,174

8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value on December 31, 2021	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instruments:				
Unlisted shares	$72,293	Comparable company analysis	Net multiplier, discount for lack of marketability	The higher the multiplier premium and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value

	Fair value on December 31, 2020	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instruments:				
Unlisted shares	$70,479	Comparable company analysis	Net multiplier, discount for lack of marketability	The higher the multiplier premium and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
Unlisted shares	$695	Net asset value approach	Not applicable	Not applicable

9. The Company has carefully assessed the valuation models and inputs used to measure fair value. However, use of different valuation models or inputs may result in different valuation outcomes. The following is the effect on profit or loss for the current period or on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2021	
			Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change
Financial assets				
Equity instruments	Discount for lack of marketability	±1%	$723	($ 723)

			December 31, 2021	
			Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change
Financial assets				
Equity instruments	Discount for lack of marketability	±1%	$705	($ 705)

XIII.Supplementary Disclosures

(I) Information on Significant Transactions

1. Financing provided to others: Please refer to Table I.

2. Endorsement or guarantee provided to others: Please refer to Table II.
3. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Please refer to Table III.
4. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital: Please refer to Table IV.
5. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.
6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to Table V.
8. The receivables from related party to reach NT$ 100 million or 20% of actually received capital amount: Please refer to Table VI.
9. Trading in derivative instruments: None.
10. Relationships and Significant Intercompany Transactions Between Consolidated Entities: Please refer to Table VII.

(II) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table VIII.

(III) Information on investments in Mainland China

1. Basic information: Please refer to Table IX.
2. Significant transactions, either directly or indirectly through a third region, with the investee companies in mainland China: Please refer to Table VII.

(IV) Information on major shareholders

Information on major shareholders: Please refer to Table X.

XIV. Operating Segment Information

Not applicable.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Financing provided to others

From January 1, 2021 to December 31, 2021

Table 1

Unit: NT$ thousands

(except as otherwise indicated)

No. (Note 1)	Lending company	Counterparty	Items (Note 2)	Related party or not	Highest amount of the period (Note 3)	Ending balance (Note 8)	Amount actually drawn	Interest range	Nature of the loan (Note 4)	Amount of transaction (Note 5)	Reason for short-term financing (Note 6)	Allowance for bad debts recognized	Collateral Name	Collateral Value	Limit on the loan amount to individual counterparty (Note 7)	Total limit amount on loan to others (Note 7)	Remark
1	Paotze Investment Ltd.	Nanjing Kuan Hsin Optoelectronics Co., Ltd.	Other receivables	Yes	201,135	$ 195,074	$ 195,074	0.00~2.70%	Short-term financing	$ -	Business turnover	$ 195,074	-	$ -	$ 2,880,956	2,880,956	Note 9
2	Jintung Petrochemical Co., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	Other receivables	"	378,030	-	-	-	Short-term financing	-	Business turnover	-	-	-	1,404,672	1,404,672	
3	Jintung Petrochemical Co., Ltd.	Sichuan Jintung Fine Chemical Co., Ltd.	Other receivables	"	305,438	303,989	-	4.35%	Short-term financing	-	Business turnover	-	-	-	1,404,672	1,404,672	
4	Jiangsu Jintung Chemical Co., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	Other receivables	"	131,871	-	-	-	Short-term financing	-	Business turnover	-	-	-	1,529,710	1,529,710	
5	Hsin Tay Ltd.	Beijing Tung Sheng Tai Trade Co., Ltd.	Other receivables	"	54,347	50,140	50,140	3.30%	Short-term financing	-	Business turnover	-	-	-	414,587	414,587	Note 10

Note 1: Description for the Number column:
(1) The issuer is coded 0.
(2) Investees are numbered consecutively from 1 in the order presented in the table above.

Note 2: Items such as receivables from associates and related parties, transactions between shareholders, prepayments, temporary payments, and so on, shall be filled in this column if the item is a loan by nature.

Note 3: The highest balance of loans to others for the period.

Note 4: Nature of the loan should be either business transactions or short-term financing.

Note 5: When the loan is a business transaction by its nature, the amount of the business interaction should be listed in the table. The amount of business interaction refers to the amount of business between the lending company and the counterparty in the latest year.

Note 6: When the loan is for the counterparty's short-term financing need, the reason of the loan and how the counterparty will use the loan, such as payment to other borrowings, purchase of equipment, and business turnover, etc., shall be elaborated in the table.

Note 7: For counterparties with the need of short-term financing, limit on the loan amount provided by the Company and its subsidiaries to a single counterparty shall not exceed 10% of each company's shareholder's equity based on the financial statements for the period. For counterparties with which the Company or its subsidiaries have business transactions, limit on the loan amount to a single counterparty shall not exceed the amount of business transactions accumulated in the latest year. The maximum limit of total loan amount shall not exceed 40% of each lending company's shareholder's equity based on the financial statements for the period.
For counterparties with the need of short-term financing, limit on the loan amount provided by one of the Company's subsidiaries, Paotze, and its subsidiaries to a single counterparty shall not exceed 40% of each company's shareholder's equity based on the financial statements for the period. For counterparties with which Paotze or its subsidiaries have business transactions, limit on the loan amount to a single counterparty shall not exceed the amount of business transactions accumulated in the latest year. The maximum limit of total loan amount shall not exceed 40% of each lending company's shareholder's equity based on the financial statements for the period.
Limit on the loan amount provided by one of the Company's subsidiaries, Signpost, and its subsidiaries to a single counterparty shall not exceed 40% of each company's shareholder's equity based on the financial statements for the period. The maximum limit of total loan amount shall not exceed 40% of each lending company's shareholder's equity based on the financial statements for the period.
For counterparties with the need of short-term financing, limit on the loan amount provided by one of the Company's subsidiaries, Hsin Tay Petroleum, and its subsidiaries to a single counterparty shall not exceed 40% of each company's shareholder's equity based on the financial statements for the period. For counterparties with which Hsin Tay Petroleum or its subsidiaries have business transactions, limit on the loan amount to a single counterparty shall not exceed the amount of business transactions accumulated in the latest year. The maximum limit of total loan amount shall not exceed 40% of each lending company's shareholder's equity based on the financial statements for the period.

Note 8: If a public company submits each of its loan of funds to the Board of Directors for a resolution pursuant to Article 14, Paragraph 1 of Regulations Governing Loaning of Funds and Making of endorsement/guarantee by Public Companies, the amount as resolved by the Board of Directors shall be included in the balance announced to disclose the risk the company undertakes even when the loan is not given yet. In addition, when the loan is paid back, the public company shall disclose the balance after the payment to reflect the adjustment of risk. If a public company's Board of Directors authorizes its chairperson, within a certain monetary limit and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down pursuant to Article 14, Paragraph 2 of the aforementioned Regulations, the loan amount as resolved by the Board of Directors shall be the amount recorded in the declaration announced. After the loan is paid back, as much as it is still possible to give loans, the company shall still use the loan amount as resolved by the Board of Directors as the amount recorded in the declaration announced.

Note 9: Paotze, one of the Company's subsidiaries, provided loan of funds to its sub-subsidiary, Nanjing GuanXin, due to the need of short-term financing. The payment is overdue more than one year, which is a breach to the regulations concerning the term of short-term financing as stated in Article 3 of Regulations Governing Loaning of Funds and Making of endorsement/guarantee by Public Companies. However, as Nanjing GuanXin is not operating well, Paotze was unable to collect the repayment as expected. On July 17, 2015, the Board of Directors of Paotze resolved to terminate the collection of interest of the loan of funds to Nanjing GuanXin.

Note 10: Due to the demand for short-term financing, Hsin Tay Ltd., a subsidiary of the Company, has overdue loans to its sub-subsidiary, Beijing Tung Sheng Tai Trade Co., Ltd., in breach of the provision for short-term financing under Article 3 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, is actively improving.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Endorsement or guarantee provided to others

From January 1, 2021 to December 31, 2021

Table 2

Unit: NT$ thousands

(except as otherwise indicated)

No. (Note 1)	Name of the endorser/guarantor	Subject of Endorsements/Guarantees: Company name	Subject of Endorsements/Guarantees: Relationship (Note 2)	Limits on endorsement/guarantee amount provided to each guaranteed party (Note 3)	Maximum balance for the period (Note 4)	Ending balance of endorsement/ guarantee (Note 5)	Amount actually drawn (Note 6)	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum limit of endorsement/guarantee (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by a subsidiary (Note 7)	Guarantee provided to entities in mainland China (Note 7)	Remark
0	Ho Tung Chemical Co., Ltd.	Sharpinvest International Ltd.	2	$ 2,524,686	$ 85,440	$ -	$ -	$ -	-	$ 6,311,715	Y	N	N	
1	Hsin Tay Petroleum Co., Ltd.	Chenergy Co., Ltd.	4	555,613	190,000	190,000	190,000	-	17.10	555,613	N	N	N	
2	Jintung Petrochemical Co., Ltd.	Anhui Jintung Fine Chemical Co., Ltd.	2	2,107,007	131,871	130,281	-	-	3.71	2,107,007	Y	N	Y	
3	Jiangsu Jintung Chemical Co., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	2	2,294,565	879,140	-	-	-	-	2,294,565	Y	N	Y	

Note 1: Description for the Number column:
(1) The issuer is coded 0.
(2) Investees are numbered consecutively from 1 in the order presented in the table above.

Note 2: The relationships between endorsers/guarantors and endorsed/guaranteed parties can be classified into the following seven categories; please indicate the category:
(1) Companies having business relationships.
(2) The Company directly or indirectly holds more than 50% of the voting shares of the endorsed guaranteed party.
(3) The endorsed/guaranteed party directly or indirectly holds more than 50% of the voting shares of the endorser/guarantor.
(4) The Company directly or indirectly holds more than 90% of the voting shares of the endorsed/guaranteed party, or vice versa.
(5) A company fulfills its contractual obligations by providing mutual endorsement/guarantee for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) All capital contributing shareholders make endorsement/guarantee for their jointly invested company in proportion to their shareholding percentages
(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Limit on the amount of endorsement/guarantee provided by the Company to a single counterparty shall not exceed 20% of the Company’s shareholder’s equity based on the financial statements for the period. Maximum limit of endorsement/guarantee amount to third parties provided by the Company shall not exceed 50% of the Company’s shareholder’s equity based on the financial statements for the period.
Limit on the amount of endorsement/guarantee provided by Paotze, one of the Company’s subsidiaries, and its subsidiaries to a single counterparty shall not exceed 60% of each company’s shareholder’s equity based on the financial statements for the period. Maximum limit of endorsement/guarantee amount to third parties provided by Paotze shall not exceed 60% of each company’s shareholder’s equity based on the financial statements for the period.
Limit on the amount of endorsement/guarantee provided by Hsin Tay Petroleum, one of the Company’s subsidiaries, and its subsidiaries to a single counterparty shall not exceed 50% of each company’s shareholder’s equity based on the financial statements for the period. Maximum limit of endorsement/ guarantee amount to third parties provided shall not exceed 50% of each company’s shareholder’s equity based on the financial statements for the period.

Note 4: The highest limit on endorsement/guarantee amount for the period.

Note 5: The amount that should be recorded is the amount resolved by the Board of Directors. However, the amount that the Board of Directors authorized chairperson to exercise in accordance with Article 12, Paragraph 8 of Regulations Governing Loaning of Funds

Note 6: The amount actually drawn down by the endorsed/guaranteed company within the balance of endorsement/guarantee shall be filled in.

Note 7: When endorsement/guarantee are provided by public parent company to its subsidiaries, by subsidiaries to its public parent company, and to entities in mainland China, Y shall be filled in this column.

Note 8: As of December 31, 2021, the Company’s tariff endorsed/guaranteed amount was NT$2,500 and pledged with equivalent certificates of deposit, representing 0.02% of the net equity of the latest financial statements.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period (Excluding Subsidiaries, Associates, and Joint Ventures)
From Jy 1, 2021 to December 31, 2021

Table 3

Unit: NT$ thousands
(except as otherwise indicated)

Holding company	Type and name of marketable securities (Note 1)	Relationship with the issuer of the marketable securities (Note 2)	Financial Statement Account	End of the period: Number of shares/units	Book value (Note 3)	Shareholding percentage	Fair value	Remark (Note 4)
Ho Tung Chemical Co., Ltd.	Shares - O-Bank Co., Ltd.	-	Financial assets measured at FVTOCI	5,192,384	$ 41,539	0.17%	$ 41,539	
-	Shares - Formosan Union Chemical Co.	-	"	29,234,040	675,306	6.13%	675,306	
-	Shares - Hsing Tai Co., Ltd.	Related party in substance	"	2,850,000	-	19.00%	-	
-	Shares - Vita Genomics, Inc.	"	"	963,925	13,748	1.61%	13,748	
-	Shares - Yuan He Biotech Co., Ltd.	"	"	8,702,824	58,544	4.25%	58,544	
					$ 789,137		$ 789,137	
He Mao Venture Capital Co., Ltd.	Shares - Formosan Union Chemical Co.	-	"	9,857	$ 228	0.00%	$ 228	
-	Shares - Vita Genomics, Inc.	Related party in substance	"	1,243,528	17,736	2.08%	17,736	
-	Shares - Yuan He Biotech Co., Ltd.	"	"	13,739,040	92,423	6.70%	92,423	
					$ 110,387		$ 110,387	
Paotze Investment Ltd.	Beneficiary certificate - Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	32,425	$ 528	-	$ 528	
-	Stock - Ho Tung Chemical Co.	The Company	Financial assets measured at FVTOCI	10,141,558	$ 113,078	0.99%	$ 113,078	
Ho Tung Cement Co., Ltd.	"	"	"	3,518,286	$ 39,229	0.34%	$ 39,229	
Ally Solution Ltd.	Shares - Ever Victory Global Ltd.	This company’s Director is the Company's Chairman of the Board	"	26,865,000	$ 838,794	4.34%	$ 838,794	
Big Success Co.,Ltd.	"	"	"	14,500,000	$ 452,727	2.34%	$ 452,727	
Oceanwise International Ltd.	"	"	"	15,820,000	$ 493,940	2.56%	$ 493,940	

Note 1: The marketable securities stated in this table is defined as shares, bonds, and beneficiary certificates in the scope of IFRS 9 “Financial Instruments,” and the marketable securities derived from the above mentioned items.
Note 2: If the securities issuer is not a related party, the field may be left blank.
Note 3: For securities measured at fair value, the carrying amount should be the balance after the adjustment of fair value valuation and the deduction of accumulative impairment. For securities not measured at fair value, the carrying amount should be the balance of original acquisition cost or amortized cost less accumulated impairment.
Note 4: If the listed securities have restricted users due to provision of guarantees, pledged loans or other agreements, the number of shares to be guaranteed or pledged, the amount of guarantees or pledges, and the restricted use shall be noted in the remarks column.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20% of the paid-in capital

From January 1, 2021 to December 31, 2021

Table 4

Unit: NT$ thousands

(except as otherwise indicated)

Investor	marketable securities and Name (Note 1)	Financial Statement Account	transaction counterparty (Note 2)	Relationship (Note 2)	Beginning of the period		Acquisition (Note 3)		Sale (Note 3)				End of the period	
					Number of shares/units	Amount	Number of shares/units	Amount	Number of shares/units	Selling price	Carrying cost	Profit or loss on disposal	Number of shares/units	Amount
Xiamen Jintung Synthetic Detergent Co., Ltd.	Lingtung hotline ultra-short-term financial product without fixed term from Industrial and Commercial Bank of China	Financial assets at fair value through profit or loss - current	Industrial and Commercial Bank of China	None	38,000,000	$ 166,097	60,700,000	$ 263,602	98,700,000	$ 432,527	$ 428,624	$ 3,903	-	$ -

Note 1: The marketable securities stated in this table is defined as shares, bonds, beneficiary certificates and the marketable securities derived from the above mentioned items.

Note 2: For the marketable securities listed as Investments accounted for using the equity method, these two columns must be filled in, and the rest can be not required to fill in.

Note 3: The accumulated cost of purchase and sales shall be calculated separately based on market value to see if the amount exceed NT$300 million or 20% of the Company’s paid-in capital.

Note 4: The paid-in capital is the paid-in capital of the parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Ho Tung Chemical Co., Ltd. and Subsidiaries

purchases or sales of goods from or to related parties reaching NT$100 million or 20% of the paid-in capital or more

From January 1, 2021 to December 31, 2021

Table 5

Unit: NT$ thousands

(except as otherwise indicated)

			Transaction details				Unusual transaction terms and reasons		Notes and accounts receivable (payable)		
Company Name	Name of the Counterparty	Relationship	purchases/sales	Amount	Ratio to total purchases/sales amount	Loan period	Unit price	Loan period	Balance	Ratio to total amount of notes/accounts receivable (payable)	Remark
Ho Tung Chemical Co., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	Subsidiary	Sales	$ 781,854	46.3	30-90 days	$ -	-	$ 8,349	4.0	
"	"	"	purchases	387,884	25.1	"	-	-	(83,858)	43.8	
Jintung Petrochemical Co., Ltd.	"	"	Sales	143,438	3.7	"	-	-	-	-	
"	Anhui Jintung Fine Chemical Co., Ltd.	"	purchases	129,464	4.0	"	-	-	(7,629)	6.2	
"	Jiangsu Jintung Surfactant Co., Ltd.	"	"	2,335,688	71.7	"	-	-	(100,825)	82.1	
Jiangsu Jintung Chemical Co., Ltd.	"	"	Sales	161,034	50.3	"	-	-	10,571	97.1	
Sichuan Jintung Fine Chemical Co.,	"	"	purchases	353,078	11.6	"	-	-	-	-	
"	SINOPEC Jilin Petrochemical Co., Ltd.	Joint ventures that jointly invest in subsidiaries in mainland China with the Company	"	648,658	21.3	"	-	-	-	-	
Anhui Jintung Fine Chemical Co., Ltd.	Jintung Petrochemical Co., Ltd.	Subsidiary	Sales	129,464	6.2	"	-	-	7,629	2.6	
"	Jiangsu Jintung Surfactant Co., Ltd.	"	purchases	282,497	12.0	"	-	-	-	-	
Jiangsu Jintung Surfactant Co., Ltd.	Ho Tung Chemical Co., Ltd.	The Company	Sales	387,884	7.0	"	-	-	83,858	27.3	
"	Jintung Petrochemical Co., Ltd.	Subsidiary	"	2,335,688	42.2	"	-	-	100,825	32.9	
"	Sichuan Jintung Fine Chemical Co.,	"	"	353,078	6.4	"	-	-	-	-	
"	Anhui Jintung Fine Chemical Co., Ltd.	"	"	282,497	5.1	"	-	-	-	-	
"	Tianjin Tianzhi Fine Chemical Co., Ltd.	"	"	223,328	4.0	"	-	-	30,081	9.8	
"	Hsin Tay (Shanghai) Ltd.	"	"	146,662	2.6	"	-	-	-	-	
"	Ho Tung Chemical Co., Ltd.	The Company	purchases	781,854	20.7	"	-	-	(8,349)	9.4	
"	Jintung Petrochemical Co., Ltd.	Subsidiary	"	143,438	3.8	"	-	-	-	-	
"	Jiangsu Jintung Chemical Co., Ltd.	"	"	161,034	4.3	"	-	-	(10,571)	11.9	
"	SINOPEC Jilin Petrochemical Co., Ltd.	Joint ventures that jointly invest in subsidiaries in mainland China with the Company	"	942,441	24.9	"	-	-	-	-	
Hsin Tay (Shanghai) Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd.	Subsidiary	Sales	560,193	9.6	"	-	-	22,967	3.3	
"	Chih Sheng (Huizhou) Petrochemical	"	"	1,482,340	25.4	30-120 days	-	-	46,201	6.6	
"	Guangzhou Litze Chemical Co., Ltd.	"	"	1,190,282	20.4	30-90 days	-	-	40,029	5.7	
"	Jiangsu Jintung Surfactant Co., Ltd.	"	purchases	146,662	2.5	"	-	-	-	-	
"	Tianjin Tianzhi Fine Chemical Co., Ltd.	"	"	681,241	11.7	"	-	-	-	-	
"	Chih Sheng (Huizhou) Petrochemical	"	"	1,261,871	21.6	"	-	-	-	-	
"	Guangzhou Litze Chemical Co., Ltd.	"	"	356,307	6.1	"	-	-	-	-	

			Transaction details				Unusual transaction terms and reasons		Notes and accounts receivable (payable)		
Company Name	Name of the Counterparty	Relationship	purchases/sales	Amount	Ratio to total purchases/sales amount	Loan period	Unit price	Loan period	Balance	Ratio to total amount of notes/accounts receivable (payable)	Remark
Tianjin Tianzhi Fine Chemical Co., Ltd.	Hsin Tay (Shanghai) Ltd.	Subsidiary	Sales	$ 681,241	29.7	30-90 days	$ -	-	$ -	-	
"	Jiangsu Jintung Surfactant Co., Ltd.	"	purchases	223,328	11.4	"	-	-	(30,081)	11.2	
"	Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	"	"	177,458	9.0	"	-	-	(96,401)	36.0	
"	Hsin Tay (Shanghai) Ltd.	"	"	560,193	28.5	"	-	-	(22,967)	8.6	
Chih Sheng (Huizhou) Petrochemical Co., Ltd.	"	"	Sales	1,261,871	31.4	"	-	-	-	-	
"	Guangzhou Litze Chemical Co., Ltd.	"	"	119,698	3.0	"	-	-	-	-	
"	Hsin Tay (Shanghai) Ltd.	"	purchases	1,482,340	41.9	30-120 days	-	-	(46,201)	7.1	
Guangzhou Litze Chemical Co., Ltd.	"	"	Sales	356,307	21.3	30-90 days	-	-	-	-	
"	"	"	purchases	1,190,282	81.4	"	-	-	(40,029)	30.9	
"	Chih Sheng (Huizhou) Petrochemical Co., Ltd.	"	"	119,698	8.2	"	-	-	-	-	
Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd.	"	Sales	177,458	94.5	"	-	-	96,401	100.0	

Ho Tung Chemical Co., Ltd. and Subsidiaries

The receivables from related party to reach NT$ 100 million or 20% of actually received capital amount

From Jy 1, 2021 to December 31, 2021

Table 6

Unit: NT$ thousands

(except as otherwise indicated)

Company Name	Name of the Counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amounts received in subsequent period	Allowance for bad debts recognized	Remark
					Amount	Action taken			
Paotze Investment Ltd.	Nanjing Kuan Hsin Optoelectronics Co., Ltd.	Subsidiary	$ 195,074	Note	$ 195,074	Improving proactively	$ -	$ 195,074	
Jiangsu Jintung Surfactant Co., Ltd.	Jintung Petrochemical Corp., Ltd.	"	100,825	42.36	-	-	100,825	-	
Hsin Tay Ltd.	Tianjin Zhongran Ship Fuel Co., Ltd.	Joint ventures that jointly invest in the company with the Company	416,817	-	416,817	Improving proactively	-	202,864	

Note: Loan of funds to related parties and receivables.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Relationships and significant intercompany transactions between consolidated entities

Only transactions amounting to $100,000 are disclosed; transactions are disclosed from the perspective of assets or revenues

From January 1, 2021 to December 31, 2021

Table 7

Unit: NT$ thousands

(except as otherwise indicated)

				Conditions of transactions			
No. (Note 1)	Name of the trader	Name of the transaction counterparty	Relationship with the Trader (Note 2)	Account	Amount	Terms of transaction	Percentage to consolidated net revenue or total assets (Note 3)
0	Ho Tung Chemical Co., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	1	Sales revenue	$ 781,854	Note 5	3.87
1	Paotze Investment Ltd.	Nanjing Kuan Hsin Optoelectronics Co., Ltd.	"	Receivables	195,074	Note 7	0.81
2	Jintung Petrochemical Co., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	3	Sales revenue	143,438	Note 5	0.71
		Anhui Jintung Fine Chemical Co., Ltd.	1	Endorsement	130,281	Note 8	-
3	Jiangsu Jintung Chemical Co., Ltd.	Jiangsu Jintung Surfactant Co., Ltd.	"	Sales revenue	161,034	Note 5	0.80
4	Anhui Jintung Fine Chemical Co., Ltd.	Jintung Petrochemical Co., Ltd.	2	"	129,464	"	0.64
5	Jiangsu Jintung Surfactant Co., Ltd.	Ho Tung Chemical Co., Ltd.	"	"	387,884	"	1.92
		Jintung Petrochemical Co., Ltd.	3	"	2,335,688	"	11.56
		Sichuan Jintung Fine Chemical Co., Ltd.	"	"	353,078	"	1.75
		Anhui Jintung Fine Chemical Co., Ltd.	"	"	282,497	"	1.40
		Tianjin Tianzhi Fine Chemical Co., Ltd.	"	"	223,328	"	1.10
		Hsin Tay (Shanghai) Ltd.	"	"	146,662	"	0.73
		Jintung Petrochemical Co., Ltd.	"	Receivables	100,825	"	0.42
6	Hsin Tay (Shanghai) Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd.	"	Sales revenue	560,193	"	2.77
		Chih Sheng (Huizhou) Petrochemical Co., Ltd.	"	"	1,482,340	Note 6	7.33
		Guangzhou Litze Chemical Co., Ltd.	"	"	1,190,282	Note 5	5.89
7	Tianjin Tianzhi Fine Chemical Co., Ltd.	Hsin Tay (Shanghai) Ltd.	"	"	681,241	"	3.37
8	Chih Sheng (Huizhou) Petrochemical Co., Ltd.	"	"	"	1,261,871	"	6.24
		Guangzhou Litze Chemical Co., Ltd.	"	"	119,698	"	0.59
9	Guangzhou Litze Chemical Co., Ltd.	Hsin Tay (Shanghai) Ltd.	"	"	356,307	"	1.76
10	Hsin Tay Petroleum Co., Ltd.	Chenergy Co., Ltd.	"	Endorsement	190,000	Note 8	-
11	Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd.	"	Sales revenue	177,458	Note 5	0.88

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) The parent company is coded 0.
(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship between the transaction company and the counterparty is classified into the following three categories: (If the transaction is between the parent company and its subsidiary or between subsidiaries already disclosed by one of the transaction parties, the other transaction party does not need to disclose it repeatedly. For example, if the parent company has already disclosed its transaction with a subsidiary, the subsidiary does not need to disclose the information again; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, the other one does not need to disclose it again.) :
(1) Parent company to its subsidiary.
(2) Subsidiary to its parent company.
(3) Subsidiary to another subsidiary.

Note 3: Regarding the percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on ending 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: The Company shall determine, based on the materiality principle, whether details of significant transactions shall be included in the table.

Note 5: The terms of the aforementioned transactions are the same as that of non-related parties. The transaction price is determined by both parties based on market price and the payment is due one to three months after the sale.
Note 6: The terms of the aforementioned transactions are the same as that of non-related parties. The transaction price is determined by both parties based on market price and the payment is due one to four months after the sale.
Note 7: Loan of funds to related parties and receivables.
Note 8: Balance of endorsement/guarantee.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Names, locations and other information of investee companies (not including investees in Mainland China)

From January 1, 2021 to December 31, 2021

Table 8

Unit: NT$ thousands

(except as otherwise indicated)

Investor company	Name of investees	Location	Main businesses	Original investment amount		Balance as of December 31, 2021			Net income (loss) of the investee	Share of profit/loss of investee	Remark
				End of the period	End of last year	Number of shares	Ratio	Book value			
Ho Tung Chemical Co., Ltd.	He Mao Venture Capital Co., Ltd.	Taiwan	General investment	$ 341,109	$ 341,109	7,000,000	100.00	$ 123,031	$ 187	$ 187	Subsidiary
Ho Tung Chemical Co., Ltd.	Chenergy Co., Ltd.	Taiwan	Oil trading	803,701	800,733	56,291,548	99.42	693,730	(8,286)	(8,198)	"
Ho Tung Chemical Co., Ltd.	Hua Chung Co., Ltd.	Taiwan	Purchase and sale of raw materials of cement	27,472	27,472	1,442,233	72.11	(65,950)	(1,472)	(1,062)	"
Ho Tung Chemical Co., Ltd.	Tung Bao Co., Ltd.	Taiwan	Manufacture and sale of acetylene light solvent	216,817	216,817	23,076,019	34.00	292,627	36,574	12,435	Investment accounted for using equity method
Ho Tung Chemical Co., Ltd.	Ho Tung Cement Co., Ltd.	Taiwan	Cement manufacturing	285,407	195,274	27,383,847	92.72	369,644	31,770	23,227	Subsidiaries, Note 4
Ho Tung Chemical Co., Ltd.	Hsin Tay Petroleum Co., Ltd.	Taiwan	Oil trading	1,826,762	1,826,762	193,705,500	100.00	1,042,111	(629)	(629)	Subsidiary
Ho Tung Chemical Co., Ltd.	Paotze Investment Ltd.	British Virgin Islands	Trading of goods	2,513,938	2,513,938	20,000,000	100.00	7,306,169	798,735	798,735	"
Ho Tung Chemical Co., Ltd.	Sharpinvest International Ltd.	British Virgin Islands	Trading of goods	106,668	106,668	3,000,001	100.00	14,360	(2,130)	(2,130)	"
Ho Tung Chemical Co., Ltd.	Zortech Corporation	British Virgin Islands	Chemical trading	-	295,683	-	-	-	643	643	Note 3
Ho Tung Chemical Co., Ltd.	Inadvance Holdings Ltd.	British Virgin Islands	Trading of goods	164,200	164,200	5,000,100	100.00	219,032	20,633	20,633	Subsidiary
Ho Tung Chemical Co., Ltd.	Signpost Enterprises Ltd.	British Virgin Islands	Trading of goods	468,207	468,207	14,673,913	100.00	409,576	38,360	38,360	"
Ho Tung Chemical Co., Ltd.	Top Device Investments Ltd.	British Virgin Islands	General investment	140,556	140,556	4,420,000	100.00	28,813	-	-	Note 1
Ho Tung Chemical Co., Ltd.	Ally Solution Ltd.	British Virgin Islands	Investment industry	731,193	731,193	26,907,000	100.00	839,545	(141)	(141)	Subsidiary
Paotze Investment Ltd.	Hua Chung Co., Ltd.	Taiwan	Purchase and sale of raw materials of cement	10,444	10,444	442,105	22.11	11,913	(1,472)	-	"
Paotze Investment Ltd.	Ho Tung Cement Corp.	Taiwan	Cement manufacturing	-	91,069	-	-	-	31,770	-	Note 4
Paotze Investment Ltd.	Signpost (HK) Limited	Hong Kong	Investment industry	446,625	446,625	14,983,879	48.65	597,011	114,884	-	Second-tier subsidiary
Signpost Enterprises Ltd.	Signpost (HK) Limited	Hong Kong	Investment industry	464,755	464,755	10,281,716	33.39	409,747	114,884	-	"
Inadvance Holdings Ltd.	Signpost (HK) Limited	Hong Kong	Investment industry	143,012	143,012	5,531,219	17.96	220,397	114,884	-	"
Sharpinvest International Ltd.	HT-S Venture Philippines Corporation	Philippines	Trading of goods	8,062	8,062	99,996	40.00	11,693	(4,312)	-	Investment accounted for using equity method

Investor company	Name of investees	Location	Main businesses	Original investment amount		Balance as of December 31, 2021			Net income (loss) of the investee	Share of profit/loss of investee	Remark
				End of the period	End of last year	Number of shares	Ratio	Book value			
Hsin Tay Petroleum Co., Ltd.	Hsin Tay Ltd.	British Virgin Islands	Oil trading	538,726	538,726	16,956,651	100.00	927,092	(1,872)	-	Second-tier subsidiary
Chenergy Co., Ltd.	Tung Bao Co., Ltd.	Taiwan	Manufacture and sale of acetylene light solvent	4,541	4,541	432,467	0.64	4,495	36,574	-	Investment accounted for using equity method
Chenergy Co., Ltd.	Big Success Co.,Ltd.	Samoa	General investment	401,678	401,678	14,511,500	100.00	452,778	(24)	-	Second-tier subsidiary
Hsin Tay Ltd.	Oceanwise International Ltd.	British Virgin Islands	Investment industry	437,898	437,898	100	100.00	493,958	-	-	Third-tier subsidiary
Hsin Tay Ltd.	Shanghai Hsin Tay Investment (HK) Corporation	Hong Kong	Investment industry	-	-	-	-	-	-	-	Note 2

Note 1: In accordance to the organizational plan of the Group, Top Device Co. was dissolved as approved by the Board of Directors on August 12, 2016. Shares were returned on September 20, 2016. The dissolution procedure is still in progress.

Note 2: In accordance with the organizational plan of the Group, the Board of Directors of Shanghai Hsin Tay Investment (HK) Corporation (Shanghai Hsin Tay Investment) approved the application of dissolution of the company on January 9, 2020. The liquidated shares were returned on January 13, 2020, and the relevant registration procedures of dissolution was completed on January 29, 2021.

Note 3: In accordance with the organizational plan of the Group, the Board of Directors of Zortech approved the dissolution of the company on June 29, 2020. The registration of dissolution was completed on December 9, 2021.

Note 4: In accordance with the organizational plan of the Group, the Board of Directors determined to purchase equity of Ho Tung Cement from Paotze on May 12, 2021, and the relevant change registration procedures have been completed.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Investment in Mainland China - Basic Information

From January 1, 2021 to December 31, 2021

Table 9

Unit: NT$ thousands

(except as otherwise indicated)

Investee Company	Main businesses	Paid-in capital	Method of Investment (Note 1)	Beginning balance of accumulated outflow of investment from Taiwan	Remittance or recovery of investment amount in the current period		Ending balance of accumulated outflow of investment from Taiwan	Net income (loss) of the investee	Percentage of ownership of the Company's direct or indirect investment	Investment profit (loss) recognized for the period (Note 2)	Ending balance of carrying amount	Ending balance of accumulated inward remittance of earnings	Note
					Outflow	Inflow							
Jintung Petrochemical Co., Ltd.	Production of linear alkylbenzene, sulfonic acid and by-products	$ 730,442	(2)a	$ 587,093	$ -	$ -	$ 587,093	$ 457,081	60.00	$ 274,249	$ 2,107,012	$ 292,488	Note 2 (2)b
Jiangsu Jintung Chemical Co., Ltd.	Production of linear alkylbenzene, sulfonic acid and by-products	1,498,906	(2)a	269,465	-	-	269,465	1,030,251	50.00	515,127	1,866,444	-	Note 2 (2)b
Tianjin Tianzhi Fine Chemical Co., Ltd.	Manufacture and sale of alkylbenzene sulfonic acid	835,101	(2)a, b	358,345	-	-	358,345	11,072	50.00	5,536	535,667	-	Note 2 (2)b
Shanghai Ching Ti Chemical Co., Ltd.	Manufacture and sale of alkylbenzene, sulfonic acid and other related surfactants	144,174	(2)b	41,520	-	-	41,520	-	-	-	-	-	Note 11
Xiamen Jintung Synthetic Detergent Co., Ltd.	Production and sales of surfactants related products	113,600	(2)a	20,992	-	-	20,992	(226)	54.60	(123)	82,076	-	Note 2 (2)b
Chih Sheng (Huizhou) Petrochemical Co., Ltd.	Production of primary alcohol ethoxylate	359,840	(2)b	359,840	-	-	359,840	77,953	100.00	77,953	689,088	-	Note 2 (2)b
Guangzhou Litze Chemical Co., Ltd.	Production and sales of alkylbenzene sulfonic acid	217,135	(2)b	110,000	-	-	110,000	61,310	60.00	36,786	275,854	-	Note 2 (2)b
Nanjing Kuan Hsin Optoelectronics Co., Ltd.	Manufacture and sale of PMMA Light Guide Plate	453,948	(2)a	179,996	-	-	179,996	4,503	47.46	-	(225,878)	-	Note 2 (2)b
Nanjing He Sheng Pao New Energy Technology Co., Ltd.	Development of new energy and surfactant	356,578	(2)a	182,134	-	-	182,134	(1,588)	100.00	(1,588)	351,437	-	Note 2 (2)b
Hsin Tay (Shanghai) Ltd.	Trade of chemicals and fuels	223,148	(2)a	13,840	-	-	13,840	40,794	100.00	40,794	760,751	-	Note 2 (2)b
Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	Wholesale of chemicals and fuels	173,708	(2)c	73,546	-	-	73,546	6,280	55.00	3,454	90,422	-	Note 2 (2)c
Beijing Tung Sheng Tai Trade Co., Ltd.	Wholesale of chemicals and fuels	43,427	(2)c	33,022	-	-	33,022	(2,428)	75.00	(1,821)	(14,245)	-	Note 2 (2)c
Sichuan Jintung Fine Chemical Co., Ltd.	Manufacture and sale of Linear Alkylbenzene	173,708	(2)a	-	-	-	-	154,602	60.00	92,761	655,496	-	Note 2 (2)b
Anhui Jintung Fine Chemical Co., Ltd.	Manufacture and sale of surfactant	260,562	(2)a	-	-	-	-	246,179	60.00	147,708	562,162	-	Note 2 (2)b
Jiangsu Jintung Surfactant Co., Ltd.	Manufacture and sale of surfactant	1,650,226	(2)a	-	-	-	-	1,056,674	50.00	528,337	1,387,184	-	Note 2 (2)b

Company name	Accumulated investment remitted from Taiwan to mainland China at the end of the period	Amount of Investments Authorized by Investment Commission, M.O.E.A.	Upper limit on investment authorized by MOEAIC
Ho Tung Chemical Co., Ltd.	$ 2,434,677 (US$87,958 thousand) (Note 7, 8, 9, 10, 11)	$ 5,223,022 (US$188,693 thousand)	Note 6

Note 1: Investment methods can be divided into the following three categories, simply mark the category:

(1) Direct investment in mainland China.

(2) Indirectly investment in mainland China through companies registered in a third region (Please specify the name of the company in the third region).

a. Reinvestment through Paotze Investment Ltd., one of the subsidiaries of the Company

b. Reinvestment through Signpost (HK), one of the second-tier subsidiaries of the Company

c. Reinvestment through Hsin Tay Ltd., one of the second-tier subsidiaries of the Company

(3) Others.

Note 2: In the column of investment profit (loss) recognized for the period:

(1) Please specify no investment income (loss) has been recognized because the investment is still in pre

(2) Investment loss and profit recognized can be classified as following four types, which shall be specif

a. The financial reports were audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm

b. The financial statements were audited and certificated by independent auditors of the parent company in Taiwan

c. The financial statements were audited and certificated by independent auditors of Hsin Tay Petrochemical, one of the Company's sul

Note 3: The amount shall be listed in NTD.

Note 4: Accounts involved in foreign currencies are translated into NTD at spot exchange rates prevailing at the balance sheet date.

Note 5: The consolidated shareholding percentage of the parent company and its subsidiaries.

Note 6: Per the regulations stipulated in the amendments of Regulations Governing the Approval of Investment or Technical Cooperation in mainland China promulgated by MOEAIC; the Company has received the certificate of operating headquarter issued by Industrial Development Bureau, MOEA, and thus is exempt from this limit.

Note 7: The Group originally held 100% of equity of Tai Tung (HK) through Signpost (HK), one of the second-tier subsidiaries, and Top Device, one of the subsidiaries and held 50% of equity of Sha Tung Tai Hsing indirectly. On September 22, 2015, the Group resolved to dispose the equity of Tai Tung (HK) held by Signpost (HK) and Top Device.

Proceeds from disposal amounted to USD4,417,920 (less process fees and other related expenses). However, the proceeds have not been remitted back to Taiwan yet, and thus are still included in the investment amount in mainland China.

Note 8: The Group disposed of 100% equity of Nan Tung (HK) on August 25, 2017. The proceeds from the disposal amounted to RMB5,000,000. However, the proceeds have not been remitted back to Taiwan yet, and thus it is still included in the investment amount in mainland China.

Note 9: In accordance with the organizational plan the Group, the Board of Directors of Nanjing Fine approved the application of dissolution of the company on March 22, 2018 and shares were returned amounted to RMB9,187,533 on December 26, 2018. However, the proceeds from dissolution have not been remitted back to Taiwan yet, and thus the original investment amount is still included in the investment amount in mainland China.

Note 10: In accordance with the organizational plan of the Group, the Board of Directors of Lien Ting (Guangzhou) approved the application of dissolution of the company on May 4, 2018. The liquidated shares were returned amounted to USD1,057,206 on December 24, 2018. However, the proceeds from dissolution have not been remitted back to Taiwan yet, and thus the original investment amount is still included in the investment amount in mainland China.

Note 11: Shanghai Ching Ti entered the liquidation process in October 2019. As the Group has lost significant influence over it, the investment amount originally accounted for using the equity method of $31,564 was reclassified to “other receivables,” subsequent due to real estate certificate could not be cancelled, so the liquidation process has been stopped.

Through the shareholders’ agreement, the Group has transferred the equity held by the Group to other shareholders, and the relevant transactions have been completed. The sale proceeds have not been repatriated to China, and thus the original investment amount is still included in the investment amount in mainland China.

Note 12: Nanjing Kuan Hsin received the judgment of the People’s Court of Nanjing City of Jiangsu Province on March 30, 2021, agreeing to process the liquidation procedures of Nanjing Kuan Hsin, which became effective on April 30, 2021. As of May 12, 2021, the Group was in the process of evaluating the liquidation plan.

Ho Tung Chemical Co., Ltd. and Subsidiaries

Information on Major Shareholders

From Jy 1, 2021 to December 31, 2021

Table 10

Shareholder's Name	Shares	
	Shares Held	Shareholding percentage
Hung I Investments Co., Ltd.	101,690,169	10.00%
Investment Account of Capital Securities Nominee, a client of CSC Securities (HK), held by Capital Securities as custodian	60,576,749	5.95%
Ping Jung Co., Ltd.	51,878,666	5.10%

VI. Effect on the financial position of any financial difficulties experienced by the company and its affiliates in the most recent year and during the current year up to the date of publication of the annual report shall be listed if any：

Affiliates referred to this in clause refer to those enterprises conforming to stipulations in Article 369-1 of the Company Law. (1. Companies with controlling and subsidiary relationship; 2. Companies with mutual investment): None.

Chapter 7. Review and Analysis of Financial Position and Financial Performance, and Risk Management

I. Review and Analysis of Financial Position:

Unit: NT$1,000

Item	2020	2021	Difference	
			Amount	%
Current Assets	14,131,493	13,441,725	(689,768)	(4.88%)
Property, Plant, and Equipment	4,894,032	5,059,629	165,597	3.38%
Other Assets	5,256,300	5,507,769	251,469	4.78%
Total Assets	24,281,825	24,009,123	(272,702)	(1.12%)
Current Liabilities	4,780,349	4,401,408	(378,941)	(7.93%)
Long-term Liabilities	1,675,815	1,462,778	(213,037)	(12.71%)
Other Liabilities	1,481,697	1,517,830	36,133	2.44%
Total Liabilities	7,937,861	7,382,016	(555,845)	(7.00%)
Capital Stock	10,168,248	10,168,248	0	0%
Capital Surplus	50,541	57,093	6,552	12.96%
Retained Earnings	2,717,714	2,727,890	10,176	0.37%
Other Equity	(504,761)	(233,850)	270,911	53.67%
Treasury Stock	(95,951)	(95,951)	0	0%
Total Equity Attributable to Owners of Parent Company	12,335,791	12,623,430	287,639	2.33%
Non-controlling Interests	4,008,173	4,003,677	(4,496)	(0.11%)
Total Equity	16,343,964	16,627,107	283,143	1.73%

Analysis of main reasons for difference exceeding 20% and the change amount was up to NT$10 million is as follows:

Other equity: This mainly refers to financial assets of the Group measured by fair value via other comprehensive profits and losses, and the adjustment of unrealized evaluation profit and loss by fair value caused increase in other equities compared with that of previous period.

II. Operation results

(I) Comparative analysis table of operation results:

Unit: NT$1,000

Subject	2020	2021	Increase or Decrease Amount	Change, by Percentage %
Operating Revenue	25,849,191	20,211,458	(5,637,733)	(21.81%)
Gross Profit	6,005,778	3,089,763	(2,916,015)	(48.55%)
Operating Income	3,633,209	1,782,277	(1,850,932)	(50.94%)
Non-operating Income and Expenses	(623,181)	208,598	831,779	133.47%
Pre-tax Profit	3,010,028	1,990,875	(1,019,153)	(33.86%)
Net Profit for Continuing Operations	2,399,546	1,459,548	(939,998)	(39.17%)
Loss from Discontinued Operations	0	0	0	0%
Net Income for the Period	2,399,546	1,459,548	(939,998)	(39.17%)
Other Comprehensive Income (net,after tax)	227,961	243,777	15,816	6.94%
Total Comprehensive Income for the Period	2,627,507	1,703,325	(924,182)	(35.17%)
Net Income Attributable to Owners of the Parent Company	1,686,431	722,746	(963,685)	(57.14%)
Net Income Attributable to Non-controlling Interests	713,115	736,802	23,687	3.32%
Comprehensive Income Attributable to Owners of the Parent Company	1,857,789	992,864	(864,925)	(46.56%)
Comprehensive Income Attributable to Non-controlling Interests	769,718	710,461	(59,257)	(7.70%)
Earnings per Share	1.68	0.72	(0.96)	(57.14%)

Analysis of main reasons for difference exceeding 20% and the change amount was up to NT$10 million is as follows:

1. Operating Revenue, Gross Profit, Operating Income, Pre-tax Profit, Net Profit for Continuing Operations, Net Income for the Period, Total Comprehensive Income for the Period, Net Income Attributable to Owners of the Parent Company, Comprehensive Income Attributable to Owners of the Parent Company, Earnings per Share:

   In 2020, the Company sold the land held by its subsidiary in Nangang District, Yucheng Section, in order to increase its working capital, but there was no such circumstance in 2021, besides, in 2020, oil price dropped greatly due to COVID-19 and the cost was reduced relatively, thus resulting in reduced profit and earnings per share in 2021 compared with that in 2020.

2. Non-operating Income and Expenses:

   This was mainly due to that (1) recoverable amount of property, plant and equipment in 2020 was lower than the book amount, and provision for impairment loss was made; (2) interest expense was reduced.

(II) Expected sales volume and its basis:

Influenced by COVID-19 epidemic and international situation, there was great change in shipping, raw materials and oil price, therefore, the Group must grasp the raw material cost, make real-time reflection of increase or decrease rate of raw material price in the sales price, and extend the goods-preparation time, and remind the customers of confirming orders as early as possible and then arrange shipment, so as to avoid the circumstance of failure in shipment due to port blockage or schedule delay.

In 2022, global demand for detergent raw materials still takes on stable growth, and by virtue of the Group's advantages in the mainland market, it is believed that the operation this year will be stable as long as the product production and supply are guaranteed.

(III) Possible effect on the company's future financial business and measures to be taken in response: None.

III. Cash flows

(I) Analysis of Change in Cash Flow for the Most Recent Year

Unit: NT$1,000

Cash at Beginning of Year (1)	Net Cash Flows from Operating Activities (2)	Net Cash Flows Used in Investing and Financing Activities all Year Round (3)	Cash Surplus (1)+(2)+(3)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
6,568,066	2,488,852	(2,618,895)	6,438,023	-	-
Analysis of Change in Cash Flow for the Current Year Investing and financing activities: The Group made cash outflow of NT$ 751,997 thousand for acquiring property, plant and equipment in 2021, and NT$ 473,044 thousand for repaying long-term loans, thus resulting in cash outflows of investing and financing activities.					

(II) Cash Liquidity Analysis for the Coming Year

Unit: NT$1,000

Cash at Beginning of Year (1)	Net Cash Flows Expected from Operating Activities all Year Round (2)	Net Cash Flows Used in Investing and Financing Activities all Year Round(3)	Estimated Cash Surplus (Inadequacy) (1)+(2)+(3)	Remedial Measures for Estimated Cash Inadequacy	
				Investment Plan	Financial Plan
6,438,023	2,047,055	(1,901,512)	6,583,566	-	-
Cash Liquidity Analysis for the Coming Year: (1) Operating activities: operating profit of the main business is stable. (2) Investing and financing activities: The Group plans to make net cash outflow of NT$1,901,512 thousand for capital expenditure, distributing cash dividends and repaying bank loans.					

IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Year: None.

V. Investment Policy for the Most Recent Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Investment Profitability, and Investment Plans for the Coming Year

1. Investment Policy for the Most Recent Year: Focus on the main business of chemistry, and down-regulate reinvestment ratio configuration of non-chemical business gradually.
2. Main causes for investment profit or loss:

Name of Invested Company	Recognized profit (loss) for 2021 (NT$; thousand)	Main causes
Tung Bao Co., Ltd.	12,653	Due to increase in sales volume.
HT-S Venture Philippienes	(1,908)	The purchasing cost was increased, and the sales price couldn't be reflected immediately.

VI. Risk Issues and Assessment for the Most Recent Year and during the Current Year Up to the Date of Publication of the Annual Report

(I) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future:

(1) Interest rate: Increase in interest rate will result in increased capital cost, and various companies within the Group consider repaying some bank loans appropriately, so as to improve the financial ratio and save interest expense.

(2) Exchange rate: Operating revenue, accounts receivable and accounts payable of the Company are mainly reported in US$, so as to reduce exchange rate risk by offsetting between foreign currency assets and liabilities, thus achieving the result of natural hedging.

(3) Inflation: The Company pays attention to trend of market price at any time, and hasn't suffered from major influence from inflation up to now.

(II) Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future:

(1) The Company hasn't made relevant high-risk and high-leverage investment in 2021 and during the period up to publication date of the annual report.

(2) Regarding loaning to others, the Company has handled in accordance with "Procedures for Loaning to Others" made by the Board of Directors, and the Company can loan up to NT$5.049 billion (obtained upon calculation according to 40% of net value of NT$12.623 billion at the end of 2021) to others, and by the end of March 2022, loan balance of the Group to others was NT$ 569 million.

(3) Regarding endorsement, the Company has handled in accordance with "Procedures for Endorsement" made by the Board of Directors, and the Company can make endorsement of up to NT$6.312 billion (obtained upon calculation according to 50% of net value of NT$12.623 billion at the end of 2021), and by the end of March 2022, endorsement balance of the Group was NT$190 million.

(4) The Company's policy for engaging in financial derivatives is mainly for purpose of hedging.

(5) At present, the instruments engaged in trading of financial derivatives adopt forward foreign exchange advance or advance purchase for hedging, taking reduction of foreign exchange loss as the principle.

(III) R&D Work to Be Carried Out in the Future and Further Expenditures Expected for R&D Work: None.

(IV) Effect on the Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to Be Taken in Response:

The Company has cooperated with the competent authorities in dealing with the amendments to the Company Law and the Securities and Exchange Act, etc., and there is no significant impact on the financial business at present.

(V) Effect on the Financial Operations of Developments in Science and Technology Change (including Information Security Risk) and Industrial Change, and Measures to Be Taken in Response:

In order to recover business as soon as possible and reduce possible losses and risks upon occurrence of damage to the information system, at present, in addition to viewing and going over the system's disaster emergency response plan and measures regularly every year, the company has also arranged fixed drilling operations regarding fixed disaster response, and in the future, it will also plan a remote host backup mechanism, to shorten response time to disasters.

(VI) Effect on the Crisis Management of Changes in the Corporate Image, and Measures to Be Taken in Response:

The Company has always been following the principle of professional and honest operation, and been devoted to maintaining enterprise image and risk management and control for many years, without foreseeable crises up to now.

(VII) Expected Benefits and Possible Risks Associated with Any Mergers and Acquisitions, and Measures to Be Taken in Response: Not applicable.

(VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Measures to Be Taken in Response:

In order to improve core competitiveness, the Company continues to make plant expansion to conform to market demands, and will improve overall operating revenue and profit of the Group in the future.

(IX) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Measures to Be Taken in Response:

1. Risks Associated with Any Purchasing Operations, and Measures to Be Taken in Response:

   Risk confronted: the source of raw materials is single.

   Measures to be taken in response: actively explore other sources of raw materials.
2. Risks Confronted by Sales of Goods, and Measures to Be Taken in Response:

   Risk confronted: the market is single.

   Measures to be taken in response: develop new customer groups and markets.

(X) Effect on and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor or Shareholder Holding Greater than a 10% Stake in the Company Has

Been Transferred or Has Otherwise Changed Hands, and Measures to Be Taken in Response: Director, Supervisor or Shareholder Holding Greater than a 10% Stake in the Company Hasn't Transferred a Major Quantity of Their Shares.

(XI) Effect on and Risk to the Company Associated with Any Change in Governance Personnel or Top Management, and Measures to Be Taken in Response: None.

(XII) For litigious or non-litigious disputes, the major litigious, non-litigious or administrative disputes that have been determined or are still in process up judgment by the Company and its director, supervisor, general manager, de facto responsible person, shareholders holding above 10% shares and subsidiary companies shall be listed, and if the results may materially affect the shareholders' equity or prices of securities, the dispute fact, target amount, starting date of litigation, main parties to the litigation and disposal as of publication date of the annual report shall be disclosed:

1. Major litigious, non-litigious or administrative disputes that have been determined or are still in process up judgment by the Company: None.
2. For major litigious, non-litigious or administrative disputes that have been determined or are still in process up judgment by the Company and its director, supervisor, general manager, de facto responsible person, shareholders holding 10% shares and subsidiary companies, those that may materially affect the shareholders' equity or prices of securities:

   Oil spill occurred on October 24, 2013 at the West No.7 Pier of Taichung Port by the subsidiary Chenergy Global Co., Ltd., and in accordance with the NT$185 million contract with the contact-awarding soil remediation engineering company regarding engineering outside of the embankment, such contract shall take effect only after being passed by Board of Directors of Chenergy Global Co., Ltd. and informed to estimated undertaking contractor in written form separately. The contact-awarding soil remediation engineering company brought a civil action against effectiveness of the above contract regarding engineering outside of the embankment in December 2017, and Taiwan New Taipei District Court opened a court session on October 11, 2018, which has been transferred to Taipei District Court for continuing trial after transfer of jurisdiction.

   Turnkey contractor failed to perform according to the contract, therefore, Chenergy Global Co., Ltd. sent a letter to the engineering contractor to dissolve the engineering contract within the embankment on June 12, 2019, and asked the engineering contractor to refund the paid engineering payment of NT$44,100 thousand (other receivables listed in the account) on August 23, 2019, the engineering undertaker applied to Chinese Arbitration Association, Taipei for arbitration to ask for engineering payment in February 2020, received arbitration award on May 20, 2021, and proposed to withdraw arbitration on June 17, 2021, which is under trial of Taipei District Court.

(XIII) Other important risks and measures to be taken in response:

1. Information Security Risk Assessment and Measures to Be Taken in Response:

   The Company has information personnel within the company and professional consultants outside of the company for providing information maintenance service, and assisting with daily operation. The Company would hold meetings with external consultants every week, to jointly review the operation and use problems, improve the operating process, improve the system control points, import system and make education training, and enhance the company colleagues' consciousness of information security crisis, hoping to make prior prevention and make effective detection and prevent spreading as soon as possible. Regarding information security, make password control from application to use and access permission, establish invasion defense system and white-list control of the external access-in and access-out points, mail anti-spam system, endpoint anti-virus system, etc., and improve information security protection gradually.

Regarding data preservation, there are both complete backup and differential backup, with disaster recovery (DR) every week, which can support preserved data and data.

In most recent year and as of publication date of the annual report, the Company hasn't had any major network attach or information security event.

2. Risk evaluation analysis of special infectious pneumonia (COVID-19) and measures to be taken in response:

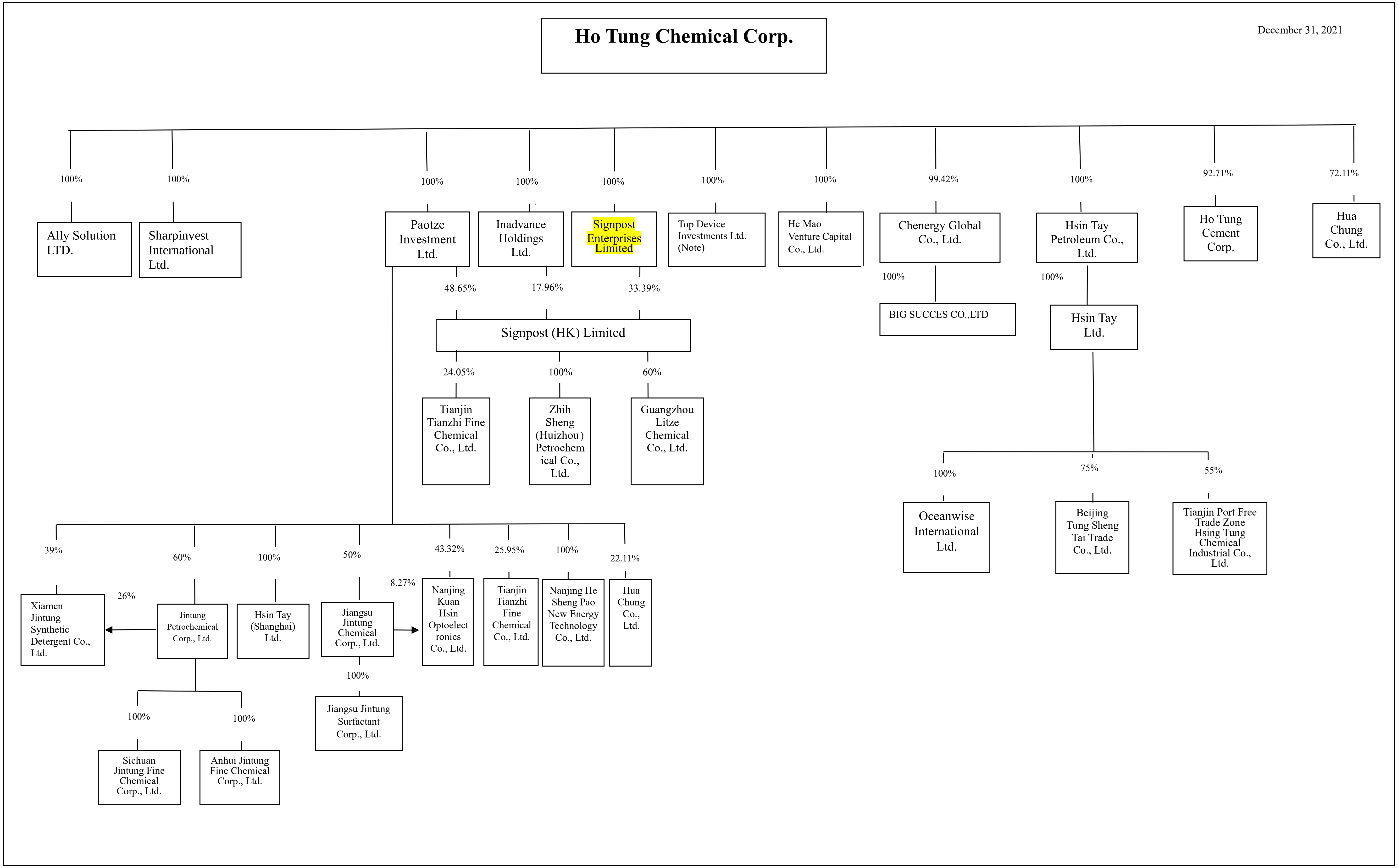
   In active cooperation with the government's epidemic prevention policy, the Company formulated prevention management measures of the company, and for the sake of safety of the staff, it changed trans-national business travel to means of video, telephone, e-mail, etc. to maintain enterprise operation, and in the meantime, it provided the colleagues with 75% alcohol for daily disinfection, made daily measurement and registration of forehead temperature, and once there was a person with fever (forehead temperature at above 37.5℃), it would ask the person to wear face mask and ask for leave to see the doctor. Regarding third parties, the Company would ask them to measure the forehead temperature before entering the office area, and fill in contact information of the visiting manufacturers truthfully, so as to guard health of the colleagues actively.

   In most recent year and as of publication date of the annual report, the Company hasn't had any significant impact on operation due to COVID-19.

VII. Other Important Matters: None.

Chapter 8. Special Disclosure

I. Information on Affiliates and Consolidated Business Report of Affiliates



Note: The company has been annulled but approval document from the competent authority has not been received.

II. Basic information of affiliates:

Unit: NT$1,000

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Hua Chung Co., Ltd.	2002.02.21	9F., No. 6, Sec. 1, Zhongxing Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	20,000	Production, purchase and sales of cement raw materials
Ho Tung Cement Corp.	2011.04.07	8F., No. 6, Sec. 1, Zhongxing Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	295,364	Production, purchase and sales of cement raw materials
He Mao Venture Capital Co., Ltd.	1998.02.16	8F., No. 6, Sec. 1, Zhongxing Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	70,000	Venture capital for investees
Chenergy Global Co., Ltd.	2004.02.03	8F.-5, No. 6, Sec. 1, Zhongxing Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	566,199	Leasing of storage tanks and oil products trading
Hsin Tay Petroleum Co., Ltd.	2011.09.09	8F., No. 6, Sec. 1, Zhongxing Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	1,937,055	Oil products trading

Unit: US$1,000

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
SHARPINVEST INTERNATIONAL LTD.	2004.08.12	Vistra Corporate Services Centre , Wickhams Cay Π, Road Town , Tortoal , VG1110 , B.V.I	3,000	Investment
SIGNPOST ENTERPRISES LTD.	2003.05.08	Vistra Corporate Services Centre， Wickhams CayII, Road Town,Tortola， VG1110, British Virgin Islands	14,674	Investment
PAOTZE INVESTMENT LTD.	1992.08.18	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	20,000	Investment
ALLY SOLUTION LTD.	2014.12.23	Vistra Corporate Services Centre , Wickhams Cay Π, Road Town , Tortoal , VG1110 , B.V.I	26,907	Investment
INADVANCE HOLDINGS LTD.	2003.06.10	Vistra Corporate Services Centre , Wickhams Cay Π, Road Town , Tortoal , VG1110 , B.V.I	5,000	Investment
TOP DEVICE INVESTMENTS LTD.	2010.05.26	P.O.BOX 957,Offshore Incorporations Centre, Road Town,Tortola, British Virgin Islands	Note	Investment
HSIN TAY LTD.	1994.03.16	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	16,957	Investment
Hsin Tay (Shanghai) Ltd.	2000.10.24	Room 6808, 6F., No. 396, Fute East 1st Road, Shanghai Free Trade Zone, Shanghai City, China	7,450	Chemical fuels trading
OCEANWISE INTERNATIONAL Ltd.	2013.11.18	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	15,820	Investment

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
SIGNPOST (HK) LIMITED	2008.05.06	2/F,Jonsim Place,No.228 Queen's Road East,Wanchai,Hong Kong	30,797	Investment
BIG SUCCESS CO.,LTD.	2013.10.03	Le Sanalele Complex,Ground Floor,Vaea Street,Saleufi,PO Box 1868,Apia, Samoa	14,511	General investment

Note: The company has been annulled but approval document from the competent authority has not been received.

Unit: RMB1,000

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Guangzhou Litze Chemical Co., Ltd.	2003.08.28	No. 89, Huangge Avenue, Huangge Town, Nansha Dist., Guangzhou City, China	50,000	Production and sales of alkyl benzene sulfonic acid
Jintung Petrochemical Corp., Ltd.	1993.09.01	No. 201, Yaoxin Av., Nanjing Economic and Technological Development Zone,Nanjing City, Jiangsu Province	168,200	Production of linear alkyl benzene, sulfonic acid and by-products
Jiangsu Jintung Chemical Corp., Ltd.	2002.04.08	No. 18, Hengfa Rd., Nanjing Economic and Technological Development Zone, Nanjing City, Jiangsu Province	345,155	Production of linear alkyl benzene, sulfonic acid and by-products
Nanjing Kuan Hsin Optoelectronics Co., Ltd.	2006.02.16	No. 20, Hengfa Rd., Nanjing Economic and Technological Development Zone, Nanjing City, Jiangsu Province	104,531	Manufacture and sale of PMMA Light Guide Plate
Chih Sheng (Huizhou) Petrochemical Co., Ltd.	2006.12.31	No. 1, Binhai 10th Rd., Shihua Av., Xiayong Town, Daya Bay Area, Huizhou City	94,853	Production of primary alcohol ethoxylate
Tianjin Tianzhi Fine Chemical Co., Ltd.	2002.10.30	No. 18, Cuiwei St., Hangu Modern Indsustrial Park, Tianjin Economic and Technological Development Zone, Tianjin City, China	192,300	Research, production and sales of surfactants and derivative products and provision of technological consulting
Nanjing He Sheng Pao New Energy Technology Co., Ltd.	2011.05.26	No. 20, Hengfa Rd., Nanjing Economic and Technological Development Zone, Nanjing City, Jiangsu Province	82,110	Development of new energy and surfactant
Sichuan Jintung Fine Chemical Corp., Ltd.	2005.04.30	Group 10, Wenchang Village, Guanyin Sub-district, Pengshan District, Meishan City, Sichuan Province	40,000	Manufacture and sale of Linear Alkyl benzene
Anhui Jintung Fine Chemical Corp., Ltd.	2009.10.28	No. 79, Zhongxiang Av., Cihu High-tech Industrial Development Zone, Maanshan City, Anhui Province	60,000	Manufacture and sale of surfactant
Jiangsu Jintung Surfactant Corp., Ltd.	2011.03.29	No. 1, Puge Rd. Nanjing Chemical Industry Park, Nanjing City, Jiangsu Province	380,000	Manufacture and sale of surfactant
Xiamen Jintung Synthetic Detergent Co., Ltd.	1994.07.05	No. 24, Xibin Road, Jimei District, Xiamen City	26,159	Production and sales of surfactants related products
Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	1998.09.18	Zhongran Mansion, Tianjin New Harbor 4th Rd., Tianjin City, China	40,000	Wholesale of petrochemical products, storage, charging, processing and sales of products in reservoir area
Beijing Tung Sheng Tai Trade Co., Ltd.	2012.03.16	Room 1205, Building 9, No. 88, Jianguo Rd., Chaoyang Dist., Beijing City, China	10,000	Chemical trading

III. Where there is considered to be a controlled and subordinate relation, information of the same shareholders: Not applicable.

IV. Directors, supervisors, and general managers of affiliates:

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of Shares	Percentage of Ownership
Chenergy Global Co., Ltd.	Chairman	Ho Tung Chemical Corp. Representative: Kuo-jung Shih	56,291,548	99.42%
	Director	Ho Tung Chemical Corp. Representative: Jen-chih Huang	56,291,548	99.42%
	Director	Ho Tung Chemical Corp. Representative: Wei-yu Chen	56,291,548	99.42%
	Director	Ho Tung Chemical Corp. Representative: Lun-chia Li	56,291,548	99.42%
	Supervisor	Yatung Investment Co., Ltd Representative: Yi-hsiung Chen	322,633	0.57%
	Supervisor	Yatung Investment Co., Ltd Representative:Tung-hsueh Yang	322,633	0.57%
Hua Chung Co., Ltd.	Chairman	Ho Tung Chemical Corp. Representative: Chih-liang Yang	1,442,233	72.11%
	Director	Ho Tung Chemical Corp. Representative: Wei-yu Chen	1,442,233	72.11%
	Director	Ho Tung Chemical Corp. Representative: Ying-Yen Li	1,442,233	72.11%
	Supervisor	Hung I Investment Co., Ltd.	7,067	0.35%
Ho Tung Cement Corp.	Chairman	Ho Tung Chemical Corp. Representative: Chih-liang Yang	27,383,847	92.71%
	Director	Ho Tung Chemical Corp. Representative: Wei-yu Chen	27,383,847	92.71%
	Director	Ho Tung Chemical Corp. Representative: Ying-Yen Li	27,383,847	92.71%
	Supervisor	Yatung Investment Co., Ltd	445,094	1.51%
He Mao Venture Capital Co., Ltd.	Chairman	Ho Tung Chemical Corp. Representative: Wei-yu Chen	7,000,000	100%
	Director	Ho Tung Chemical Corp. Representative: Yi-ju Chen	7,000,000	100%
	Director	Ho Tung Chemical Corp. Representative: Ying-Yen Li	7,000,000	100%
	Supervisor	Ho Tung Chemical Corp. Representative: Hui-yen Lin	7,000,000	100%
Hsin Tay Petroleum Co., Ltd.	Chairman	Ho Tung Chemical Corp. Representative: Wei-yu Chen	193,705,500	100%
	Director	Ho Tung Chemical Corp. Representative: Yi-ju Chen	193,705,500	100%
	Director	Ho Tung Chemical Corp. Representative: Ying-Yen Li	193,705,500	100%
	Supervisor	Ho Tung Chemical Corp. Representative: Jen-chih Huang	193,705,500	100%
SHARPINVEST INTERNATIONAL LTD.	Director	Ho Tung Chemical Corp. Representative: Ying-Yen Li	3,000,001	100%
INADVANCE HOLDINGS LTD.	Director	Ho Tung Chemical Corp. Representative: Yi-ju Chen	5,000,100	100%
ALLY SOLUTION LTD.	Director	Ho Tung Chemical Corp. Representative: Wei-yu Chen	26,907,000	100%
TOP DEVICE INVESTMENTS LTD.	Director	Ho Tung Chemical Corp. Representative: Yu-chieh Yang	Note	100%
SIGNPOST ENTERPRISES LTD.	Director	Ho Tung Chemical Corp. Representative: Wei-yu Chen	14,673,913	100%

Note: The company has been annulled but approval document from the competent authority has not been received.

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of Shares	Percentage of Ownership
PAOTZE INVESTMENT LTD.	Chairman	Ho Tung Chemical Corp. Representative: Yi-ju Chen	20,000,000	100%
	Director	Ho Tung Chemical Corp. Representative: Wei-yu Chen	20,000,000	100%
	Director	Ho Tung Chemical Corp. Representative: Lun-chia Li	20,000,000	100%
	Director	Ho Tung Chemical Corp. Representative: Jen-chih Huang	20,000,000	100%
BIG SUCCESS CO.,LTD.	Director	Chenergy Global Co., Ltd. Representative: Yi-ju Chen	14,511,500	100%

Name of Affiliate	Title	Name or Representative	Shareholding	
			Contribution amount	Percentage of Ownership
HSIN TAY LTD.	Director	Hsin Tay Petroleum Co., Ltd. Representative: Wei-yu Chen	USD16,956,651	100%
Hsin Tay (Shanghai) Ltd.	Chairman	PAOTZE INVESTMENT LTD. Representative: Wei-yu Chen	USD7,450,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative: Yi-ju Chen	USD7,450,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative: Chung-shan Shih	USD7,450,000	100%
	Supervisor	PAOTZE INVESTMENT LTD. Representative: Ying-Yen Li	USD7,450,000	100%
SIGNPOST (HK) LTD.	Director	SIGNPOST ENTERPRISES LTD. Representative: Wei-yu Chen	USD4,899,620	33.39%
OCEANWISE INTERNATIONAL LTD.	Director	Hsin Tay LTD. Representative: Wei-yu Chen	USD15,820,000	100%
Beijing Tung Sheng Tai Trade Co., Ltd.	Director	Hsin Tay LTD. Representative: Hsien-cheng Chen	RMB7,500,000	75%
	Director	Hsin Tay LTD. Representative: Ying-Yen Li	RMB7,500,000	75%
	Director	Hsin Tay LTD. Representative: Pei-Jie Liu	RMB7,500,000	75%
	Supervisor	Hsin Tay LTD. Representative: Chia-wen Liu	RMB7,500,000	75%
Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	Chairman	Hsin Tay LTD. Representative: Hsien-cheng Chen	RMB22,000,000	55%
	Director	Hsin Tay LTD. Representative: Yi-ju Chen	RMB22,000,000	55%
	Director	Hsin Tay LTD. Representative: Ying-Yen Li	RMB22,000,000	55%

Name of Affiliate	Title	Name or Representative	Shareholding	
			Contribution amount	Percentage of Ownership
Guangzhou Litze Chemical Co., Ltd.	Director	SIGNPOST (HK) Limited Representative: Wei-yu Chen	RMB30,000,000	60%
	Director	SIGNPOST (HK) Limited Representative: Yi-ju Chen	RMB30,000,000	60%
	Director	SIGNPOST (HK) Limited Representative: Jen-chih Huang	RMB30,000,000	60%
	Director	SIGNPOST (HK) Limited Representative: Ying-Yen Li	RMB30,000,000	60%
Chih Sheng (Huizhou) Petrochemical Co., Ltd.	Chairman	SIGNPOST (HK) Limited Representative: Wei-yu Chen	RMB94,853,197	100%
	Director	SIGNPOST (HK) Limited Representative: Yi-ju Chen	RMB94,853,197	100%
	Director	SIGNPOST (HK) Limited Representative: Jen-chih Huang	RMB94,853,197	100%
	Supervisor	SIGNPOST (HK) Limited Representative: Chia-wen Liu	RMB94,853,197	100%
Jintung Petrochemical Corp., Ltd.	Director	PAOTZE INVESTMENT LTD. Representative: Chin-hua Lin	RMB100,920,000	60%
	Director	PAOTZE INVESTMENT LTD. Representative: Wei-yu Chen	RMB100,920,000	60%
	Director	PAOTZE INVESTMENT LTD. Representative: Yi-ju Chen	RMB100,920,000	60%
	Director	PAOTZE INVESTMENT LTD. Representative: Hsien-cheng Chen	RMB100,920,000	60%
	Supervisor	PAOTZE INVESTMENT LTD. Representative: Ying-Yen Li	RMB100,920,000	60%
Jiangsu Jintung Chemical Corp., Ltd.	Director	PAOTZE INVESTMENT LTD. Representative: Chin-hua Lin	RMB172,577,715	50%
	Director	PAOTZE INVESTMENT LTD. Representative: Wei-yu Chen	RMB172,577,715	50%
	Director	PAOTZE INVESTMENT LTD. Representative: Yi-ju Chen	RMB172,577,715	50%
	Director	PAOTZE INVESTMENT LTD. Representative: Hsien-cheng Chen	RMB172,577,715	50%
	Supervisor	PAOTZE INVESTMENT LTD. Representative: Ying-Yen Li	RMB172,577,715	50%
Nanjing Kuan Hsin Optoelectronics Co., Ltd.	Chairman	PAOTZE INVESTMENT LTD. Representative: Wei-yu Chen	RMB53,456,628	51.59%
	Director	PAOTZE INVESTMENT LTD. Representative: Yi-ju Chen	RMB53,456,628	51.59%
	Director	PAOTZE INVESTMENT LTD. Representative: Hsien-cheng Chen	RMB53,456,628	51.59%
	Supervisor	PAOTZE INVESTMENT LTD. Representative: Ying-Yen Li	RMB53,456,628	51.59%

Name of Affiliate	Title	Name or Representative	Shareholding	
			Contribution amount	Percentage of Ownership
Tianjin Tianzhi Fine Chemical Co., Ltd.	Deputy Chairman	PAOTZE INVESTMENT LTD. Representative: Hsien-cheng Chen	RMB49,900,000	25.95%
	Director	PAOTZE INVESTMENT LTD. Representative: Yi-ju Chen	RMB49,900,000	25.95%
	Director	PAOTZE INVESTMENT LTD. Representative: Ying-Yen Li	RMB49,900,000	25.95%
	Supervisor	PAOTZE INVESTMENT LTD. Representative: Chia-wen Liu	RMB49,900,000	25.95%
	Director	SIGNPOST (HK) Limited Representative: Wei-yu Chen	RMB46,250,000	24.05%
	Director	SIGNPOST (HK) Limited Representative: Jen-chih Huang	RMB46,250,000	24.05%
Nanjing He Sheng Pao New Energy Technology Co., Ltd.	Director	PAOTZE INVESTMENT LTD. Representative: Chin-hua Lin	RMB82,109,760	100%
	Director	PAOTZE INVESTMENT LTD. Representative: Wei-yu Chen	RMB82,109,760	100%
	Director	PAOTZE INVESTMENT LTD. Representative: Yi-ju Chen	RMB82,109,760	100%
	Supervisor	PAOTZE INVESTMENT LTD. Representative: Ying-Yen Li	RMB82,109,760	100%
Sichuan Jintung Fine Chemical Corp., Ltd.	Director	PAOTZE INVESTMENT LTD. Representative: Chin-hua Lin	RMB40,000,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative: Yi-ju Chen	RMB40,000,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative: Hsien-cheng Chen	RMB40,000,000	100%
	Supervisor	PAOTZE INVESTMENT LTD. Representative: Ying-Yen Li	RMB40,000,000	100%
Anhui Jintung Fine Chemical Corp., Ltd.	Director	PAOTZE INVESTMENT LTD. Representative: Chin-hua Lin	RMB60,000,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative: Yi-ju Chen	RMB60,000,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative: Hsien-cheng Chen	RMB60,000,000	100%
	Supervisor	PAOTZE INVESTMENT LTD. Representative: Ying-Yen Li	RMB60,000,000	100%
Jiangsu Jintung Surfactant Corp., Ltd.	Director	PAOTZE INVESTMENT LTD. Representative: Chin-hua Lin	RMB380,000,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative: Wei-yu Chen	RMB380,000,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative: Yi-ju Chen	RMB380,000,000	100%
	Director	PAOTZE INVESTMENT LTD. Representative: Hsien-cheng Chen	RMB380,000,000	100%
	Supervisor	PAOTZE INVESTMENT LTD. Representative: Ying-Yen Li	RMB380,000,000	100%

Name of Affiliate	Title	Name or Representative	Shareholding	
			Contribution amount	Percentage of Ownership
Xiamen Jintung Synthetic Detergent Co., Ltd.	Director	PAOTZE INVESTMENT LTD. Representative: Wei-yu Chen	RMB17,002,008	65%
	Director	PAOTZE INVESTMENT LTD. Representative: Yi-ju Chen	RMB17,002,008	65%
	Supervisor	PAOTZE INVESTMENT LTD. Representative: Ying-Yen Li	RMB17,002,008	65%

V. Operating status of affiliates:

Unit: NT$1,000

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income (Loss)	Profit or Loss (after Tax) of Current Period	Earnings Per Share (NT$) (after Tax)
Chenergy Global Co., Ltd.	566,199	1,748,791	1,051,014	697,777	129,920	5,014	(8,286)	(0.15)
Hua Chung Co., Ltd.	20,000	53,377	913	52,464	-	(6,521)	(1,472)	(0.74)
He Mao Venture Capital Co., Ltd.	70,000	94,729	140	94,589	12	(875)	187	(0.03)
Hsin Tay Petroleum Co., Ltd.	1,937,055	1,043,145	1,034	1,042,111	-	(4,700)	(629)	(0.003)
Ho Tung Cement Corp.	295,364	918,804	476,529	442,275	657,215	37,787	31,770	1.08
SHARPINVEST INTERNATIONAL LTD.	3,000	533	1	532	-	-	(70)	-
SIGNPOST ENTERPRISES LTD.	14,674	14,834	32	14,802	-	-	1,370	0.09
SIGNPOST (HK) LTD.	30,797	45,563	1,229	44,334	-	(668)	4,102	0.13
PAOTZE INVESTMENT LTD.	20,000	260,375	173	260,202	-	(517)	28,772	1.44
ALLY SOLUTION LTD.	26,907	26,403	-	26,403	-	(5)	(5)	-
INADVANCE HOLDINGS LTD.	5,000	7,780	49	7,731	-	725	725	0.15
TOP DEVICE INVESTMENTS LTD.	Note	-	-	-	-	-	-	-
HSIN TAY LTD.	16,957	39,445	2,000	37,445	-	(455)	(67)	(0.004)
OCEANWISE INTERNATIONAL LTD.	15,820	17,845	-	17,845	-	-	-	-
BIG SUCCESS CO.,LTD.	14,512	16,358	-	16,358	-	(1)	(1)	-

Unit: CNY 1,000

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Income (Loss)	Profit or Loss (after Tax) of Current Period	Earnings Per Share (NT$) (after Tax)
Guangzhou Litze Chemical Co., Ltd.	50,000	186,394	80,525	105,869	384,835	19,429	14,115	0.28
Jintung Petrochemical Corp., Ltd.	168,200	922,484	113,845	808,639	902,848	10,426	105,233	0.63
Jiangsu Jintung Chemical Corp., Ltd.	345,155	967,228	86,607	880,621	73,644	(14,437)	237,194	0.69
Nanjing Kuan Hsin Optoelectronics Co., Ltd.	104,531	9,710	98,295	(88,585)	-	-	1,037	0.01
Chih Sheng (Huizhou) Petrochemical Co., Ltd.	94,853	351,038	192,361	158,677	925,752	25,532	17,947	0.19
Tianjin Tianzhi Fine Chemical Co., Ltd.	192,300	380,575	133,878	246,697	527,396	13,423	2,549	(0.01)
Nanjing He Sheng Pao New Energy Technology Co., Ltd.	82,110	97,473	16,547	80,926	32	(359)	(366)	-
Sichuan Jintung Fine Chemical Corp., Ltd.	40,000	369,300	117,730	251,570	754,696	41,950	35,594	0.89
Anhui Jintung Fine Chemical Corp., Ltd.	60,000	320,457	104,707	215,750	478,993	27,763	56,678	0.94
Jiangsu Jintung Surfactant Corp., Ltd.	380,000	800,986	162,128	638,858	1,275,557	285,229	243,277	0.64
Xiamen Jintung Synthetic Detergent Co., Ltd.	26,159	35,813	1,198	34,615	7,080	(2,164)	(52)	-
Hsin Tay (Shanghai) Ltd.	51,385	251,657	76,478	175,179	1,345,898	13,648	9,392	0.18

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Income (Loss)	Profit or Loss (after Tax) of Current Period	Earnings Per Share (NT$) (after Tax)
Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd.	40,000	50,378	12,520	37,858	43,256	1,017	1,446	0.04
Beijing Tung Sheng Tai Trade Co., Ltd.	10,000	7,172	11,546	(4,374)	-	(509)	(559)	(0.05)

Note: The company has been annulled but approval document from the competent authority has not been received.

VI. Consolidated Financial Statements of Affiliates: See Chapter 6. Financial Information for details.

VII. Reports on Affiliations: None.

Ho Tung Chemical Corp.

Declaration of Consolidated Financial Statements of Affiliates

In 2021 (from January 1 to December 31, 2021), pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the Company's entities that shall be included in preparing the Consolidated Financial Statements of Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 are the same. Moreover, the disclosure information required for the Consolidated Financial Statements of Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements of Affiliates will not be prepared.

Sincerely,

Company Name: Ho Tung Chemical Corp.

Person in Charge: Li-chiu Chang

March 16, 2022

II. Private Placement of Securities during the Most Recent Year and during the Current Year Up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by Subsidiaries during the Most Recent Year and during the Current Year Up to the Date of Publication of the Annual Report：

Holding or Disposal of Shares in the Company by Subsidiaries during the Most Recent Year and during the Current Year Up to the Date of Publication of the Annual Report

Unit: NT$1,000/US$1,000; share; %

Name of Subsidiary (Note 1)	Paid-in Capital	Source of Capital	The Company Percentage of Ownership	Date of Acquisition or Disposal	Amount and Number of Shares Acquired (Note 2)	Amount and Number of Shares Disposed of (Note 2)	Investment Income	Shares Held and Amount Up to the Date of Publication of the Annual Report (Note 3)	Pledge (Note 4)	Making of Endorsements/Guarantees to Subsidiary	Loaning of Funds to Subsidiary
Ho Tung Cement Corp.	295,364	Private capital	70.62%	-	-	-	-	3,518,286 shares 36,766	None	None	None
PAOTZE INVESTMENT LTD.	US 20,000	Private capital	100%	-	-	-	-	10,141,558 shares US 3,702	None	None	None

Note 1. Please list separately according to the category of the subsidiary.

Note 2. The amount herein refers to the amount actually received or disposed.

Note 3. Please list holdings and disposals separately.

Note 4. Describe the impact on the Company's financial performance and financial position.

IV. Other Supplementary Information: None.

Events with Material Impact on Shareholders' Equity or on Prices of Securities as Specified in Subparagraph 2, Paragraph 2 of Article 36 of the Securities and Exchange Act in the Most Recent Year and up to the date of Publication of the Annual Report: None