Stock Code: 4739

Coremax Corporation

2021

Annual Report

Prepared by Coremax Corporation
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Annual Report Inquiry Link:http://mops.twse.com.tw
Website of the Company: http://www.coremaxcorp.com

I. Names, positions, contact numbers, and e-mail addresses of spokesperson and acting spokesperson

Item	Spokesperson	Deputy Spokesperson
Name:	Lu,Poju	Huang, Sheng-Wen
Position:	Manager of Finance Department	Director of Market Strategy Department
Telephone No.:	(03) 598-3101	(03) 598-3101
Email:	lupo.lu@coremaxcorp.com	james.huang@coremaxcorp.com

II. Addresses and Telephone Numbers of Headquarters, Subsidiary and Factory Plant

Unit	Address	TEL
Headquarter	No.11, Wenhua Road, Hsinchu Industrial Park, Hsinchu County	(03)598-3101
Plant	No.11, Wenhua Road, Hsinchu Industrial Park, Hsinchu County	(03)598-3101
Plant	No.440, Zhonghua Road, Toufen City, Miaoli County 351029	(037)631-018

III. Name, Address, Website and Telephone Number of Stock Transfer Agent & Registrar

Name: Stock Affair Agency Department, Grand Fortune Securities Co., Ltd.
Address: 6F, No. 6, Zhongxiao W. Rd., Sec. 1, Zhongzheng District, Taipei City 10041
Telephone No.:(02)2383-6888
Website: http：//www.gfortune.com.tw

IV.Name of the CPAs who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of said person's accounting firm.

Name of Attesting CPAs: Yu, Chi-Lung, Chen,Pei-Chi
Name of Accounting Firm: KPMG Taiwan
Address: 68F, No. 7, Xinyi Rd., Sec. 5, Taipei City
Telephone No.:(02)8101-6666
Website: http：//www.kpmg.com.tw

V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: not applicable

VI. Company website:http：//www.coremaxcorp.com

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One. Letter to Shareholders

Dear Shareholders,

From 2020 onward, the world has been threatened by the COVID-19 pandemic, and by 2021, the pandemic outbreak has still not shown signs of abating. Facing the impact of the pandemic, Coremax Corporation was able to sustain stable operating performance. The shipments remained at a high volume, production and sales revenue remained steady, and profits rose compared with the previous year.

Looking to the future, other than stabilizing the existing product lines, the Company will continue to expand its scale of operations to provide customers with good service and product quality. For the production, the capacity will be adjusted according to the current market demands, and the production lines less effective will be reformed continuously, and supplemented by the Company’s sound and health management system, to lay a good foundation for the Company’s development in the next few years, and build strong growth momentum.

Coremax Group has announced the five core values and 25 key behavior indicators while conducting the "Core Value Key Behavior Index Evaluation Form." It seeks that all Group employees observe the same philosophy, demonstrate the expected behaviors in their daily work attitudes and working methods, and thus form loyalty among employees, work towards a common goal, and finally form a corporate culture. All employees will strive to contribute to their positions to create greater benefits for shareholders.

I. Results of Business Plan

The Company’s operating results for 2021 have been audited by the attesting CPAs Chi-Lung Yu and Pei-Chi Chen of KPMG Taiwan. The audited operating results are follows:

Unit: NT$ thousands

Item/Year	2020	2021
Operating revenue	5,285,365	7,338,783
Operating margin	475,469	943,365
Operating income	216,302	584,373
Net profit before tax	206,434	605,596
Profit after tax	165,645	448,420
EPS after tax (NT$)	1.73	4.67

II. Execution of Budgets

Unit: NT$ thousands

Item/Year	2021		
	Actual figure	Budget figure	Achievement rate
Operating revenue	7,338,783	5,676,404	129%
Operating cost	(6,395,418)	(5,081,699)	126%
Operating margin	943,365	594,705	159%
Operating expenses	(358,992)	(277,777)	129%
Operating income	584,373	316,928	184%

III. Analysis of Financial Income and Profitability

1. Financial Income

The cash inflow from operating activities can be mainly attributed to the increase in unit price of raw materials, but the Company's inventory was well controlled and turnover and inventory were stable. The increase in cash outflow from investment activities compared with the previous period was chiefly due to plant construction and equipment purchases. The cash inflow from financing activities was mainly due to capital increase, issuance of corporate bonds and increase in borrowings.

Unit: NT$ thousands

Item/Year	2020	2021
Net profit before tax of the period	206,434	605,596
Net cash (out)inflow from operating activities	342,593	(639,209)
Net cash (out)inflow from investing activities	(543,540)	(539,092)
Net cash (out)inflow from financing activities	132,640	2,377,576
Cash and cash equivalents increase (decrease)	(63,265)	1,178,270
Balance of cash and cash equivalents at the beginning of the period	767,193	703,928
Balance of cash and cash balance at the end of the period	703,928	1,882,198

2. Profitability Analysis

Item/Year	2020	2021
ROA (%)	2.55	5.37
ROE (%)	4.13	9.50
Ratio of operating income to paid-up capital (%)	23.25	54.60
Ratio of net income before tax to paid-in capital (%)	22.19	56.58
Net profit margin (%)	3.13	6.11
EPS after tax (NT$)	1.73	4.67

IV. Research and Development

In 2021, the Company invested NTD 8,971 thousand in research and development (R&D). The R&D will optimize the production process and improve quality, further enhance the production efficiency of each product to prevent the waste of raw materials, reinforce the recycling technology of raw materials, and strengthen the competitive advantage. The planning focuses for the current R&D direction:

1. Short-term plan:
   (A) Improve existing product quality to better meet customers' needs.
   (B) Improve processes to produce products with different physical characteristics.
   (C) Enhance the processing efficiency of waste recycling business.
   (D) Improve the quality of the fertilizer product lines.
2. Medium and long-term plan:
   (A) Development programs for various ratios of nickel, cobalt and manganese hydroxides in accordance with the market changes.
   (B) Diversify nickel and cobalt metal recovery technology and develop new processes to improve recovery yield, efficiency and quality.

V. Expected Sales Volume and Basis

With the strategic collaboration of its R&D, manufacturing, and management functions, the Company's products will become more diversified and marketable in 2022. The sales team will continue to actively develop domestic and international markets and increase the market share of the Company's products to maintain its leading market position and competitive advantages.

Chairman: Ho, Chi-Cheng President: Ho, Eugene Lawrence Supervisor of Accounting Division: Lu,Poju

Two. Company Overview

I. Date of Establishment

The Company was established on June 16, 1992

II. Company History

(I) Key milestones of the Company

Year	Month	Major event
1961	May	Heng I Chemical Co., Ltd. was established in Taipei, with the capital of NT$100 thousand.
1975	July	Uranus Chemicals was established, with the capital of NT$3,000 thousand
1976		Uranus Chemicals established the Chunghwa Plant. It completed the first oxalic acid plant with its own technology developed independently.
1984	April	Uranus Chemicals invested in establishing Hsinhai Rare Earth Industry Co., Ltd. in Hsinchu Industrial Park to produce rare earth metal compounds; the second oxalic acid plant was established in Taichung Industrial Park. The capital increase by cash for NT$27,000 thousand was conducted, and the paid-in capital increased to NT$30,000 thousand.
1990	November	Uranus Chemicals established a zirconia crystal (Cubic Zirconia refinement) plant to extend the rare earth oxide product line; the capital increase by cash for NT$160,000 thousand was conducted, and the paid-in capital increased to NT$190,000 thousand.
1992	June	The Company was established with a capital of NT$5,000 thousand.
	September	The Company completed the plant construction. It conducted the capital increase in cash for NT$20,000 thousand; the paid-in-capital increased to NT$25,000 thousand.
	October	First oxidation catalysts production line began operation.
1992		Uranus Chemicals and Swiss Coremax set up a plan in a partnership, to establish the Uranus Coremax Material Technology Co., Ltd, for the production of cobalt acetate catalyst
1993	January	A swiss company, SMC AG, invested the Company; the capital increase in cash was conducted for NT$25,000 thousand; the paid-in-capital increased to NT$50,000 thousand.

		Uranus Chemicals established the production plant to developed tin compound (stannous chloride).
1994	December	The Company completed the first waste catalyst recovery plant production line, to provide the renewal service of waste catalyst to customers.
1995	February	The Company conducted the capital increase in cash for NT$30,000 thousand; the paid-in-capital increased to NT$80,000 thousand.
1996		Heng I Chemical built a zirconium silicate.
	September	The Company changed the Company name to CoreMax Taiwan Corporation
	October	The Company was awarded ISO 9002 certification
1997	March	The Company completed the second waste catalyst recovery plant production line
1998	January	The Company obtained the permit of recycling the waste catalyst issued by the Environmental Protection Administration, Executive Yuan.
1999	July	The Company completed advanced materials and battery materials production lines
2000		Heng I Chemical built an automated packing compound fertilizer plant.
	July	The Company signed the contract with the "Industrial Technology Research Institute" to research the "High Performance Lithium Battery Cathode Material."
	December	The Company received grants from the Industrial Development Bureau, MOEA, under the "Development Project of New Leading Products," to implement the "Development Project of High Performance Lithium Battery Cathode Material."
		The Taiwanese shareholders of the Company bought all the stake held by SMC AG, and changed the Company name to "CoreMax Corporation."
		The Company conducted the capital increase in cash for NT$30,000 thousand; the paid-in-capital increased to NT$110,000 thousand.
2001	April	The Company established "CoreMax Malaysia Sdn. Bhd." in Kuantan, Malaysia, as the first overseas oxidation catalyst production line.
	October	The Company conducted the capital increase in cash for NT$16,800 thousand, and surplus transferred to capital for NT$13,200 thousand; the paid-in-capital increased to NT$140,000 thousand.
	November	The Company established CoreMax Zhuhai Chemical Co., Ltd. for in Zhuhai, China, as the second overseas

		oxidation catalyst production line.
2002	March	The Kuantan Plant, Malaysia started mass production and delivered.
	October	The Zhuhai Plant, China started mass production and delivered.
2003	May	The Company conducted the surplus transferred to capital for NT$28,000 thousand; the paid-in-capital increased to NT$168,000 thousand.
	October	The Company expanded the production lines of battery materials
2004	June	The Company conducted the surplus transferred to capital for NT$50,400 thousand; the paid-in-capital increased to NT$218,400 thousand.
	September	The Company established "CoreMax Ningbo Chemical Co., Ltd.", as the third overseas oxidation catalyst production line.
	December	The Company conducted the capital increase in cash for NT$50,000 thousand; the paid-in-capital increased to NT$268,400 thousand.
2005	July	The Company conducted the surplus and employee bonus transferred to capital for NT$56,180 thousand; the paid-in-capital increased to NT$324,580 thousand.
2007	July	The Company conducted the surplus transferred to capital for NT$16,229 thousand; the paid-in-capital increased to NT$340,809 thousand.
2007	October	Uranus Chemical conducted the capital increase in cash for NT$38,000 thousand; the paid-in-capital increased to NT$228,000 thousand.
2008	July	The Company conducted the surplus and employee bonus transferred to capital for NT$25,857 thousand; the paid-in-capital increased to NT$366,666 thousand.
2009	March	The Company established "Coremax (Thailand) Co., Ltd.", as the fourth overseas oxidation catalyst production line.
	August	The Company has obtained ISO14001 certification.
	August	The Company conducted the surplus transferred to capital for NT$18,333 thousand; the paid-in-capital increased to NT$384,999 thousand.
	November	The Company's Taiwan plant expanded the power battery production lines.
2010	March	The Thailand Plant, the fourth overseas oxidation catalyst production line, started mass production.
	April	The Company conducted the capital increase in cash for NT$30,000 thousand; the paid-in-capital increased to

		NT$414,999 thousand.
	June	The Company’s Toufen Plant expanded the production lines of battery materials.
	October	The production lines of battery materials in the Company’s Toufen Plant started mass production.
	November	The Company was registered as the emerging stock.
2011	July	The Company conducted the capital increase in cash via private placement for NT$30,000 thousand to introduce the strategic investor, ITOCHU Corporation; the paid-in-capital increased to NT$444,999 thousand.
		The Company established CoreMax (Zhangzhou) chemical Co., Ltd. in Gulei Peninsula of Zhangzhou City, Fujian, as the fifth overseas oxidation catalyst production line
	December	The Company was traded at OTC, with the capital increase in cash for NT$41,300 thousand; the paid-in-capital increased to NT$486,299 thousand.
2012	March	The Company issued the first batch of five-year secured convertible corporate bonds with zero coupon rate for NT$400,000 thousand. The face value of each bond was NT$100 thousand. The purpose was to re-invest subsidiaries and repay loans.
		Uranus Chemicals conducted the surplus transferred to capital for NT$22,800 thousand; the paid-in-capital increased to NT$250,800 thousand.
	September	The subsidiary, Heng I Chemical increased the paid-in-capital to NT$275,000 thousand.
2013	March	The subsidiary, Heng I Chemical, built the sulfuric acid eighth plant
	October	The surplus transferred to capital was conducted for NT$24,315 thousand; the paid-in-capital increased to NT$510,614 thousand.
2014	May	The corporate bonds were converted to the capital increase for NT$3,557 thousand; the paid-in-capital increased to NT$514,171 thousand.
	August	The corporate bonds were converted to the capital increase for NT$412 thousand; the paid-in-capital increased to NT$514,583 thousand.
	October	The subsidiary, Heng I Chemical conducted the capital increase in cash for NT$25,000 thousand; the paid-in-capital increased to NT$300,000 thousand.
	December	The corporate bonds were converted to the capital increase for NT$69,634 thousand; the paid-in-capital increased to NT$584,217 thousand.

	April	The corporate bonds were converted to the capital increase for NT$32,146 thousand; the paid-in-capital increased to NT$616,363 thousand.
	May	The corporate bonds were converted to the capital increase for NT$68,010 thousand; the paid-in-capital increased to NT$684,373 thousand.
	June	The Company issued the second batch of five-year secured convertible corporate bonds with zero coupon rate for NT$600,000 thousand. The face value of each bond was NT$100 thousand. The purpose was to re-invest subsidiaries and repay loans.
	August	The corporate bonds were converted to the capital increase for NT$18,273 thousand; the paid-in-capital increased to NT$702,646 thousand.
	October	The subsidiary, Heng I Chemical conducted the capital increase in cash for NT$98,000 thousand; the paid-in-capital increased to NT$398,000 thousand.
2016	February	The corporate bonds were converted to the capital increase for NT$36,998 thousand; the paid-in-capital increased to NT$739,644 thousand.
	May	The corporate bonds were converted to the capital increase for NT$6,809 thousand; the paid-in-capital increased to NT$746,453 thousand.
	September	The corporate bonds were converted to the capital increase for NT$10,691 thousand; the paid-in-capital increased to NT$757,144 thousand.
	November	The corporate bonds were converted to the capital increase for NT$110 thousand; the paid-in-capital increased to NT$757,254 thousand.
	December	The Company planned to establish the third battery material production line in Toufen, Taiwan.
2017	August	The corporate bonds were converted to the capital increase for NT$723 thousand; the paid-in-capital increased to NT$757,977 thousand.
	June	The Company applied for public listing in TWSE to TWSE.
	August	The Board of TWSE approved the public trading of the Company’s share; the Company’s shares were officially listed in September.
	September	The subsidiary Uranus Chemicals conducted the capital increase in cash for NT$49,200 thousand; the paid-in-capital increased to NT$300,000 thousand.
	October	The Company’s new third battery material production line started mass production.

	November	The corporate bonds were converted to the capital increase for NT$103,257 thousand; the paid-in-capital increased to NT$861,234 thousand.
2018	April	The subsidiary, Uranus Chemicals conducted the capital increase in cash for NT$100,000 thousand; the paid-in-capital increased to NT$400,000 thousand.
	April	The corporate bonds were converted to the capital increase for NT$3,503 thousand; the paid-in-capital increased to NT$864,737 thousand.
	May	For the expansion of operations, the subsidiary, Uranus Chemicals, bought lands and buildings in Hsinchu Industrial Park; the space of lands and buildings is 3,880 pings and 3,900 pings, respectively. The transaction amount is NT$558,000 thousand.
	May	The corporate bonds were converted to the capital increase for NT$1,525 thousand; the paid-in-capital increased to NT$866,262 thousand.
	August	The corporate bonds were converted to the capital increase for NT$1,205 thousand; the paid-in-capital increased to NT$867,467 thousand.
	November	The corporate bonds were converted to the capital increase for NT$985 thousand; the paid-in-capital increased to NT$868,452 thousand.
	December	The Company conducted the capital increase in cash for NT$60,000 thousand; the paid-in-capital increased to NT$928,452 thousand.
2019	April	The subsidiary, Uranus Chemicals conducted the capital increase in cash for NT$100,000 thousand; the paid-in-capital increased to NT$500,000 thousand.
	April	The corporate bonds were converted to the capital increase for NT$965 thousand; the paid-in-capital increased to NT$929,417 thousand.
	May	The corporate bonds were converted to the capital increase for NT$876 thousand; the paid-in-capital increased to NT$930,293 thousand.
2020	September	The subsidiary Uranus Chemicals conducted a NT$20,000 thousand capitalization of capital reserve, increasing the paid-in capital to NT$520,000 thousand.
2021	January	The Company conducted the capital increase in cash for NT$10,000 thousand; the paid-in-capital increased to NT$1,030,293 thousand.
	February	The subsidiary Heng I Chemical conducted a NT$100,000 thousand cash capital increase, increasing the paid-in capital to NT$498,000 thousand.

June	The subsidiary Uranus Chemicals conducted a NT$40,000 thousand cash capital increase, increasing the paid-in capital to NT$560,000 thousand.
November	The Company conducted a NT$40,000 thousand cash capital increase, increasing the paid-in capital to NT$1,070,293 thousand.

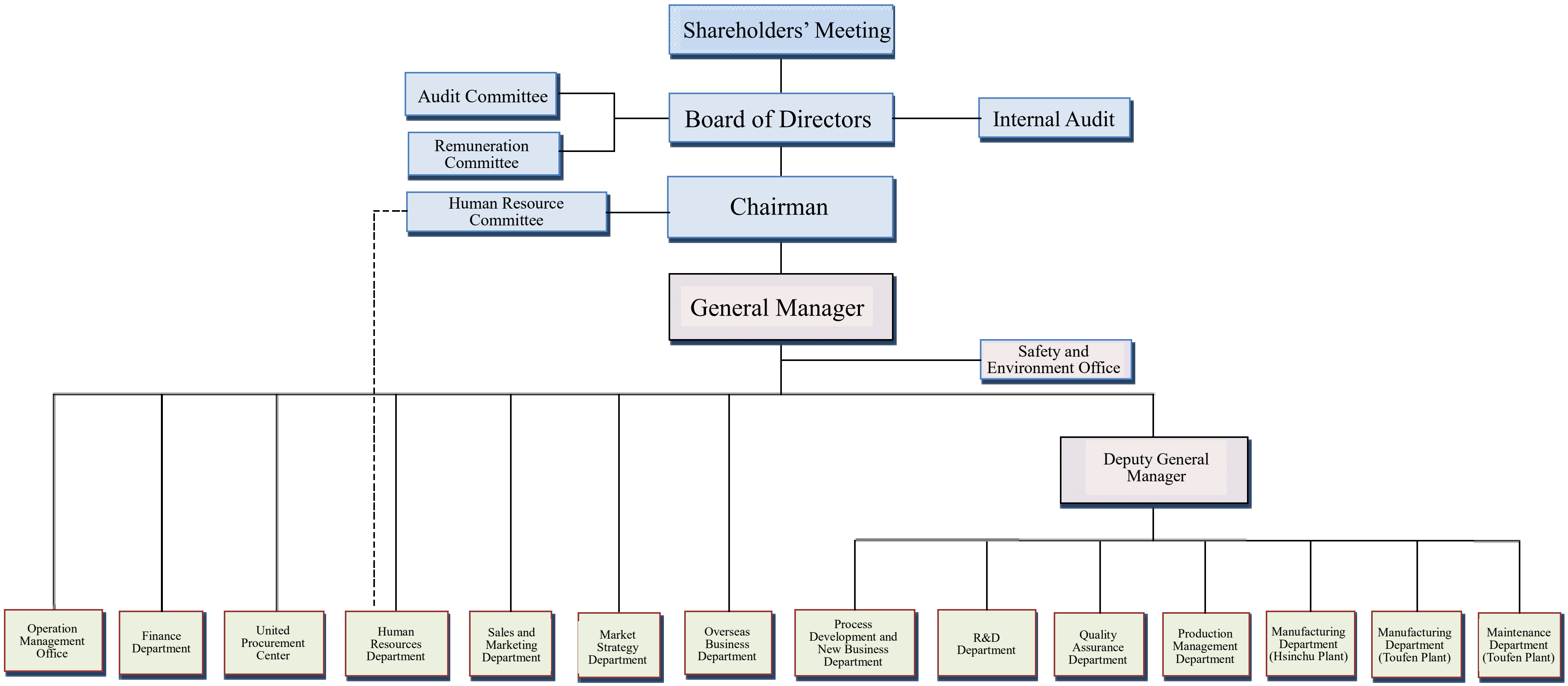
(II) For the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, information on the following: merger and acquisition activities; strategic investments in affiliated enterprises; corporate reorganization; instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands; any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity. This section shall further explain how the above matters will affect the company: none

Three. Report on Corporate Governance

I. Organizational system:

(I) Organizational Chart

Date: April 30, 2022



(II) Business and Responsibilities of Each Department

Unit	Business operated
Operation Management Office	1. Group operations planning 2. Product (project) benefits evaluation 3. Manage P&L and forecasts (Rolling P&L)
Sales and Marketing Department	1. Assist in the collection of market intelligence and provide dynamic sales information. 2. Preparation of business plans, business forecast evaluation and analysis. 3. Domestic and international business development and execution (sales budget execution). 4. Strengthen and deepen customer relationship (customer relationship maintenance and development). 5. Receive customer complaints and seek assistance from other departments to solve product problems. 6. Reply and solve customer technical problems. 7. Coordinate marketing, product marketing and product pricing strategy. 8. Maintain internal ISO/IATF requirements (sales activities). 9. Trading of raw materials. 10. Responsible for managing and evaluating external information subscription services.
Market Strategy Department	1. New product introduction and planning. 2. Responsible for pre-project introduction and negotiation planning. 3. Planning and management of company-level projects and blueprints. 4. Industry information collection and analysis. 5. Automotive customer service, accepting customer complaints and seeking assistance from other departments to solve product problems. 6. Responsible for company marketing and projects. 7. Maintain and update the company website. 8. Maintain internal ISO/IATF requirements (new product development). 9. Responsible for managing the company's participation in industry organizations.
Headquarter of Manufacturing	1. Related matters such as product manufacturing and packaging. 2. Planning and manufacturing process for trial production and mass production of new products. 3. Coordinate quality control, production management and manufacturing operations, to ensure that the production quality, output, and delivery time to meet customer requirements. 4. Integrate the resources of quality control, production management and manufacturing departments, implement various plans based on the Company's annual guidelines, plan production and sales, and manage personnel, machines, and materials.
Process Development and New Business Division	1. Develop solutions for production stability and capacity increase. 2. Evaluation of automation and suggestions for improvement. 3. Design to reduce manufacturing costs and increase production efficiency. 4. Evaluate and plan the planning, design, cost, quality and construction schedule of new plants. 5. Improvement of existing plant equipment and processes. 6. Experimental design and testing of manufacturing processes. 7. Manufacturing process improvement.

Unit	Business operated
	8. Assist in the establishment of standard manufacturing process TQM. 9. Assist in commissioning and equipment trial production. 10. Assist in the commissioning of new plants. 11. Improvement projects for energy saving, carbon reduction and waste reduction in factories and processes. 12. Technical training and assistance for engineers. 13. Assist in the proofreading of technical documents, HAZOP risk assessment and industrial safety and environmental protection documents. 14. Develop, implement, control and review the annual budget of the unit.
R&D Department	1. New product development design, planning and implementation, coordination of new product production transfer, and the establishment and implementation of other development process systems. 2. Specific project execution and follow-up. 3. Evaluation and introduction of new technologies and products. 4. Assist the manufacturing department in improving production quality, increase yield, and reduce costs. 5. Establish and implement product design control processes and procedures.
Finance Department	1. The Company’s information system planning, management, application and maintenance. 2. External legal affairs and document review. 3. Management of the Company’s funds, budgeting, preparation of accounting data, cost settlement, handling taxations, and the establishment and implementation of the accounting system. 4. Responsible for the handling of stock affairs. 5. Responsible for external public relations.
Human Resources Department	1. Human resource management selection, training, retention and other functions of implementation and planning. 2. General administration support management matters.
Production Management Department	1. Production scheduling, interfacing manufacturing and sales departments to maximize production efficiency. 2. Responsible for material management operations, including material in-stocking, inventory and product shipment operations. 3. Inventory control of key raw materials.
Quality Assurance Department	1. Quality assurance related planning and management. 2. Document Management Center management
United Procurement Center	1. Responsible for the inquiries, price comparison, price negotiation, and procurement of raw materials and equipment. 2. Collect and analyze the supply and demand situation of various raw materials and market conditions.
Audit Office	1. Planning, implementation and amendment of the internal control system. 2. The formulation and implementation of the annual audit plan. 3. Drafting and implementing the self-inspection operation plan of each unit and subsidiary. 4. Other matters to be implemented pursuant to laws and regulations.

Unit	Business operated
Safety and Environment Office	Responsible for the planning and management of environmental, safety and health, and the formulation of occupational hazard prevention and control measures to meet the legal requirements of environmental protection and industrial safety and health management. Establish, revise and implement various environmental, safety and health policies, plans, procedures and standards. Develop, plan, supervise and promote environmental, safety and health management issues, and supervise the implementation of relevant departments. Plan and conduct various industrial safety drills to enhance employees' response capability. Conduct safety inspections and emergency response within the plant. Reporting, auditing, and coordination of environmental, safety, and health operations. Planning and execution of employee education and training on environmental safety and health. Implementation and execution of ISO14001 and ISO45001. Correspondence, communication and coordination with competent authorities. Self-defense and fire-fighting team drills.

II. Information on the company's directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units

(I) Directors

1. Information on Directors

Date: March 29, 2022

Position	Nationality or place of incorporation	Name	Gender Age	Date of election	Term of office	Date of initial election	Shares held at the time of election: Number of shares	Shares held at the time of election: Shareholding %	Number of shares held now: Number of shares	Number of shares held now: Shareholding %	Shareholdings of spouse and minor child(ren): Number of shares	Shareholdings of spouse and minor child(ren): Shareholding %	Shareholding under other person(s): Number of shares	Shareholding under other person(s): Shareholding %	Educational and professional experience	Concurrent Position(s) in the Company or other companies	Spouse or Relative within the Second Degree of Kinship Holding Other Managerial, Director or Supervisor Position: Position	Spouse or Relative within the Second Degree of Kinship Holding Other Managerial, Director or Supervisor Position: Name	Spouse or Relative within the Second Degree of Kinship Holding Other Managerial, Director or Supervisor Position: Relationship	Remarks
Chairman	Taiwan, R.O.C.	Ho, Chi-Cheng	Male 61-70 years old	2020.06.12	Three years	2004.02.02	828,262	0.89	933,000	0.87	–	–	–	–	Educational background: Department of History MBA, Missouri State University Professional background: Deputy General Manager, RTA Co., Ltd.	Chairman, Coremax Corporation Chairman, Chang Sing Investment Co., Ltd. Chairman, Cheng Jade Enterprise Co., Ltd. Chairman, Heng I Chemical Co., Ltd. Director, Cheng De Investment Co., Ltd. Director, Heng Mian Investment Co., Ltd. Chairman, Uranus Chemicals Co., Ltd. Chairman, Coremax (BVI) Corp. Chairman, CoreMax Ningbo Chemical Co., Ltd. Chairman, Coremax (Thailand) Co., Ltd. Chairman, CoreMax (Zhangzhou) Chemical Co., Ltd. Chairman, Jiangxi Tianjiang Materials Limited	Director Director	Ho, Eugene Lawrence Ho, Chi-Chou	1st degree of kinship 2nd degree of kinship	Note 1
Director	Taiwan, R.O.C.	Chang Sing Investment Co., Ltd.	–	2020.06.12	Three years	2011.06.02	13,202,833	14.19	13,691,032	12.79	–	–	–	–	–	–	–	–	–	
	Taiwan, R.O.C.	Representative Chiu, Hsien Tung (Note 2)	Male 51-60 years old	2021.04.01	Three years	2021.04.01	–	–	8,924	0.00	4,293	0.00	–	–	Educational background: Department of Accounting, Chung Yuan Christian University Professional background: Specialist, Cathay Construction Co., Ltd. Auditor, PwC Taiwan	Manager, Management Department, Heng I Chemical Co., Ltd. Director, Heng I Chemical Co., Ltd.	None.	None.	None	
Director	Taiwan, R.O.C.	Cheng Jade Enterprise Co., Ltd.	–	2017.05.26	Three years	2011.06.02	12,156,477	13.07	13,233,929	12.37	–	–	–	–	–	–	–	–		

Position	Nationality or place of incorporation	Name	Gender Age	Date of election	Term of office	Date of initial election	Shares held at the time of election		Number of shares held now		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Educational and professional experience	Concurrent Position(s) in the Company or other companies	Spouse or Relative within the Second Degree of Kinship Holding Other Managerial, Director or Supervisor Position			Remarks
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Position	Name	Relationship	
	United States	Representative Ho, Eugene Lawrence (Note 3)	Male 31-40 years old	2020.07.14	Three years	2020.07.14	–	–	237,416	0.22	–	–	–	–	Educational background: Bachelor in Economics, University of California, Santa Barbara Professional background: Sales specialist, Chemical Department, Itochu Corporation, Japan Sales specialist, ITOCHU CHEMICAL FRONTIER Corporation Deputy General Manager, Uranus Chemicals Co., Ltd.	General Manager, Coremax Corporation Director, Heng I Chemical Co., Ltd. Director, Cheng De Investment Co., Ltd. Director, Heng Mian Investment Co., Ltd. Director, Uranus Chemicals Co., Ltd.	Chairman	Ho, Chi-Cheng	1st degree of kinship	
Director	Taiwan, R.O.C.	Ho, Chi-Chou	Male 51-60 years old	2020.06.12	Three years	2018.06.01	550,267	0.59	394,179	0.37	15,005	0.01	–	–	Educational background: EMBA, National Chiao-Tung University Professional background: VP in Sales, Coremax Corporation Special Assistant to General Manager, Shih Her Technologies Inc.	General Manager, Qixiang Light Metal Technology Co., Ltd. Director, Cheng Jade Enterprise Co., Ltd. Director, Uranus Chemicals Co., Ltd. Director, Heng I Chemical Co., Ltd. Supervisor, Chang Sing Investment Co., Ltd.	Chairman	Ho, Chi-Cheng	2nd degree of kinship	
Director	Taiwan, R.O.C.	Cheng, Chih-Fa	Male 61-70 years old	2020.06.12	Three years	2008.12.24	–	–	–	–	–	–	–	–	Educational background: Department of Accounting, National Chung Hsing University Professional background: CPA, ShineWing Taiwan	CPA, Jing-Hsing United Accounting Firm Chairman, Yu Hsing Management Consulting Co., Ltd. Director, Golden Point Management Ltd. Director, Yuan Fu Tai Development Ltd. Chairman, Sen Berger Investment Co. Ltd. Director, Uranus Chemicals Co., Ltd. Independent Director, HONG YI FIBER IND. CO., LTD Independent Director, Shin Zu Shing Co., Ltd. Director, Shih Her Technologies Inc. Director, Ezfly International Travel Agent Co., Ltd. Director, GSD TECHNOLOGIES CO.,LTD (Cayman)	None	None.	None	
Director	Taiwan, R.O.C.	Lai, Ching-Yuan	Male 61-70 years old	2020.06.12	Three years	2018.06.01	20,000	0.02	21,000	0.02	–	–	–	–	Educational background: Department of Chemical Engineering, National Cheng Kung University Professional background: Executive VP, Heng I Chemical Co., Ltd. Chief of Plant, Taiwan Prosperity Chemical Corporation Associate VP, China American Petrochemical Co., Ltd.	Director, Heng I Chemical Co., Ltd. General Manager, Heng I Chemical Co., Ltd.	None.	None.	None	

Position	Nationality or place of incorporation	Name	Gender Age	Date of election	Term of office	Date of initial election	Shares held at the time of election		Number of shares held now		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Educational and professional experience	Concurrent Position(s) in the Company or other companies	Spouse or Relative within the Second Degree of Kinship Holding Other Managerial, Director or Supervisor Position			Remarks
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Position	Name	Relationship	
Independent director	Taiwan, R.O.C.	Hsu, I-Ping	Male 61-70 years old	2020.06.12	Three years	2008.12.24	–	–	–	–	–	–	–	–	Educational background: Department of Aerospace Engineering, Tamkang University Doctorate Program of Mechanical Engineering, University of Wisconsin, Milwaukee Professional background: General Manager, Hsinchu Bus Company, Ltd.	Chairman, Hsinchu Bus Company, Ltd. Chairman, HCT Logistics Director, Digiwell Technology Inc. Chairman, Yi-Meng Co., Ltd.	None.	None.	None	
Independent director	Taiwan, R.O.C.	Wang, Wen-Tsung	Male 51-60 years old	2020.06.12	Three years	2008.12.24	–	–	–	–	–	–	–	–	Educational background: Department of Accounting, Feng Chia University EMBA, Tsinghua University Professional background: Senior Auditor, KPMG Taiwan Partner CPA, Huei-Ming Accounting Firm	Partner CPA, Biing-Cherng CPAS Independent Director, SYSAGE Technology Co.,Ltd. Supervisor, Emax Tech Co., LTD. Director, Tian Ai Artistic Hall Co., Ltd.	None.	None.	None	
Independent director	Taiwan, R.O.C.	Chang,Yuan-Lung	Male 61-70 years old	2020.06.12	Three years	2017.05.26	–	–	–	–	–	–	–	–	Educational background: Department of Accounting, Tamkang University Professional background: CPA, Ching-Cheng Accounting Firm	CPA, Ching-Cheng Accounting Firm Independent Director, GSD Technologies Co.,Ltd. Independent Director, Shin Zu Shing Co., Ltd.	None.	None.	None	

Note 1: If the Chairman of the Board of Directors and the General Manager or equivalent (top executive) are the same person, spouses or first degree relatives of each other, the reasons, reasonableness, necessity, and relevant information on measures to be taken should be stated.

The Chairman of the Board of Directors and the General Manager of the Company are first-degree relatives, which enhances operational efficiency and decision execution. The Chairman of the Board of Directors also closely communicates with the Directors on the recent status of the Company's operations and planning guidelines in order to implement corporate governance, and the Company's specific measures are as follows.

(1) The three existing independent Directors possess expertise in financial accounting and respective industry fields, which enables them to effectively perform their supervisory functions.

(2) Each year, we arrange for each director to attend professional director courses from outside organizations, such as the Chinese Corporate Governance Association, to enhance the effectiveness of the Board of Directors' roles and responsibilities.

(3) Independent directors can fully discuss and make recommendations to the Board of Directors for reference in each functional committee to implement corporate governance.

Note 2: The representative of the institutional director, Huang, Chao-Hui, was replaced by Chiu, Hsien Tung on April 1, 2021.

Note 3: The representative of the institutional director, Ho, Chi-Chao, was replaced by Ho, Eugene Lawrence on July 14, 2020.

2. Major Shareholders of Institutional Shareholders

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders
Chang Sing Investment Co., Ltd.	Cheng Jade Enterprise Co., Ltd. (80.17%); Huang, Jin-Yun (4.36%); Huang, Tsan- Hui (2.94%); Dai, Ming-Hsun (2.18%); He, Yi-Hsuan (1.89%); Huang, Chao-Hui (1.45%); He, Jin-Ming (1.45%); Chen, Yi-Ru(1.45%).
Cheng Jade Enterprise Co., Ltd.	Heng Mien Investment (19.69%); Cheng De Investment (19.65%); He, Mei-Fang (14.80%); Ho, Chi-Chao (13.32%); Ho, Chi-Chou (13.32%); He Lai, Rui-Jen (8.88%); Ho, Chi-Cheng (2.96%); Chen, Yi-Ru (2.96%); Kuo, Shi-Wei (1.48%); He, Wen-Ding (1.48%); He, Wen-Hsiang (1.48%).

3. Major shareholders of the Company's institutional shareholders whose major shareholders are also institutional shareholders

Name of institutional shareholder	Major Shareholders of the Company's Institutional Shareholders
Heng Mien Investment Co., Ltd.	Cheng De Investment Co., Ltd. (74.18%); Ho, Eugene Lawrence (12.91%), Ho, Yi-Hsuan (12.91%)
Cheng De Investment Co., Ltd.	Ho, Chi-Cheng (59%), Ho, Eugene Lawrence (23.81%), Ho, Yi-Hsuan (17.19%)

4. Professional Qualifications and Independence Analysis of Directors and Supervisors:

Criteria / Name	Professional qualifications and experiences	Independency	Number of other public companies in which the individual is concurrently serving as an independent director
Ho, Chi-Cheng	Business experience in the chemical industry Experiences / Current positions: Chairman, Coremax Corporation Deputy General Manager, RTA Co., Ltd.	1. Chairman of the Board of Directors of the Company's affiliated companies. 2. A top ten natural person shareholder of the Company. 3. Chairman of Chang Sing Investment Co., Ltd. and Cheng Jade Enterprise Co., Ltd, corporate shareholders that each hold more than 10% of the Company's issued shares. 4. Chang Sing Investment Co., Ltd. and Cheng Jade Enterprise Co., Ltd. are the first and second largest shareholders of the Company, holding more than 10% of the issued shares of the Company. 5. The directors are related to each other within the 2nd degree of kinship. 6. Does not meet any of the criteria described in Article 30 of the Company Act.	None
Chang Sing Investment Co., Ltd. Representative: Chiu, Hsien Tung	Possesses work experience in the areas of commerce, law, finance, or accounting, or experiences otherwise necessary for the business activities of the Company. Experiences / Current positions: Manager, Management Department, Heng I Chemical Co., Ltd. Auditor, PwC Taiwan	1. Concurrently also an employee of the Company's subsidiaries. 2. Chang Sing Investment Co., Ltd. holds more than 10% of the issued shares of the Company and is the largest shareholder of the Company. 3. Chiu, Hsien Tung was elected as a director as the designated representative of Chang Sing Investment Co., Ltd 4. Director of the Company's affiliated companies 5. Does not meet any of the criteria described in Article 30 of the Company Act.	None
Cheng Jade Enterprise Co., Ltd. Representative: Ho, Eugene Lawrence	Business experience in the chemical industry Experiences / Current positions: General Manager, Coremax Corporation Deputy General Manager, Uranus Chemicals Co., Ltd. Sales specialist, ITOCHU CHEMICAL FRONTIER Corporation	1. Concurrently an employee of the Company. 2. The Company's Chairman and General Manager are first degree relatives. 3. The Company's second largest shareholder is Cheng Jade Enterprise Co., Ltd., which owns more than 10% of the Company's outstanding shares. 4. Ho, Eugene Lawrence was elected as a Director as the designated representative of Chang Sing Investment Co., Ltd. 5. Ho, Eugene Lawrence is a director of the Company's affiliated companies. 6. Does not meet any of the criteria described in Article 30 of the Company Act.	None

Criteria / Name	Professional qualifications and experiences	Independency	Number of other public companies in which the individual is concurrently serving as an independent director
Ho, Chi-Chou	Business experience in the chemical industry Experiences / Current positions: General Manager, Qixiang Light Metal Technology Co., Ltd. Special Assistant to General Manager, Shih Her Technologies Inc.	1. is related to the Chairman Ho, Chi-Cheng within the 2nd degree of kinship. 2. Does not meet any of the criteria described in Article 30 of the Company Act.	None
Cheng, Chih-Fa	Possesses work experience in the areas of commerce, law, finance, or accounting, or experiences otherwise necessary for the business activities of the Company: Certified Public Accountant (R.O.C.). CPA, Jing-Hsing United Accounting Firm Chairman, Yu Hsing Management Consulting Co., Ltd. Director, Uranus Chemicals Co., Ltd.	1. Ho, Eugene Lawrence is a director of the Company's affiliated companies. 2. Does not meet any of the criteria described in Article 30 of the Company Act.	2 companies
Lai, Ching-Yuan	Business experience in the chemical industry Experiences / Current positions: General Manager, Heng I Chemical Co., Ltd. Chief of Plant, Taiwan Prosperity Chemical Corporation Associate VP, China American Petrochemical Co., Ltd.	1. Concurrently also an employee of the Company's subsidiaries. 2. Ho, Eugene Lawrence is a director of the Company's affiliated companies. 3. Does not meet any of the criteria described in Article 30 of the Company Act.	None
Hsu, I-Ping	Business experience in the transportation industry Experiences / Current positions: Chairman, Hsinchu Bus Company, Ltd. Chairman, HCT Logistics	Independent director who has met the following independence assessment criteria for the two years prior to his or her election and during his or her term of office. 1. Not an employee of the Company or any of its affiliates. 2. Not be a director or supervisor of the Company or its affiliates (except in the case of an independent director of the Company or its parent company, or a subsidiary in which the Company directly or indirectly holds more	None

<table>
<tr><th>Criteria
Name</th><th>Professional qualifications and experiences</th><th>Independency</th><th>Number of other public companies in which the individual is concurrently serving as an independent director</th></tr>
<tr><td>Wang, Wen-Tsung</td><td>Possesses work experience in the areas of commerce, law, finance, or accounting, or experiences otherwise necessary for the business activities of the Company: Certified Public Accountant (R.O.C.).
Partner CPA, Biing-Cherng CPAS
Independent Director, SYSAGE Technology Co.,Ltd.
Supervisor, Emax Tech Co., LTD.</td><td rowspan="2">than 50% of the voting shares).
3. Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.
4. Not a spouse or a relative within the second degree of kinship or a relative within the third degree of kinship of a person listed in the preceding three paragraphs.
5. Not a director, supervisor or employee who directly holds more than 5% of the total issued shares of the Company, or a director, supervisor or employee of the top five shareholders of the Company.
6. Not a director, supervisor, manager, managerial officer or shareholder holding 5% or more of the shares of a specific company or organization with which the Company has financial or business dealings.
7. Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services or for the past two years, has provided commercial, legal, financial, accounting services or consultation to the Company or any affiliate of the company, or a spouse thereof.
8. Not a spouse or a relative within two degrees of kinship to any director.
9. Does not meet any of the criteria described in Article 30 of the Company Act.
10. Not the proxy of any government agency, juridical person, or their representative that is a shareholder in the Company as outlined in Article 27 of the Company Act.</td><td>1 company</td></tr>
<tr><td>Chang,Yuan-Lung</td><td>Possesses work experience in the areas of commerce, law, finance, or accounting, or experiences otherwise necessary for the business activities of the Company: Certified Public Accountant (R.O.C.).
CPA, Ching-Cheng Accounting Firm
Independent Director, GSD Technologies Co.,Ltd.
Independent Director, Shin Zu Shing Co., Ltd.</td><td>2 companies</td></tr>
</table>

Diversification and Independence of the Board of Directors:

The Company advocates and respects the policy of diversity of Directors to strengthen corporate governance and promotes the sound development of the composition and structure of the Board of Directors and believes that the diversity approach will contribute to the overall performance of the Company. Board members are selected based on merit and have the ability to complement each other in a wide variety of industries, including basic qualifications and values (e.g., gender, age, nationality, culture), professional knowledge and skills: professional background (e.g., legal, accounting, industry, finance, marketing, or technology), professional skills and industry experience. To achieve the ideal objectives of corporate governance , clause 20 of the Company’s Code of Corporate Governance addresses the capabilities that the Board as a whole shall possess, including: ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead, and ability to make policy decisions.

Criteria / Name	Basic composition								Industry experience						Industry experience		
	Nationality	Gender	Employee of the Company	Entrepreneurial Investment			Finance and management		Chemistry	Transportation	Metals and machinery	Professional service and marketing	Finance and management	Entrepreneurship and Investment	Law	Accounting	Risk management
				30-40 years old	51-60 years old	61-70 years old	Less than or equal to 3 years	6-9 years									
Ho, Chi-Cheng	Republic of China	Male	-	-	-	✓	-	-	✓	-	✓	✓	✓	✓	○	○	✓
Chang Sing Investment Co., Ltd. Representative: Chiu, Hsien Tung	Republic of China	Male	✓	-	✓	-	✓	-	✓	-	-	○	✓	✓	-	○	✓
Cheng Jade Enterprise Co., Ltd. Representative: Ho, Eugene Lawrence	United States	Male	✓	✓	-	-	✓	-	✓	-	✓	✓	✓	✓	-	○	✓
Ho, Chi-Chou	Republic of China	Male	-	-	✓	-	-	-	✓	-	✓	✓	✓	✓	-	-	✓
Cheng, Chih-Fa	Republic of China	Male	-	-	-	✓	✓	✓	-	-	-	✓	✓	✓	○	✓	✓
Lai, Ching-Yuan	Republic of China	Male	-	-	-	✓	✓	✓	✓	-	-	✓	✓	✓	-	-	✓
Hsu, I-Ping	Republic of China	Male	-	-	-	✓	✓	✓	-	✓	-	✓	✓	✓	-	-	✓
Wang, Wen-Tsung	Republic of China	Male	-	-	✓	-	✓	✓	-	-	-	○	✓	✓	○	✓	○
Chang,Yuan-Lung	Republic of China	Male	-	-	-	✓	✓	✓	-	-	-	○	✓	✓	○	✓	○

Note: ✓means capable of, ○means partially capable of.

(II) Information on the General Manager, Deputy General Manager(s), Assistant Managers, and heads of Departments and Branches

Date: March 29, 2022 Unit: Shares; %

Position	Nationality	Name	Gender	Date of election	Spouse and child of minor age		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Educational and professional experience	Concurrent Position(s) in the Company or other companies	Spouse or relative within the second degree of kinship Holding Managerial Position			Remarks (Note)
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Position	Name	Relationship	
General Manager	United States	Ho, Eugene Lawrence	Male	2021.05.04	237,416	0.22	–	–	–	–	Bachelor in Economics, University of California, Santa Barbara Sales specialist, Chemical Department, Itochu Corporation, Japan Sales specialist, ITOCHU CHEMICAL FRONTIER Corporation Deputy General Manager, Uranus Chemicals Co., Ltd.	Director, Coremax Corporation Director, Uranus Chemicals Co., Ltd. Director , Heng I Chemicial Co., Ltd. Director, Cheng De Investment Co., Ltd. Director, Heng Mian Investment Co., Ltd.	None.	None.	None	Note 1
Deputy General Manager	Taiwan, R.O.C.	Chu, Yuh-Ren	Male	2021.05.04	29,286	0.03	–	–	–	–	Department of Chemical Engineering, Tunghai University EMBA, Xiamen University Deputy General Manager, Uranus Chemicals Co., Ltd.	Director and General Manager, Uranus Chemicals Co., Ltd. Director, Heng I Chemical Co., Ltd.	None.	None.	None	
Accounting Manager	Taiwan, R.O.C.	Lu,Poju	Male	2021.05.04	5,162	–	–	–	–	–	Department of Accounting and Information Technology, National Chung Cheng University Graduate School of Information Management and Finance, National Chiao Tung University Manager, Darwin Precsions Corporation	Supervisor, Uranus Chemicals Co., Ltd. Supervisor, Heng I Chemical Co., Ltd.	None	None.	None	

Note 1: If the Chairman of the Board of Directors and the General Manager or equivalent (top executive) are the same person, spouses or first degree relatives of each other, the reasons, reasonableness, necessity, and relevant information on measures to be taken should be stated.

The Chairman of the Board of Directors and the General Manager of the Company are first-degree relatives, which enhances operational efficiency and decision execution. The Chairman of the Board of Directors also closely communicates with the Directors on the recent status of the Company's operations and planning guidelines in order to implement corporate governance, and the Company's specific measures are as follows:

(1) The three existing independent Directors possess expertise in financial accounting and respective industry fields, which enables them to effectively perform their supervisory functions.

(2) Each year, we arrange for each director to attend professional director courses from outside organizations, such as the Chinese Corporate Governance Association, to enhance the effectiveness of the Board of Directors' roles and responsibilities.

(3) Independent directors can fully discuss and make recommendations to the Board of Directors for reference in each functional committee to implement corporate governance.

(III) Remuneration of Directors, Supervisors, General Manager and Deputy General Manager(s) in the most recent fiscal year

(I) Remuneration of Directors (including Independent Directors) (bracket table according to persons)

December 31, 2021 Unit: NT$ thousands

Position	Name	Remuneration to Directors								Sum of A, B, C and D as a percentage of after-tax profit (%)		Compensation to Directors Also Serving as Company Employees								Sum of A, B, C, D, E, F and G as a percentage of after-tax profit		Compensation from Affiliates Other than Subsidiaries
		Remuneration (A)		Pension (B)		Remuneration of Director (C)		Business Department Implementation Fees for Services Rendered (D)				Salary, Bonuses, and Special Allowances, etc (E)		Pension (F)		Share of Profit as an Employee (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Ho, Chi-Cheng																					
Director	Chiu, Hsien-Tung (Note 1)																					
Director	Huang, Chao-Hui (Note 2)																					
Director	Ho, Eugene Lawrence	0	0	0	0	0	0	1,068	2,838	0.23%	0.61%	6,993	14,545	5,940	5,940	500	0	980	0	3.13%	5.25%	None
Director	Ho, Chi-Chou																					
Director	Cheng, Chih-Fa																					
Director	Lai, Ching-Yuan																					
Independent director	Hsu, I-Ping																					
Independent director	Wang, Wen-Tsung	0	0	0	0	0	0	1,368	1,368	0.3%	0.3%	0	0	0	0	0	0	0	0	0.3%	0.3%	None
Independent director	Chang,Yuan-Lung																					

1. The correlation between the policies, standards, and structure of the remuneration and the responsibilities, risk and time undertook by the Independent Director:
   The Company pays independent directors a monthly remuneration of NT$ 30,000, and no directors' remuneration will be distributed from the profit of a year.
2. In addition to the disclosure in the above table, in the most recent fiscal year, the compensation received by Directors from all companies included in the financial statements for service rendered (e.g. in the capacity of non-Employee consultant): None.

Note1: On June 12, 2020, all the Directors were re-elected. The elected Director, Chang Sing Investment Co., Ltd. appointed Huang, Chao-Hui; on April 1, 2021, Chang Sing Investment Co., Ltd replaced the representative Huang, Chao-Hui with Chiu, Hsien-Tung. .

Remuneration range of directors (independent Directors included)

Range of remuneration paid to each director	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All consolidated companies (I)	The Company	All consolidated companies (J)
Less than NTD$1,000,000	Ho, Chi-Cheng, Ho, Eugene Lawrence, Huang, Chao-Hui, Lai, Ching-Yuan Ho, Chi-Chou, Cheng, Chih-Fa, Chiu, Hsien Tung, Hsu, I-Ping Wang, Wen-Tsung, Chang,Yuan-Lung	Ho, Chi-Cheng, Ho, Eugene Lawrence, Huang, Chao-Hui, Lai, Ching-Yuan Ho, Chi-Chou, Cheng, Chih-Fa, Chiu, Hsien Tung, Hsu, I-Ping Wang, Wen-Tsung, Chang,Yuan-Lung	Lai, Ching-Yuan, Ho, Chi-Chou, Cheng, Chih-Fa, Chiu, Hsien Tung, Hsu, I-Ping, Wang, Wen-Tsung, Chang,Yuan-Lung	Ho, Chi-Chou, Cheng, Chih-Fa, Hsu, I-Ping, Wang, Wen-Tsung, Chang,Yuan-Lung
NTD$1,000,000 (including) to NTD$2,000,000 (excluding)	–	–	–	Chiu, Hsien Tung
NTD$2,000,000 (including) to NTD$3,500,000 (excluding)	–	–	Ho, Eugene Lawrence	Lai, Ching-Yuan
NTD$3,500,000 (including) to NTD$5,000,000 (excluding)	–	–	Ho, Chi-Cheng	Ho, Eugene Lawrence
NTD$5,000,000 (including) to NTD$10,000,000 (excluding)	–	–	Huang, Chao-Hui	Ho, Chi-Cheng, Huang, Chao-Hui
NTD$10,000,000 (including) to NTD$15,000,000 (excluding)	–	–	–	–
NTD$15,000,000 (including) to NTD$30,000,000 (excluding)	–	–	–	–
NTD$30,000,000 (including) to NTD$50,000,000 (excluding)	–	–	–	–
NTD$50,000,000 (including) to NTD$100,000,000 (excluding)	–	–	–	–
More than NTD$100,000,000	–	–	–	–
Total	10	10	10	10

(II) Supervisor's Remuneration: None (the supervisor is replaced by the Audit Committee in the Company)

(III) Remunerations of General Manager and Deputy General Manager

2021 Unit: NT$ thousands

<table>
<tr><th rowspan="3">Position</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Pension (B) (Note 2)</th><th colspan="2">Bonuses and Special Allowance etc. (C)</th><th colspan="4">Employee Earnings Distribution (D)</th><th colspan="2">Sum of A, B, C and D as a percentage of after-tax profit (%)</th><th rowspan="3">Compensation from Affiliates Other than Subsidiaries</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th colspan="2">The Company</th><th colspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th></tr>
<tr><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td>General Manager</td><td>Huang, Chao-Hui (Note 1)</td><td rowspan="4">5,942</td><td rowspan="4">7,547</td><td rowspan="4">6,162</td><td rowspan="4">6,162</td><td rowspan="4">945</td><td rowspan="4">2,183</td><td rowspan="4">1,260</td><td rowspan="4">—</td><td rowspan="4">1,260</td><td rowspan="4">—</td><td rowspan="4">3.09%</td><td rowspan="4">3.82%</td><td rowspan="4">None</td></tr>
<tr><td>General Manager</td><td>Ho, Eugene Lawrence (Note 1)</td></tr>
<tr><td>Deputy General Manager</td><td>Chu, Yuh-Ren</td></tr>
<tr><td>Chief Finance Officer</td><td>Weng, Chih-Hsien</td></tr>
</table>

Note 1: On May 4, 2021, due to the retirement of the former general manager, Huang, Chao-Hui, his duties were taken over by Ho, Eugene Lawrence as the newly appointed general manager.

Note 2: The retirement pension for FY2021 includes the actual payment and withdrawal of retirement pension.

Note 3: The total rent paid for the official vehicle of the General Manager and Deputy General Manager for FY2021 was NT$2,469 thousand.

Remuneration Range of General Manager and Deputy General Manager

Range of Remuneration Paid to General Manager and Deputy General Managers	Names of General Manager and Deputy General Managers	
	The Company	All companies included in the financial statements
Less than NTD$1,000,000	–	–
NTD$1,000,000 (including) to NTD$2,000,000 (excluding)	Chu, Yuh-Ren	–
NTD$2,000,000 (including) to NTD$3,500,000 (excluding)	Weng, Chih-Hsien, Ho, Eugene Lawrence	Weng, Chih-Hsien, Chu, Yuh-Ren
NTD$3,500,000 (including) to NTD$5,000,000 (excluding)	–	Ho, Eugene Lawrence
NTD$5,000,000 (including) to NTD$10,000,000 (excluding)	Huang, Chao-Hui	Huang, Chao-Hui
NTD$10,000,000 (including) to NTD$15,000,000 (excluding)	–	–
NTD$15,000,000 (including) to NTD$30,000,000 (excluding)	–	–
NTD$30,000,000 (including) to NTD$50,000,000 (excluding)	–	
NTD$50,000,000 (including) to NTD$100,000,000 (excluding)	–	
More than NTD$100,000,000	–	–
Total	4	4

(IV) Names of Managerial Officers Receiving Employee Remuneration and the Distribution

NT$ thousands

Item	Position	Name	Stock amount	Cash amount	Total	Total as a percentage of after-tax profit (%)
Managerial officer	General Manager (Note 1)	Huang, Chao-Hui	–	1,284	1,284	0.49%
	General Manager (Note 1)	Ho, Eugene Lawrence				
	Deputy General Manager	Chu, Yuh-Ren				
	Chief Finance Officer	Weng, Chih-Hsien				
	Accounting Manager	Lu,Poju				

Note 1: On May 4, 2021, due to the retirement of the former general manager, Huang, Chao-Hui, his duties were taken over by Ho, Eugene Lawrence as the newly appointed general manager.

Note 2: The proposed distribution of earnings for FY2021 has been approved by the board of directors on February 25, 2022, but has not yet been recognized by the shareholders' meeting; the proposed distribution is calculated on a pro rata basis based on the amount distributed in previous years. The distribution has not been made as of the publication date of the annual report.

(V) Compare and describe the percentage of the total remuneration paid by the Company and by all companies included in the consolidated or parent company-only or individual financial statements for the two most recent fiscal years to Directors, Supervisors, General Manager, and Deputy General Managers of the Company, relative to net profit after tax, and the correlation between policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and business performance and future risks.

1. The proportion of the total remuneration of Directors, Supervisors, General Manager and Deputy General Managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements in the most recent two years:

Related item	2020		2021	
	The Company	Consolidated financial statement	The Company	Consolidated financial statement
Net income after tax	155,164	165,645	462,930	448,420
Percentage of directors' remunerations	5.42%	13.26%	3.43%	5.55%
Percentage of supervisors' remunerations	–	–	–	–
Percentage of remuneration to the General Manager and Deputy General Manager	4.44%	4.34%	3.09%	3.82%

Note: In FY2021, the Company and its subsidiaries increased their gross profit margin due to the increase in production and sales of EV battery materials, and net income after tax increased in FY2021 compared to FY2020, thus its proportional share decreased compared to the previous year.

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

(1) The policy for the paying directors (including independent directors) is specified in the Company's Articles of Incorporation and submitted to the shareholders' meeting for resolution and approval.

(2) The salaries of the General Manager and Deputy General Manager shall be administered in accordance with the Company's Salary Management Regulations and shall be reasonably compensated by assessing their individual performance achievement rate and contribution to the Company's performance.

(2) The Company has the Remuneration Committee in place, which formulates and regularly reviews directors', independent directors' and managerial officers' annual and long-term performance appraisals and remuneration policies, systems and structures.

IV. Implementation of Corporate Governance

(I) Operation of Board of Directors

In FY2021 and 2022, up to the date of publication of the annual report, the Board of Directors' convened 9 meetings, and the attendance of Directors was as follows:

Position	Name	Attendance in Person	By proxy	Actual attendance rate	Remarks
Chairman	Ho, Chi-Cheng	9	0	100.00%	Should attend 9 meetings
Director	Chang Sing Investment Co., Ltd. Representative: Huang, Chao-Hui (Note 1)	1	0	100.00%	Should attend 1 meeting
Director	Chang Sing Investment Co., Ltd. Representative: Chiu, Hsien-Tung (Note 1)	8	0	100.00%	Should attend 8 meetings
Director	Cheng Jade Enterprise Co., Ltd. Representative: Ho, Eugene Lawrence	9	0	100.00%	Should attend 9 meetings
Director	Ho, Chi-Chou	7	0	77.78%	Should attend 9 meetings
Director	Cheng, Chih-Fa	9	0	100.00%	Should attend 9 meetings
Director	Lai, Ching-Yuan	9	0	100.00%	Should attend 9 meetings
Independent director	Hsu, I-Ping	9	0	100.00%	Should attend 9 meetings
Independent director	Wang, Wen-Tsung	9	0	100.00%	Should attend 9 meetings
Independent director	Chang,Yuan-Lung	9	0	100.00%	Should attend 9 meetings

Note 1: On April 1, 2021 the existing representative of the institutional director stepped down and the new representative was appointed.

Other notes:

1. For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed topics, Independent Directors' opinions and how the company has responded to such opinions:

   (1) Conditions described in Article 14-3 of the Securities and Exchange Act:

Board of Directors	elected	Content of resolution	Response of the Company toward the opinion of Independent Directors
10th Term 7th Meeting	2021.02.26	● Amount of endorsement/guaranteed provided to subsidiaries ● The Company endorses/guarantees the subsidiary's application of credit limit from the bank ● Loaning of funds among sub-subsidiaries	Independent directors had no other opinions.
10th Term 8the Meeting	2021.05.04	● Discussion of remuneration of the Company's managerial officers ● Reappointment of general manager and accounting officer, appointment of manufacturing and R&D officers ● Proposal to relieve managerial officers from non-competition restriction ● Proposal in participate the capital increase in cash by Uranus Chemicals Co., Ltd. ● The Company's invested subsidiary loaning of fund	
10th Term 10th Meeting	2021.08.05	● The Company's 2021 cash issuance of new shares and the third domestic secured conversion of corporate bonds	
10th Term 12th Meeting	2021.10.14	● Resolutions of the Remuneration Committee. ● Amendment to the transferring the repurchased shares to employees for the first time ● Approved the Company's issuance price of cash capital increase for FY2021 and other related matters. ● Approved the first repurchase of the Company's shares for transferring to employees.	Independent directors had no other opinions.
10th Term 13th Meeting	2021.10.29	● The Company's 2022 internal audit plan. ● Evaluation of the independence and suitability of the appointed CPAs from KPMG Taiwan.	
10th Term 14th Meeting	2021.12.28	● The rotation of the Company's Deputy General Manager ● Changes of the Company's spokesperson and deputy spokesperson. ● The change of the Company's financial director. ● The noncompetition restriction of the Company's managerial officers. ● Resolutions of the Remuneration Committee. ● Proposal of amending the Approval Authority Chart ● Loaning of funds among sub-subsidiaries	Independent Director Chang,Yuan-Lung: Approval Authority Chart (5) Financial, accounting and investment management: how would the matters for financial assistant general manager be approved? General Manager Ho,

Board of Directors	elected	Content of resolution	Response of the Company toward the opinion of Independent Directors
			Chi-Cheng replied: After the amendment the Finance Department is under the supervision of the General Manager.
10th Term 15th Meeting	2022.02.25	● The change of attesting CPAs ● The Company's 2021 "Assessment for Effectiveness of the Internal Control System" and the "Statement of Internal Control System." ● Proposal of amending the "Procedures for Acquisition or Disposal of Assets." ● The Company applied for establishing derivatives transaction account.	Independent directors had no other opinions.

(2) Any other documented objections or qualified opinions raised by independent directors against board resolutions in relation to matters other than those described above: None

2. For the implementation and state of directors' recusal for conflicts of interests, the directors' name, the topic discussed, reasons for the required recusal, and participation in the voting process:

Board of Directors	elected	Content of resolution	Recused Director	Reason of recusal and voting status
10th Term 7th Meeting	2021.02.26	Proposal of distributing employee remuneration and directors' remuneration for 2020.	Chairman Ho, Chi-Cheng Director Huang, Chao-Hui	The Chairman, Ho, Chi-Cheng and Director, Huang, Chao-Hui concurrently serve as managerial officers, so they recused themselves from the discussion and voting. The independent director, Wang, Wen-Tsung, chaired the meeting.
10th Term 8the Meeting	2021.05.04	Discussion of managerial officers' remunerations, reappointment of managerial officers and proposal of relieving managerial officers from noncompetition restrictions.	Chairman Ho, Chi-Cheng Director Ho, Eugene Lawrence	The Chairman, Ho, Chi-Cheng and Director, Ho, Eugene Lawrence concurrently serve as managerial officers, so they recused themselves from the discussion and voting. The independent director, Wang, Wen-Tsung, chaired the meeting.
10th Term 10th	2021.08.05	Discussion of distributing remuneration of the Company's	Chairman Ho, Chi-	The Chairman, Ho, Chi-Cheng and Director, Ho, Eugene

Board of Directors	elected	Content of resolution	Recused Director	Reason of recusal and voting status
Meeting		managerial officers	Cheng Director Ho, Eugene Lawrence	Lawrence concurrently serve as managerial officers, so they recused themselves from the discussion and voting. The independent director, Hsu, I-Ping, chaired the meeting.
10th Term 12th Meeting	2021.10.14	Resolution of the Company's Remuneration Committee	Chairman Ho, Chi-Cheng Director Ho, Eugene Lawrence	The Chairman, Ho, Chi-Cheng and Director, Ho, Eugene Lawrence concurrently serve as managerial officers, so they recused themselves from the discussion and voting. The independent director, Hsu, I-Ping, chaired the meeting.
10th Term 14th Meeting	2021.12.28	2021 disbursement of year-end bonus to managerial officers, compensation for managerial officer's change and appointment	Chairman Ho, Chi-Cheng Director Ho, Eugene Lawrence	The Chairman, Ho, Chi-Cheng and Director, Ho, Eugene Lawrence concurrently serve as managerial officers, so they recused themselves from the discussion and voting. The independent director, Hsu, I-Ping, chaired the meeting.

3. A TWSE/TPEx listed company shall disclose the assessment cycle and period, the scope of assessment, method and content of assessment for the self (or peer) appraisal of the Board of Directors, and list the following implementation of the Board of Director's appraisal:

(1) The state of implementing Board of Directors evaluations

Frequency of assessment	Assessment period	Scope of assessment	Method of assessment	Content of assessment
Once a year	From January 1, 2021 to December 31, 2021	1. Overall Board of Directors 2. Individual Board member 3.Performance assessment of functional committees	1. Overall Board of Directors: internal self-assessment in the Board of Directors 2. Individual board member: self-assessment by director 3.Functional committee: internal self-assessment in the Board of Directors	The assessment result was reported to the Board of Directors on February 25, 2022. Please refer to Explanation 2 for the execution result of performance assessment of Board of Directors.

(2) Execution result of performance assessment of Board of Directors

Performance assessment of Board of Directors	Self-assessment of Board members' performances	Performance assessment of functional committees
• Level of involvement in the Company's operations • Improve the decision quality of Board of Directors • Composition and structure of Board of Directors • Appointment and continuing education of Directors • Internal control	• Grasp of the Company's goals and missions • Recognition of director's duties. • Level of involvement in the Company's operations • Internal relationships management and communication • Directors' professionalism and continuing education • Internal control	• Level of involvement in the Company's operations • Comprehension of the responsibilities of the functional committee • Improvement in the quality of decision making by the functional committee • Composition of functional committee and appointment of members • Internal control
45 assessment indicators	23 assessment indicators	26 assessment indicators

Assessment result:

Performance assessment of Board of Directors	Self-assessment of Board members' performances	Performance assessment of functional committees
4.64	4.65	4.54

The Board of Directors, individual directors and functional members of the Board operated well during the period of performance assessment, and the self-assessment items were assessed to be sound and in compliance with the requirements of corporate governance, and effectively strengthened the functions of the Board of Directors and upheld the interests of shareholders.

4. Objective of enhancing functions of the Board of Directors

(1) Establishment of Remuneration and Audit Committees

The company has established the Remuneration Committee in 2011, and established the Audit Committee in the shareholders' meeting of 2017 to strengthen the Board of Directors to perform its duties.

（2）Report on Corporate Governance

For the healthy functions of the Board of Directors and corporate governance, the Company has established the “Regulations Governing Procedure for Board of Directors Meetings,” “Procedures for Election of Directors,” “Ethical Corporate Management Best Practice Principles,” “Procedures for Ethical Management and Guidelines for Conduct,” “Code of Ethical Conduct,” “Corporate Governance Best-Practice Principles,” “Procedures of Self- or Peer Assessment for the Board of Directors' Appraisal,” and “Managerial Procedures for Prevention of Insider Trading,” as the basis of compliance.

(II) Operations of the audit committee or the state of participation in Board meetings:

In FY2021 and 2022, up to the date of publication of the annual report, the Audit Committee convened eight meetings, and the attendance of members was as follows:

Position	Name	Attendance in Person	By proxy	Actual attendance rate	Remarks
Independent director	Wang, Wen-Tsung	8	0	100.00%	Should attend 8 meetings
Independent director	Hsu, I-Ping	8	0	100.00%	Should attend 8 meetings
Independent director	Chang,Yuan-Lung	8	0	100.00%	Should attend 8 meetings

Other notes:

1. For Audit Committee meetings that meet any of the following descriptions, state the date, session, the discussed topics, independent directors' opinions, and how the company has responded to such opinions:

   (1) Conditions described in Article 14-5 of the Securities and Exchange Act:

Audit Committee	elected	Content of resolution	Opinions of Audit Committee members and responses of the Company
2nd Term Fifth meeting	2021.02.26	● 2020 assessment for the effectiveness of the internal control system, and the Statement of Internal Control System. ● The Company’s 2020 business and financial reports, standalone financial statements and consolidated financial statements. ● The Company’s endorsements/guarantees to subsidiaries ● The Company’s loan to subsidiaries	Audit Committee members had no other opinions.
2nd Term Sixth meeting	2021.05.04	● Consolidated financial reports for 2021 Q1. ● Participation of the subsidiary’s capital increase in cash. ● The Company’s invested subsidiary loaning of fund. ● Reappointment of accounting officer	
2nd Term 7th Meeting	2021.08.05	● Consolidated financial reports as of 2021Q2. ● The Company's 2021 cash issuance of new shares and the third secured convertible bond	
2nd Term 8the Meeting	2021.09.01	● Adjustments of offering and issuance plan of the Company's 2021 cash issuance of new shares and the third secured convertible bond	Independent Director Wang, Wen-Tsung: Please elaborate on cash capital increase and the conversion price of the convertible bond. Chief Financial Officer reply: The pricing date of the new shares issued

Audit Committee	elected	Content of resolution	Opinions of Audit Committee members and responses of the Company
			for cash capital increase is on October 14, 2021. According to the law, the price will be based on the closing prices of the first, third, and fifth days before the reference date. We plan to issue the new shares at a discount. Finance Manager reply: In accordance with the convertible bond issuance regulations, the reference date is tentatively set at October 7, 2021, and the reference price is determined by any one of the simple arithmetic average of the closing prices of the Company's common stock for the 1, 3 and 5 business days prior to the reference date. The Company currently calculates the conversion impact at 105% on a trial basis, and the final tender amount of the bonds will be determined by the bidding results.
2nd Term 9th Meeting	2021.10.14	● Determined the Company’s issuance price of cash capital increase for year 2021 and other related matters.	Audit Committee members had no other opinions.
2nd Term 10th Meeting	2021.10.29	● Consolidated financial reports as of 2021Q3 ● Assessment of the independence and suitability of the appointed CPAs. ● The Company’s 2022 internal audit plan.	
2nd Term 11th time	2021.12.28	● The change of the Company’s financial director. ● Proposal of amending the Approval Authority Chart ● The Company’s loan to subsidiaries	
2nd Term 12th Meeting	2022.02.25	● The change of attesting CPAs ● The Company’s 2021 assessment of the effectiveness of the internal control system and the Statement of Internal Control System. ● The Company’s 2021 business and financial reports, standalone financial statements and consolidated financial statements ● Amend the Company’s Procedures for Acquisition or Disposal of Assets. ● The Company applied for establishing derivatives transaction accounts.	Independent Director Wang, Wen-Tsung: Is it because of the battery materials products or other factors that affect the Company's gross margin? Finance Manager reply: In the first half of 2020, the pandemic heavily impacted sales. Since 2021Q2, the main reason for the gross margin change was the rise in shipment and production capacity to accommodate the market demand. Independent Director Wang, Wen-Tsung: Is it the quantity of inventory or price increase of materials that increases the Company's inventory amount?

Audit Committee	elected	Content of resolution	Opinions of Audit Committee members and responses of the Company
			Finance Manager reply: Both price and quantity of inventory increased in 2021. The primary raw materials like nickel and cobalt's international quotations have increased by approximately 30~50% regarding the inventory price. And due to the pandemic, delayed shipping schedules and port congestion of raw materials have exacerbated since the third quarter. Meanwhile, the Company's shipping and production are growing. To ensure stable production and shipment scheduling to meet customers' demands, the Company has increased the safety stock of raw material turnover.

(2) Other resolution that has not been passed by the Audit Committee but passed by two-thirds or more of all Directors: none

2. Recusal of any independent director due to conflict of interest: none

3. Method of communication between Independent Directors, the Internal Audit Supervisor, and CPA:

(1) The audit officer of the Company participates in the Audit Committee meetings, regularly reports the implementation and improvement of the audit plan, and communicates on the effectiveness of the implementation of the Company's internal control system; the interaction is good.

(2) The independent directors of the Company interacted well with CPAs, and communicate well with CPAs in terms of reviewing financial and business issues.

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

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the company established and disclosed its corporate governance principles based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?”	✓		The Company has established the “Corporate Governance Best-Practice Principles” pursuant to the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.” The Company and subsidiaries all operate accordingly	No material deviation
II. Shareholding structure and shareholders’ interests (I) Has the Company implemented a set of internal procedures to handle Shareholders’ recommendations, queries, disputes, and litigations?	✓		The Company holds annual shareholders' meetings as a regular communication channel with shareholders, establishes the " Managerial Procedures for Stock Affairs Operation", appoints a spokesperson and a deputy spokesperson, and mandates the Stock Affair Agency Department of Grand Fortune Securities to handle shareholding operations and settle shareholder proposals, questions, disputes and litigation issues.	No material deviation
(II) Is the Company constantly informed of the identities of its major Shareholders and the ultimate controller?	✓		The Company and its stock affair agency, the Stock Affair Agency Department of Grand Fortune Securities, regularly maintain lists of major shareholders and their ultimate controllers.	No material deviation
(III) Has the Company established and implemented risk management practices and firewalls for its affiliated companies?	✓		The company’s affiliates are the subsidiaries. The related party transactions, endorsement/guarantees, and loaning of funds all comply with the operational procedures. In addition, the Company regularly supervises and manages subsidiaries to implement risk control and firewall mechanism.	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	✓		The Company has established the "Managerial Procedures for Prevention of Insider Trading" and operates accordingly to prohibit internal personnel from trading marketable securities by leveraging undisclosed information in the market, and no material discrepancies have occurred.	No material deviation
III. Composition and responsibilities of the Board of Directors (I) Has the Board established and implemented policies to ensure the diversity of its members?	✓		The Company adopts a candidate nomination mechanism for nominating and selecting members of the Board of Directors and complies with "Procedures for Election of Directors" and "Corporate Governance Best-Practice Principles", which stipulate that the composition of the Board of Directors should take into account diversity and independence. The Board of Directors of the Company is composed of members from various industries with expertise in various fields and meets the needs of diversity.	No material deviation
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?		✓	The Company has set up the Remuneration Committee and Audit Committee, but has not yet established other functional committees, which will be evaluated in the future depending on the Company's operational needs.	No material deviation
(III) Has the Company established a set of policies and assessment methodology to evaluate the performance of the Board? Is regular performance evaluation conducted, at least once a year, and the evaluation result is submitted to the Board to serve	✓		The Board of Directors approved on March 15, 2019, to establish the "Procedures of Assessing the Board of Directors' Performance," completed self-assessments for the overall Board of Directors, individual Directors, and functional committees of FY2021, and submitted the performance assessment report to the Board of Directors on February 25,	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
as a reference in determining the remuneration of individual Directors and a nomination for re-election?			2022. The information will be presented annually to the Board of Directors and as a reference for remuneration and nomination of reappointment of individual Directors.	
(IV) Does the Company assess the independence of external auditors regularly?	✓		The independence of attesting CPAs is assessed at least once per year. Based on the assessment, the CPA has no direct or material indirect financial interest in the Company, nor does he or she hold any position as a Director, Supervisor, or manager of the Company or have any significant influence on the audit or involved in the management function of the Company in formulating decisions. The Company also requested the attesting CPAs to provide an "Accountant's Independence Statement", which was reviewed and approved by the Board of Directors on February 25, 2022.	No material deviation
IV. Does the TWSE/TPEx listed company dedicate competent managers or a sufficient number of managers to take charge of corporate governance, and designate supervisors thereof to oversee the corporate governance affairs (including but not limited to providing information required for director/supervisor's operations, assisting the Board and Supervisors in legal compliance, convening Board/Shareholders' meetings in accordance with the law, applying for/changing company registry, and producing meeting minutes of Board/Shareholders' meetings)?	✓		The Company has established the "Corporate Governance Best-Practice Principles" and set up a corporate governance unit to perform corporate governance-related duties, which covers the formulation of the relevant code of conduct and the practices and procedures to be followed to comply with the corporate governance requirements. However, the Company has not yet established a corporate governance officer, and will do so as needed in the future.	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
V. Has the Company established a means of communicating with its stakeholders (including but not limited to Shareholders, Employees, customers, suppliers, et cetera) or created a stakeholder section on the Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	✓		(1) The Company maintains open communication channels with banks and other creditors, employees, consumers, suppliers, communities, or company stakeholders, and respects and safeguards their legitimate rights and interests. (2) Stakeholders may instantly learn about the Company's operating information through MOPS. (3) The Company has the spokesperson and deputy spokesperson as communication channels with stakeholders.	No material deviation
VI. Does the Company appoint a professional stock transfer agent to handle the affairs of the shareholders' meeting?	✓		The Company has mandated the Stock Affair Agency Department of Grand Fortune Securities as the stock affair agency.	No material deviation
VII. Information Disclosure (I) Has the company established a website that discloses financial, business, and corporate governance-related information?	✓		The Company has set up a company website to disclose finance and business and corporate governance information. In addition, it has also disclosed relevant information in MOPS pursuant to the law.	No material deviation
(II) Does the Company adopt other avenues for information disclosure (e.g. setting up an English website, designating specific personnel to collect and provide disclosure on the Company, implementing a spokesperson system, disclosing the process of institutional investor conferences on the Company website and et cetera)?	✓		In order to ensure that information that may affect the decision-making of shareholders and stakeholders may be disclosed in a timely and fair manner, the responsible units collect and release various information. The relevant reporting operations are conducted at MOPS, and the implementation of the spokesperson system has been enhanced.	No material deviation
(III) Does the Company publicly announce and file the annual financial reports within two months after the accounting year-end, and publicly announce and file	✓		The Company publicly announces and files, as required, the annual financial reports within two months after the accounting year-end, and publicly announces and files the first, second and third quarterly financial	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
the first, second and third quarterly financial reports and monthly operating status reports before the stipulated deadlines?			reports and monthly operating status reports before the stipulated deadlines.	
VIII. Does the Company have other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of Employees, care for Employees, investor relations, relations with suppliers, relations with stakeholders, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's directors and supervisors)?	✓		(I) Employee Rights and Employee Care: The Company follows the Labor Standards Act and related laws and regulations regarding employees' rights and benefits, establishes an Employees' Welfare Committee, attributes allowances and pensions, provides health examinations for employees, and holds various welfare activities for employees to mingle. (II) Investor relations: The Company publishes financial and business information on the Market Observation Post System (MOPS) promptly to protect the rights and interests of investors and stakeholders as pursuant to the laws and regulations, appoints spokesperson and deputy spokesperson as communication channels, attending institutional investors' conference as invited by security firms to facilitate shareholders' understanding of the Company's operations. (III) Suppliers relations: The Company communicates smoothly with its suppliers and adheres to the principle of honesty and reciprocity in business relationships with them. (IV) Rights of stakeholders: The Company maintains fluent communication channels with its stakeholders and fully respects and protects their legitimate rights and interests. (V) Continuing Education Taken by the Directors and Independent	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			Directors: The Board members of the Company has attended courses at designated institutions in accordance with “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies”. Please refer to p.49-50 of the annual report for more details. (VI) The implementation of risk management policies and measure standards of risks: The Company has always been operating in a prudent manner and has established an internal control system to prevent various risks, which is regularly and irregularly inspected by internal audit units. The Company also carries property insurance and develops and continuously reviews various operational risk preparation plans. . (VII) Implementation of client policies: The Company maintains close contact with its customers to ensure the reliability and quality of its products, and strictly abides by the contracts signed with customers to ensure their rights and interests. (VIII) Insurance bought for Directors and Supervisors by the Company: The Company purchases liability insurances for the Directors to strengthen the protection of shareholders' rights. The Company disclosed the information related to the operation on MOPS, and the various information is available on the website.	
IX. Please describe improvements that have been made about the results of the corporate governance evaluation as prescribed by the Taiwan Stock Exchange Corporate Governance Center, as well as priorities and measures for matters that have yet to be improved. (The companies not subject to the evaluation need to to fill in this part) For the results of the 2021 Corporate Governance Evaluation, the Company’s ranking was the first 51%~65%. The Company will keep on advancing corporate governance.				

The Company arranges annual professional training for the Directors in accordance with the regulations. The course covers the functions and performance evaluation of the Board of Directors, as well as corporate ethics and various communication issues. To encourage directors to pursue further education, the Company provides directors with information on courses offered by TWSE or TPEx from time to time and arranges suitable courses for them. Based on the directors' personal time, the Company arranges suitable courses on corporate governance, economy, environment, society, human rights and other aspects of corporate social responsibility. Information on the Directors' training in 2021 is as follows:

Position	Name	Course Date	Organizer	Course name	Course hours
Chairman	Ho, Chi-Cheng	10/14 10/29	Securities & Futures Institute Taiwan Corporate Governance Association	Advanced seminar on Directors, Supervisor and corporate governance officers' practices and case studies on insider trading. The trend of ESG and global net zero carbon emissions	6
Director	Ho, Eugene Lawrence	10/14 10/29	Securities & Futures Institute Taiwan Corporate Governance Association	Advanced seminar on Directors, Supervisor and corporate governance officers' practices and case studies on insider trading. The trend of ESG and global net zero carbon emissions	6
Director	Cheng, Chih-Fa	10/14 10/29	Securities & Futures Institute Taiwan Corporate Governance Association	Advanced seminar on Directors, Supervisor and corporate governance officers' practices and case studies on insider trading. The trend of ESG and global net zero carbon emissions	6
Director	Ho, Chi-Chou	10/14 10/29	Securities & Futures Institute Taiwan Corporate Governance Association	Advanced seminar on Directors, Supervisor and corporate governance officers' practices and case studies on insider trading. The trend of ESG and global net zero carbon emissions	6
Director	Lai, Ching-Yuan	10/14 10/29	Securities & Futures Institute Taiwan Corporate Governance Association	Advanced seminar on Directors, Supervisor and corporate governance officers' practices and case studies on insider trading. The trend of ESG and global net zero carbon emissions	6
Director	Chiu, Hsien Tung	10/14 10/29 12/22	Securities & Futures Institute Taiwan Corporate Governance Association Taiwan Corporate Governance Association	Advanced seminar on Directors, Supervisor and corporate governance officers' practices and case studies on insider trading. The trend of ESG and global net zero carbon emissions The 17th Taipei Corporate Governance Forum - Implementing ESG for governance and sustainable development	12
Independent director	Hsu, I-Ping	10/14	Securities & Futures Institute	Advanced seminar on Directors, Supervisor and corporate	6

		10/29	Taiwan Corporate Governance Association	governance officers' practices and case studies on insider trading. The trend of ESG and global net zero carbon emissions	
Independent director	Wang, Wen-Tsung	3/24 7/16 7/20 7/30 10/14 10/29	Lecture and seminar recognized by the CPA Associations R.O.C.(Taiwan) Lecture and seminar recognized by the CPA Associations R.O.C.(Taiwan) Lecture and seminar recognized by the CPA Associations R.O.C.(Taiwan) Lecture and seminar recognized by the CPA Associations R.O.C.(Taiwan) Securities & Futures Institute Taiwan Corporate Governance Association	Case study on legal codes for property and land trusts Shareholding Planning Family business succession plan Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) system Advanced seminar on Directors, Supervisor and corporate governance officers' practices and case studies on insider trading. The trend of ESG and global net zero carbon emissions	18
Independent director	Chang,Yuan-Lung	10/14 10/29	Securities & Futures Institute Taiwan Corporate Governance Association	Advanced seminar on Directors, Supervisor and corporate governance officers' practices and case studies on insider trading. The trend of ESG and global net zero carbon emissions	6

(IV)If the Company has established the Remuneration Committee, its composition, responsibilities, and operation should be disclosed:

1. Information of Remuneration Committee members:

Title (Note 1)	Name / Criteria	Professional qualifications and experiences	Independency	Number of Other Public Companies in which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks
Independent director	Hsu, I-Ping	Educational background: Department of Aerospace Engineering, Tamkang University Doctorate Program of Mechanical Engineering, University of Wisconsin, Milwaukee Experiences / Current positions: Chairman, Hsinchu Bus Company, Ltd. Chairman, HCT Logistics Director, Digiwell Technology Inc. Chairman, Yi-Meng Co., Ltd. At least five years' experience in business, legal, finance, accounting or corporate	Note 2	None	None

		business There are no circumstances under Article 30 of the Company Act.			
Independent director	Wang, Wen-Tsung	<u>Educational background</u> Department of Accounting, Feng Chia University <u>Experiences / Current positions:</u> Partner CPA, Biing-Cherng CPAS Independent Director, SYSAGE Technology Co.,Ltd. Supervisor, Emax Tech Co., LTD. <u>Certified Public Accountant (R.O.C.)</u> At least five years' experience in business, legal, finance, accounting or corporate business There are no circumstances under Article 30 of the Company Act.		None	None
Independent director	Chang,Yuan-Lung	<u>Educational background</u> Department of Accounting, Tamkang University <u>Experiences / Current positions:</u> CPA, Ching-Cheng Accounting Firm Independent Director, GSD Technologies Co.,Ltd. Independent Director, Shin Zu Shing Co., Ltd. <u>Certified Public Accountant (R.O.C.)</u> At least five years' experience in business, legal, finance, accounting or corporate business There are no circumstances under Article 30 of the Company Act.		None	None

Note 1: For the title, please indicate the position as Director, Independent Director, or others.

Note 2: Members who meets the following conditions two years before the appointment or during the term of appointment:

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

(2) Not a director or supervisor of the Company or any of its affiliates. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.

(4) Not a managerial officer mentioned in paragraph (1), or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship mentioned in paragraphs (2) and (3).

(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or ranks as its top five shareholders, or the designated representative pursuant to Article 27, Paragraph 1 or 2 in the Company as director/supervisor. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(6) Not a director, supervisor, or employee of other companies with the Board seats or more than half of the voting shares under the control of one person. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(7) Not a Director, General Manager or Employee of other company whose Chairperson or general

manager are the same person or spouse of the Company. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary).

(8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution with a financial or business relationship with the company. (The same does not apply, however, if specified company or institution possessing shareholdings of more than 20% and less than 50% of the total number of issued shares of the Company, and in cases where the person is an independent director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary).

(9) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services or for the past two years, has provided commercial, legal, financial, accounting services or consultation amounted to less than a cumulative NTD500,000 to the Company or any affiliate of the company, or a spouse thereof. However, this does not apply to members of the Compensation Committee, Public Tender Offer Review Committee or Special Merger and Acquisition Committee carrying out their duties in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.

(10) Does not meet any of the criteria described in Article 30 of the Company Act.

2. Operation of Remuneration Committee

(1) The total number of members in the Remuneration Committee amounts to three persons.

(2) The term of the committee member: from June 12, 2020 to June 11, 2023. In 2021 and 2022, up to the date of publication of the annual report, the Remuneration Committee convened five meetings, and the attendance of members was as follows:

Position	Name	Attendance in Person	By proxy	Actual attendance rate (%)	Remarks
Committee member	Hsu, I-Ping	5	0	100.00%	Should attend five meetings.
Committee member	Wang, Wen-Tsung	5	0	100.00%	Should attend five meetings.
Committee member	Chang,Yuan-Lung	5	0	100.00%	Should attend five meetings.

Note: After the term of office as director expired on June 12, 2020, all members of the Remuneration Committee continued their offices after re-election.

Other notes:

(1) If the Board of Directors declines to adopt or modify a recommendation of the remuneration committee, it should specify the date of the meeting, the session, the nature of motion, the resolution made by the Board of Directors, and the Company’s response to the remuneration committee’s opinion (e.g., if the amount of remuneration passed by the Board of Directors has a discrepancy with the recommended amount by the Remuneration Committee, the circumstances and

cause for the difference shall be specified): None.

(2) If resolutions of the Remuneration Committee are objected to by members or become subjected to a qualified opinion, which has been recorded or declared in writing, then the date of the meeting, the session, the nature of the motion, all members' opinions, and the response to members' opinions should be specified: None.

(V) The state of the company's performance of social responsibilities, any deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies:

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the Company established a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and is supervised by the Board of Directors?	✓		The Company has not yet established a Sustainability Committee. However, the Company has paid attention to international trends and responded to customers' requests, and has begun preparations since 2021 to cooperate with external consultants to carry out sustainable development and strategic planning. To further align with international sustainability trends, the Company expects to establish an "ESG Committee" in the second quarter of 2022 as the Group's dedicated organization to promote ESG. The ESG Committee will be chaired by the Chairman of the Board of Directors and comprised of the Group's General Manager and various operational and functional heads, with the Chairman assigning executives to implement ESG initiatives. The ESG Committee serves as a cross-departmental communication platform that integrates vertically and connects horizontally to implement the blueprint for sustainable development. Through semi-annual meetings, the ESG Committee identifies sustainability issues of concern to the company's operations and stakeholders, prepares corresponding strategies and working guidelines, prepares ESG-related budgets for each organization, coordinates resources, plans and implements annual programs, and tracks the effectiveness of implementation to ensure that ESG strategies are fully implemented in the company's daily operations.	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			The ESG Committee reports to the Board at least annually on the current year's performance results and the following year's working plan.	
II. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to its operations and establish relevant risk management policies or strategies in accordance with the materiality principle?	✓		The CompanyThe Company has planned to establish an "ESG Committee", which is responsible for promoting various ESG programs and formulating related corporate sustainable development strategies.	No material deviation
III. Environmental Issues (I) Does the company have an appropriate environmental management system established in accordance with its industrial character?	✓		In accordance with ISO 14001, ISO 14064-1, and ISO 50001 management systems, we effectively manage energy use and improve energy efficiency, and conduct annual PDCA effectiveness evaluations of energy and environmental management to ensure the implementation of environmental policies.	No material deviation
(II) Is the Company committed to improving resource efficiency and utilizing recycled materials that have a lower impact on the environment?	✓		The Company implements garbage classification and reduction and implements the policy of resource recycling and reuse. Sewage and waste liquid are processed in a centralized manner. After the metal components are extracted, they are treated to the discharging standard before discharging to the sewage treatment center of the industrial park to minimize the damage to the environment.	No material deviation
(III) Has the company assessed the potential risks and opportunities for business operations	✓		The Company has assessed the potential risks and opportunities of climate change to the Company in the present and the future by referring to relevant climate change	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
now and in the future regarding climate change and will it adopt response measures relating to climate issues?			information and the TCFD framework. Through the "CSR editorial team" at the meeting, the discussion and risk identifications are undertaken based on the Company's product characteristics, the transformation risks, and physical risks and opportunities, and the short-, medium- and long-term climate change risks and opportunities are identified based on the impact on the Company operations and likelihood. After assessment, the Company's potential climate-related risks and opportunities are: Physical risk: long-term Increase in extreme climate events: drought leading to water shortage risk:	

Water shortage simulation	Financial impact	Responding strategy
Long drought without rain, water outage for a week	No impact	The Company currently has a water storage facility with a capacity of 500 m^3, which is enough to supply the known water consumption for a week after the water is cut off.
Long drought without rain, water outage for one to two weeks	Manufacturing costs increase Revenue declines	1. Arrange water trucks to send water 2. Revise down output
Water outage for more than three weeks	Fixed assets increase Revenue declines	Build sewage recycling and treatment equipment to reduce the dependence on tap water.

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(IV) Has the company calculated the greenhouse gas emissions, water consumption, and total weight of waste in the past 2 years. It formulated policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management?</td><td>✓</td><td></td><td>◎GHG emission volume
In order to fulfill global citizenship and corporate social responsibility, the Company is committed to promoting energy saving and carbon reduction. In order to enhance the management of greenhouse gases, the ISO 14064-1 greenhouse gas inventory standard was introduced in 2019, and the verification statement was obtained. The Company's main energy sources are gasoline, diesel, liquefied petroleum gas, heavy oil, purchased steam and electricity, of which the purchased steam takes the highest proportion. The greenhouse gas emissions in the past two years are shown in the following table:
<table>
<tr><th>Category</th><th>Unit</th><th>2020</th><th>2021</th></tr>
<tr><td>Gasoline</td><td>Tons CO_2e</td><td>14.15</td><td>13.64</td></tr>
<tr><td>Diesel</td><td>Tons CO_2e</td><td>39.77</td><td>38.47</td></tr>
<tr><td>LPG</td><td>Tons CO_2e</td><td>88.99</td><td>79.77</td></tr>
<tr><td>Heavy oil</td><td>Tons CO_2e</td><td>3,338.26</td><td>2,465.08</td></tr>
<tr><td>Purchased steam</td><td>Tons CO_2e</td><td>3,706.46</td><td>5,155.18</td></tr>
<tr><td>Natural Gas</td><td>Tons CO_2e</td><td>-</td><td>113.04</td></tr>
<tr><td>Electricity</td><td>Tons CO_2e</td><td>4,467.48</td><td>4,912.09</td></tr>
<tr><td>Scope 1</td><td>Tons CO_2e</td><td>3,481.16</td><td>2710.00</td></tr>
<tr><td>Scope 2</td><td>Tons CO_2e</td><td>8,173.94</td><td>10,067.27</td></tr>
<tr><td>Total emission=
Scope 1 + Scope 2</td><td>Tons CO_2e</td><td>11,655.10</td><td>12,777.27</td></tr>
<tr><td>Parent company only revenue</td><td>NT$ thousand</td><td>3,592,984</td><td>5,887,001</td></tr>
</table></td><td>No material deviation</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>

GHG emission intensity (total emission/parent company only revenue)	Tons CO_2e/NT$ thousand	0.0032	0.0022

◎Water usage

Water resource management plays a key role in the Company's sustainable operation. It promoted the ISO14046 water footprint of products in 2019, and passed the verification in October of the same year. The Company actively conducts water consumption surveys, improvement assessments and water-saving plans, and launch more water-saving measures.

In 2021, the Company withdrew 18.14 million liters of water in the Hsinchu Plant and 28.56 million liters of water in the Toufen Plant, totaling 46.70 million liters, with a water consumption intensity of 0.7933 million liters per NT$ 100 million in 2021. The total water discharge in 2021 was 25.63 million liters, a 6.69% decrease compared to 2020.

Item	Unit	2020	2021
Water withdrawal	Million liters	59.20	46.70
Water discharge	Million liters	22.58	21.07
Water consumption	Million liters	36.62	25.63
Parent company only revenue	NT$100 million	35.93	58.87
Water use intensity (total withdrawal/parent company only revenue)	Million liters/NT$100 million	1.0192	0.7933

</td><td></td></tr>
</table>

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

◎Total weight of waste

The wastes in the Company's plants are general business wastes, including inorganic sludge waste, waste plastic mixture, waste wood mixture, household garbage, waste flame retardant materials, waste fiber or other mixtures e.g. cotton and cloth, and there is no harmful waste. The total volume of waste in 2021 was 318.58 tons, of which inorganic sludge waste accounted for the largest share, about 275.38 tons.

The Company complies with the environmental protection regulations of the competent authority for waste disposal, mainly through outsourcing transportation, and signs contracts with qualified waste removal and treatment companies meeting the requirements of relevant regulations as required by laws, while ensuring that outsourcing manufacturers properly handle each item pursuant to the laws.

<table>
<tr><th colspan="4">Waste Composition</th><th colspan="2">Waste Generated (tons)</th></tr>
<tr><th colspan="3">Processing Method</th><th>Item</th><th>2020</th><th>2021</th></tr>
<tr><td rowspan="7">Off-site Processing</td><td rowspan="6">Direct Processing</td><td>Thermal Treatment</td><td>Inorganic Sludge</td><td>684.28</td><td>275.38</td></tr>
<tr><td>Landfill</td><td>Waste refractory materials</td><td>11.49</td><td>0</td></tr>
<tr><td rowspan="4">Incineration (Excluding energy recovery)</td><td>Waste plastic mixture</td><td>11.65</td><td>6.57</td></tr>
<tr><td>General waste from business operations</td><td>22.81</td><td>29.74</td></tr>
<tr><td>Waste wood mixtures</td><td>7.79</td><td>4.69</td></tr>
<tr><td>Waste fiber or other cotton, cloth and other mixtures</td><td>2.68</td><td>2.2</td></tr>
<tr><td colspan="3">Subtotal</td><td>740.70</td><td>318.58</td></tr>
<tr><td rowspan="2">On-site Processing</td><td rowspan="2">On-site temporary storage</td><td colspan="2">Inorganic Sludge</td><td>37.37</td><td>30.50</td></tr>
<tr><td colspan="2">Waste refractory materials</td><td>2.00</td><td>9.27</td></tr>
</table>

<table>
<tr><td rowspan="2">Assessment criteria</td><td colspan="3">Actual governance</td><td rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary description</td></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td rowspan="4"></td><td rowspan="4"></td><td>Waste plastics</td><td>0.01</td><td>0</td></tr>
<tr><td>Waste fibers</td><td>0.02</td><td>0</td></tr>
<tr><td>Waste wood</td><td>-</td><td>0</td></tr>
<tr><td>Subtotal</td><td>39.40</td><td>39.77</td></tr>
<tr><td colspan="3">Total</td><td>780.10</td><td>358.35</td></tr>
</table>
The Company's main sources of energy are purchased electricity and steam. In order to effectively reduce the environmental impact of the greenhouse effect, the Company promotes energy management solutions for offices and public areas to strengthen the concept of energy conservation among employees.
The Company presents objective data on the Company's expenses for environmental hygiene, energy saving and carbon reduction, and greening activities, which mainly focus on operating environmental inspection and pollution control equipment operation and maintenance.The total amount of environmental expenses for FY2021 was approximately NT$3,281 thousand, a significant decrease from the previous year.
<table>
<tr><td>Item</td><td>2020</td><td>2021</td></tr>
<tr><td>Air Pollution Control Expenses</td><td>91</td><td>26</td></tr>
<tr><td>Water Pollution Control Expenses</td><td>682</td><td>532</td></tr>
<tr><td>Waste Disposal (general waste) Expenses</td><td>5,272</td><td>2,723</td></tr>
<tr><td>Total</td><td>6,045</td><td>3,281</td></tr>
</table>
</td><td></td></tr>
<tr><td>IV. Social Issues
(I) Does the company have the relevant management policies and procedures</td><td>✓</td><td></td><td>The Company values the opinions of employees, protects the rights and interests of employees, is committed to improving working conditions and working environment,</td><td>No material deviation</td></tr>
</table>

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
stipulated in accordance with the relevant laws and regulations and international conventions on human rights?			provides employee channels for suggestions and complaints, and holds regular employee-employer meetings to strengthen employee-employer collaboration.	
(II) Has the company established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits), and appropriately reflect the business performance or achievements in the employee remuneration?	✓		The salary assessment of the Company is based on educational qualifications and relevant experience, and is superior to the wage standard of the "Labor Standards Act." The salary per capita in December 2021 was higher than the average salary in Taiwan reported by the Directorate General of Budget, Accounting and Statistics (DGBAS). Currently, the starting salary of direct personnel is more than 1.3 times the average salary, and higher than the salary level of the industry. The employees are also entitled to monthly performance incentives, surplus distribution, and year-end bonuses. The average annual salary of 2021 is 16 months. The floating incentives, such as employee performance incentives, bonuses, and year-end bonuses are distributed be based on the employee's personal contribution, key performance indicator (KPI) achievement rate, and performance appraisal results	No material deviation
(III) Does the company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		The Company handles the safety and health tasks pursuant to the regulations related to organization and personnel in the Occupational Safety and Health Act.	No material deviation
(IV) Does the company establish effective training programs for employee's career development?	✓		The Company has an internal promotion system and training programs	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(V) Has the company complied with laws and international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer protection policies and complaint procedures?	✓		The Company values customers' opinions, and provides product inquiry contact windows and an online customer service mailbox at the Stakeholders Section on the Company's website. In addition to visiting customers from time to time, it also conducts customer satisfaction surveys every year and understands customer needs through distributor conferences. The Company insists on the principle of good faith to handle and give feedback, to protect the interests of customers.	No material deviation
(VI) Has the company established supplier management policies demanding compliance with relevant regulations and their execution status regarding issues such as environmental, occupational safety, and health or labor rights?	✓		The Company has established "Supplier Management Procedures" and "Supplier Social Responsibility and Code of Conduct," disclosed on the Company's website, to enable suppliers to understand and comply with the Company's product safety and ethical requirements, and to enhance their social and environmental responsibility, including requirements for suppliers' ethical standards, respect for human rights, environmental sustainability, privacy and intellectual property rights, healthy and safe working environment; other than requiring suppliers to cooperate closely, the suppliers are also regularly evaluated. When the Company purchases goods, it also needs to comply with the environmental laws and regulations of the country where it is located, and industry regulations such as the source of conflict minerals.	No material deviation
V. Has the company taken reference from the internationally accepted reporting standards or guidance when compiling CSR reports to	✓		The Company's corporate social responsibility report has been assured by attesting CPA Yu, Chi-Lung from KPMG Taiwan with the issuance of the assurance report.	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
disclose non-financial information? Does the Company obtain the confirmation or affirmation opinion from a third party for the aforementioned reports?				
VI. For companies who have established corporate responsibility code of conducts in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies,” please describe the current practice and any deviations from the code of conduct: There is no material deviation between the current operation and the Best Practice Principles.				
VII. Any other essential information that may help us to understand the performance of corporate social responsibility better: none				

(VI) The state of the Company's performance in the area of ethical corporate management, any variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance:

Assessment criteria	Actual governance			Nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary description	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (I) Does the Company establish corporate conduct and ethics policy that is approved by the Board of Directors and document such policy and procedure and ensure the commitment of the Board and Management team in the implementation of the policy thereof, in the bylaws and publicly available documents?	✓		The Company has approved the “Ethical Corporate Management Best Practice Principles” and related operational procedures, while presenting a CSR report to communicate that the Company takes ethical management as its philosophy in sustainable development. The Board of Directors and the senior management actively implement the commitments of the ethical management, and thoroughly undertakes its commitments in internal management and business activities.	No material deviation.
(II) Has the company established a risk assessment mechanism against unethical behavior, analyzed and assessed business activities within their business scope on a regular basis that are at a higher risk of being involved in unethical behavior, and established prevention programs at least covering the preventive measures specified in Paragraph 2 of Article 7 “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”?	✓		The Company has established the “Procedures for Ethical Management and Guidelines for Conduct” to formalize an effective accounting system and internal control system specifically preventing business activities with risk of unethical conduct. The auditing unit is responsible for formulating the ethical management policy and prevention programs, auditing compliance and supervising the implementation, and regularly analyzing and evaluating the risks of unethical conduct in the business scope for reporting to the Board of Directors.	No material deviation.
(III) Does the Company establish relevant policies that are duly enforced to prevent unethical conduct, provide and implement operating procedures, behavioral guidelines, the penalty for violation and appeal system in such policies, as well as	✓		In order to implement the prevention of unethical conduct, the Board of Directors has passed the "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct," while specifying various operational procedures and conduct guidelines, to specifically regulate the	No material deviation.

Assessment criteria	Actual governance			Nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary description	
evaluating and amending the aforementioned policies on a regular basis?			matters that the Company's personnel should pay attention to when conducting business. For new employees, promotional courses are arranged. Meetings and training to employees are conducted from time to time every year. In addition, a reward and punishment system is established to provide internal and external complaints and whistle-blowing channels in order to prevent unethical conduct rigorously.	
II. Implementation of ethical management (I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	✓		The rights and obligations of the Company and its counterparts are stipulated in the contract to be fully complied with.	No material deviation.
(II) Does the Company task a unit that reports directly to the Board of Directors and with promoting ethical standards, making periodical updates (at least once a year) to the Board on business integrity management policy, as well as the supervision of measures for prevention of unethical conduct?	✓		The Company has established the “Ethical Corporate Management Best Practice Principles,” and the Audit Office is responsible for formulating and supervising the implementation of ethical management policy and prevention programs, with regular reports to the Board of Directors.	No material deviation.
(III) Does the Company have any policy that prevents conflict of interest and channels that facilitate the report of conflicting interests?	✓		The Company has an "Employee’s Code" specifying that all employees shall not receive benefits of more than NT$100. It prohibits the Company's to have transactions or business relations with employees and their relatives, to prevent employees from earning personal interests on the cost of the Company’s interests.	No material deviation.
(IV) Has the Company implemented effective accounting and internal control systems to maintain business integrity? Do internal or external auditors review these systems on a regular basis?	✓		In order to ensure the implementation of ethical management, the Company has established an effective accounting system and internal control system, and internal auditors regularly audit the compliance with the previous system.	No material deviation.

Assessment criteria	Actual governance			Nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary description	
(V) Does the Company conduct internal and external ethical training programs on a regular basis?	✓		The Company promotes the concept of ethical management and its importance from time to time.	No material deviation.
III. Implementation of whistle-blowing system (I) Does the Company provide incentives and means for Employees to report malpractice? Does the Company dedicate personnel to investigate the reported malpractice?	✓		The Company has a responsibility unit to handle related affairs pursuant to the process set forth in the procedures.	No material deviation.
(II) Has the Company implemented any standard procedures or confidentiality measures for handling reported malpractices?	✓		The Company has established the Corporate Governance Best-Practice Principles, and operates as required.	No material deviation.
(I)Does the Company assure malpractice reporters that they will not be mistreated for making such reports?	✓		The Company encourage whistleblowing, and will protect the whistleblower.	No material deviation.
IV. Enhanced information disclosure (I) Has the company disclosed relevant CSR principles and implementation on its website and Market Observation Post System?	✓		The related corporate culture, operating guidelines, and implementation are disclosed on the website, MOPS, annual reports, and CSR reports.	No material deviation.
V. If the Company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles There is no material deviation between the current operation and the Best Practice Principles.				
VI. Other material information that helps to understand the practice of ethical management of the company: (e.g., the review and revision of the best-practice principles of the Company in ethical management) None.				

1. The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, regulations related to TWSE/TPEx listing companies, and other regulations related to business conducts, as the basis of implementation of ethical management.
2. The Company has a company website for the public to learn about the Company. Important financial and business information is disclosed on public information websites

in a timely manner pursuant to laws and regulations. For general investors to review, and the implementation of social responsibilities is disclosed in the prospectus.

3. The Company has formulated the internal control system, internal audit system, and various management procedures; the auditors and external professionals (brokers or accountants) randomly inspect their implementation status from time to time, so that the risks from conducting business to the Company may be mitigated sufficiently, and the investors' interests are protected.

(VII) For Corporate Governance Guidelines and Regulations and other relevant internal policies, the Company should disclose how to access these policies:

The Company has established the related rules pursuant to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" as follows. The operation and promotion of corporate governance are implemented. Investors may check at the Company's website https://www.coremaxcorp.com/zh-tw/ and MOPS.

1. Code of Ethical Conduct;
2. Rules of Procedure for Shareholder Meetings;
3. Regulations Governing Procedure for Board of Directors Meetings;
4. Procedures for Election of Directors;
5. Ethical Corporate Management Best Practice Principles;
6. Remuneration Committee Charter;
7. Corporate Governance Best-Practice Principles

(VIII) Other important information that is sufficient to enhance the understanding of the operation of corporate governance

Related regulations are disclosed in the annual report and AGM agenda handbook; both are available on the MOPS: http://mops.twse.com.tw

(IX) Internal Control Systems Implementation:

1. Statement of Internal Control System

Coremax Corporation

Statement of Internal Control System

Date: February 25, 2022

The Company declares the following concerning its internal control system during the fiscal year 2021, based on the findings of its self-assessment:

I. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Board of Directors and Managers of the Company. As such, the Company has established the aforementioned system. Its objectives are to provide reasonable assurance for the effectiveness and efficiency of its operations (including profitability, performance, and the guarantee of assets safety, etc.), reliable, timely and transparent reporting, and conformity to applicable rules, regulations, and laws.

II. The internal control system has its inherent limitations. Regardless of how exhaustive the design is, an effective internal control system can only provide reasonable assurance for the achievement of the aforementioned three objectives. Further, due to changes in the environment or circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Company's internal control system has set up a self-supervision mechanism. Once a deficiency has been identified, the Company will take remedial actions immediately.

III. In accordance with the determining criteria for the effectiveness of the internal control system prescribed in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereafter the "Regulations"), the Company evaluated the effectiveness of the design and execution for its internal control system. The determining criteria of the internal control system prescribed in the "Regulations" are based on the process of management control, dividing the internal control system into five composite factors: 1. control of the environment, 2. risk evaluation, 3. control of operations, 4. information and communication, and 5. supervision. The composition of each element also includes several items. Please refer to the "Regulations" for the aforesaid items.

IV. The Company has adopted the aforementioned determining criteria of the internal control system to evaluate the effectiveness of design and execution for its own internal control system.

V. Based on the evaluation result of the preceding paragraph, the Company believes that its internal control system (including the supervision and management of its subsidiaries) as of December 31, 2021, including understanding the achievement for the objectives of effectiveness and efficiency of its operations, reliability, timeliness and transparency of its reporting and compliance with the applicable law and regulations, was effective in design and execution, and can be reasonably assured of the achievement of the aforementioned objectives.

VI. This statement will serve as the main content of the Company's annual report and prospectus and will be made available to the public. If the aforesaid public content has any illegal events, including falseness or concealment etc., it shall be liable to the legal liabilities stipulated in Article 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement has been passed by the Board of Directors Meeting of the Company held on February 25, 2022, where none of the nine attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Coremax Corporation

Chairman: Ho, Chi-Cheng

General Manager: Ho, Eugene Lawrence

2. Is any CPA entrusted to perform a special audit on the internal control audit report: none

(X) For the most recent year until the publication date of the annual report, penalties imposed against the Company and its staff, or penalties imposed by the company against its staff for violations of internal control or regulations. State any corrective actions are taken in the most recent years up to the date of the annual report: None.

(XI) For 2021 and 2022 until the publication date of the annual report, major resolutions made in Shareholders' and Board meetings:

1. Key resolutions of 2021 AGM and implementation

Date of meeting	Major resolutions	Execution
2021.07.05	Ratifications: (1) 2020 business and financial reports (2) Proposal of earnings distribution for 2020 Discussion Matters: (1) Amendment to the Company's Articles of Incorporation. (2) Amendment to the "Rules of Procedure for Shareholder Meetings"	The resolution was adopted. The ex-dividend base date was July 26, 2021. Operated pursuant to the amended procedures Operated pursuant to the amended procedures

2. Material resolutions in Board Meeting:

Date of meeting	Major resolutions
2021.02.26	● 2020 "Assessment for Effectiveness of the Internal Control System" and the "Statement of Internal Control System." ● Proposal of distributing employee remuneration and directors' remuneration for 2020. ● Approved 2020 business and financial reports, parent company-only financial statements and consolidated financial statements. ● Approved the proposal of earnings distribution for 2020. ● Amendment to the Company's Articles of Incorporation. ● Approved the extension of the bank borrowings. ● Amount of endorsement/guaranteed provided to subsidiaries ● The extension of the subsidiaries' limits with banks. ● To cope with the working capital, it is intended to apply NT$400 million credit facility from a bank. ● The Company endorses/guarantees the subsidiary's application of credit limit from the bank ● The Company's loan to subsidiaries ● Amendment to the Rules of Procedure for Shareholder Meetings ● Appointment changes of the Company's deputy spokesperson ● Approve the convention of the 2020 general shareholders' meeting.
2021.05.04	● Discussion of managerial officers' remunerations ● Reappointment of general manager and accounting officer, appointment of manufacturing and

Date of meeting	Major resolutions
	R&D officers. ● Proposal to relieve managerial officers from non-competition restriction. ● Approved the consolidated financial statements for 2021 Q1. ● Proposal in participate the capital increase in cash by Uranus Chemicals Co., Ltd. ● The Company’s invested subsidiary loaning of fund. ● To meet the operation demands, it is intended to apply NT$80 credit facility from International Bills Finance, and the renewal is guaranteed by issuing commercial paper.
2021.06.15	● To reschedule the date and place of the 2021 Annual General Meeting of Shareholders of the Company.
2021.08.05	● Discussion of distributing remuneration of the Company’s managerial officers. ● Approved the consolidated financial statements for 2021 Q2. ● The Company's 2021 cash issuance of new shares and the third domestic secured conversion of corporate bonds. ● In order to meet the operational needs of the Company, the original application from International Bills Finance Corporation was adjusted from NT$80 million to NT$100 million for the extension of the guaranteed commercial paper. ● Approved the extension of the bank borrowings.
2021.09.01	● Approved the issuance of new shares of the Company's 2021 annual cash capital increase and the third domestic secured convertible bonds, which was approved at the 10th Board of Directors' Meeting held on August 5, 2021, to adjust the fund raising and share issuance plan in line with the Company’s operations plan.
2021.10.14	● Resolutions of the Remuneration Committee. ● Amendment to the transferring the repurchased shares to employees for the first time ● Approved the Company’s issuance price of cash capital increase for FY2021 and other related matters. ● Approved the first repurchase of the Company’s shares for transferring to employees.
2021.10.29	● Approved the consolidated financial statements for 2021 Q3. ● The Company’s 2022 internal audit plan. ● Evaluation of the independence and suitability of the appointed CPAs from KPMG Taiwan. ● Approved the extension of the bank borrowings.
2021.12.28	● The rotation of the Company’s Deputy General Manager ● Changes of the Company’s spokesperson and deputy spokesperson. ● The change of the Company’s financial director. ● The noncompetition restriction of the Company’s managerial officers. ● Resolutions of the Remuneration Committee. ● The Company's operating plan (budget) for FY2022. ● Proposal of amending the Approval Authority Chart ● Approved the extension of the bank borrowings. ● The Company’s invested sub-subsidiary loaning of funds to a sub-subsidiary.
111.02.25	● Approved the change of attesting CPAs as required by the internal adjustment of KPMG Taiwan. ● The Company’s 2021 “Assessment for Effectiveness of the Internal Control System” and the “Statement of Internal Control System.” ● Proposal of distributing employee remuneration and directors’ remuneration for 2021.

Date of meeting	Major resolutions
	● Approved 2021 business and financial reports, parent company-only financial statements and consolidated financial statements. ● Approved the proposal of earnings distribution for 2021. ● Approve the convention of the 2022 general shareholders' meeting.

(XII) For the most recent year until the publication date of the annual report, major issues of record or written statements made by any Director or Supervisor dissenting to important resolutions passed by the Board of Directors: None.

(XIII) For the most recent year until the publication date of the annual report, resignation or dismissal of the Company's Chairperson, General Manager, and Supervisors of Accounting, Finance, Internal Audit, and R&D:

Position	Name	Date of assuming position	Date of discharge	Reason of resignation or discharge
General Manager	Huang, Chao-Hui	2020.03.18	2021.05.04	Retirement
Chief Finance Officer	Weng, Chih-Hsien	2010.03.26	2021.12.31	Transferred to Uranus Chemicals Co., Ltd. as Deputy General Manager due to duty adjustment

V. Information Regarding the Company's Professional Service Fees

(I) Information of CPAs

Accounting Firm	Name of CPA		Period covered by CPA's audit	Remarks
KPMG Taiwan	Yu, Chi-Lung	Chen, Pei-Chi	2021	None

NT$ thousands

Professional service fee item / Amount		Audit fee	Non-audit fee	Total
1	Less than NTS$2,000 thousand		✓	630
2	NTS$2,000 thousand (including) to NTS$4,000 thousand	✓		3,650
3	NTS$4,000 thousand (including) to NTS$6,000 thousand			
4	NTS$6,000 thousand (including) to NTS$8,000 thousand			
5	NTS$8,000 thousand (including) to NTS$10,000 thousand			
6	More than NTS$10,000 thousand (including)			

(II) CPA's professional service fees

Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit fee	Non-audit fee					Period covered by the CPA's audit	Remarks
			System Design	Business Registration	Human Resources	Others	Subtotal		
KPMG Taiwan	Yu, Chi-Lung, Chen, Pei-Chi	3,650	—	60	—	570 (Note)	630	2021 Q1 to Q4	—

Note: NT$500 thousand for ESG assurance services and NT$70 thousand for attesting the reasonableness of the bond issue price.

(III) For non-audit fees paid to CPAs, accounting firms, and affiliated companies thereof that amount to more than 1/4 of the audit fees, the disclosure should be made regarding the amount of audit and non-audit fees, and the service content of audit and non-audit fees: none

(IV) Changes in the accounting firm that result in lesser audit fees paid in comparison to the previous year, and disclosure for the change in audit fee, and the reason for the change: None.

(V) Reduction of audit fees by more than 15% compared to the previous year, and disclosure for the amount and percentage reduced, and the reason for the reduction: None.

VI. Change in attesting CPA(s):

(I) About the former CPA

<table>
<tr><td>Date of Change</td><td colspan="4">Approved by the Board of Directors on February 25, 2022</td></tr>
<tr><td>Reason for Change</td><td colspan="4">In line with internal adjustments of KPMG Taiwan, Yu, Chi-Lung and Yu, Wan-Yuan, the original attesting CPAs of the Company, were replaced. Since the fourth quarter of 2021, the attesting CPAs of the Company have changed our accountants to Yu, Chi-Lung and Pei-Chi.</td></tr>
<tr><td rowspan="3">Indicate whether the appointment is terminated or not accepted by the appointor or CPA</td><td colspan="2">Counterparty / Reason</td><td>Certified Public Accountant</td><td>Appointor</td></tr>
<tr><td colspan="2">Voluntary termination of appointment</td><td colspan="2" rowspan="2">Not applicable.</td></tr>
<tr><td colspan="2">Does not accept the (extension of) appointment</td></tr>
<tr><td>Opinions on audit reports other than unqualified opinions issued within the last two years and the reasons hereof</td><td colspan="4">No such cases</td></tr>
<tr><td rowspan="6">Any disagreement with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Scope or steps of verification</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Description: Not applicable</td></tr>
<tr><td>Other disclosures</td><td colspan="4">Items 1.4 to 1.7 of Subparagraph 6 of Article 10 of this Standard that should be disclosed: None</td></tr>
</table>

(II) About the successor CPA

Accounting Firm	KPMG Taiwan
Name of CPA	Yu, Chi-Lung, CPA and Pei-Chi, CPA
Date of Appointment	Approved by the Board of Directors on February 25, 2022
Matters and results of consultation on the accounting treatment or accounting principles for specific transactions and on the possible issuance of financial statements prior to the appointment	Not applicable.
Written opinion of the successor auditor on matters on which he/ she disagreed with the predecessor accountant	Not applicable.

(III) The letter from the previous CPA to respond on 3 matters from Item 1 and 2 of Subparagraph 6 of Article 10: None.

VII.Names, Positions and Tenure of any of the Company's Chairman, General Manager, or managerial officers responsible for Financial or Accounting Affairs Being Employed by the Auditor's Firm or Any of Its Affiliated Company in the Most Recent Year Should Be Disclosed: None.

VIII. Evaluation of Auditor Independence

The Audit Committee of the Company evaluates the independence of the attesting CPA annually by the following criteria and reports the results of its evaluation to the Board of Directors:

（I） The Accountant's Independence Statement

（II） The audit services provided by the CPA are subject to prior review by the Audit Committee.

（III） The same CPA has not performed attesting services for more than five consecutive years.

（IV） Each year, the Company evaluates the attesting CPA's financial interests, business relationships, and employment relationships through the Accountant's Competency Questionnaire, and an evaluation report is compiled on the accountant's independence.

IX. For the Most Recent Year until the Publication Date of the Annual Report, the Transfer of Equity Interest and Change in Stock Pledge of Directors, Supervisors, managerial officers and Shareholders with Stake of 10% or More

(I) Changes of equity:

Unit: Share

Position	Name	2021		Jan 1 to Mar 29, 2022	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Ho, Chi-Cheng	104,738	-	-	-
Director / Major shareholder	Chang Sing Investment Co., Ltd. Representative: Huang, Chao-Hui (Note 1) Representative: Chiu, Hsien-Tung (Note 1)	488,199 (2,530)	-	-	-
Director / Major shareholder	Cheng Jade Enterprise Co., Ltd. Representative: Ho, Eugene Lawrence	1,077,452 26,651	-	-	-
Director	Ho, Chi-Chou	(88,088)	-	-	-
Director	Cheng, Chih-Fa	-	-	-	-
Director	Lai, Ching-Yuan	1,000	-	-	-
Independent director	Hsu, I-Ping	-	-	-	-
Independent director	Wang, Wen-Tsung	-	-	-	-
Independent director	Chang,Yuan-Lung	-	-	-	-
General Manager	Huang, Chao-Hui (Note 2)	-	-	-	-
General Manager	Ho, Eugene Lawrence (Note 2)	26,651	-	-	-
Chief Finance Officer	Weng, Chih-Hsien (Note 4)	33,981	230,000	-	-
Deputy General Manager	Chu, Yuh-Ren (Note 3)	923	-	-	-
Financial Manager	Lu, Po-Ju (Note 3)	162	-	-	-

Note1: On June 12, 2020, all the Directors were re-elected. The elected Director, Chang Sing Investment Co., Ltd. appointed Huang, Chao-Hui; on April 1, 2021, Chang Sing Investment Co., Ltd replaced the representative Huang, Chao-Hui with Chiu, Hsien-Tung.

Note 2: On May 4, 2021, due to the retirement of the former general manager, Huang, Chao-Hui, his duties were taken over by Ho, Eugene Lawrence as the newly appointed general manager.

Note 3: The appointment was approved by the Board of Directors on May 4, 2021.

Note 4: On December 28, 2021, the Board of Directors approved the transfer of Weng, Chih-Hsien to a subsidiary as a Deputy General Manager due to a change in duties effective January 1, 2022.

(II) Share transfer where the counterparty is a related party: none

(III) Share pledge where the counterparty is a related party: none

X. Shareholding Ratio of Top 10 Shareholders and Their Affiliated Persons,

Spouses, or Other Relatives within Two Degrees of Kinship

Date: March 29, 2022; Unit: Share; %

Name	Shares held		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Top 10 Shareholders and Their Affiliated Persons, Spouses, or Other Relatives within Two Degrees of Kinship		Remarks
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Name	Relationship	
Chang Sing Investment Co., Ltd.	13,691,032	12.79	-	-	-	-	-	-	None
Representative: Ho, Chi-Chao	933,000	0.87	-	-	-	-	Cheng Jade Enterprise	Chairman being the same person	None
							Uranus Chemicals	Chairman being the same person	
							Ho, Chi-Cheng	Chairman	
Cheng Jade Enterprise Co., Ltd.	13,233,929	12.37	-	-	-	-	-	-	None
Representative: Ho, Chi-Chao	933,000	0.87	-	-	-	-	Chang Sing Investment	Chairman being the same person	None
							Uranus Chemicals	Chairman being the same person	
							Ho, Chi-Cheng	Chairman	
Uranus Chemicals Co., Ltd.	2,304,495	2.15	-	-	-	-	-	-	None
Representative: Ho, Chi-Chao	933,000	0.87	-	-	-	-	Chang Sing Investment	Chairman being the same person	None
							Cheng Jade Enterprise	Chairman being the same person	
							Ho, Chi-Cheng	Chairman	

Name	Shares held		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Top 10 Shareholders and Their Affiliated Persons, Spouses, or Other Relatives within Two Degrees of Kinship		Remarks
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Name	Relationship	
TransGlobe Life Insurance Inc.	1,700,000	1.59	-	-	-	-	-	-	None
Representative: Huang, Su-Kuo	-	-	-	-	-	-	-	-	None
Treasury Share-Specific Account, Coremax Corporation	1,425,000	1.33	-	-	-	-	-	-	None
Ting, Kuan-Po	1,000,000	0.93	-	-	-	-	-	-	None
JP Morgan Securities Limited Investment Limited Chase Custodial Account	959,456	0.90	-	-	-	-	-	-	None
Ho, Chi-Cheng	933,000	0.87	-	-	-	-	Chang Sing Investment Cheng Jade Enterprise Uranus Chemicals	Chairman Chairman Chairman	None
PGIM Prudential Financial Maxime Fund	868,433	0.81	-	-	-	-	-	-	None
Taiwan Enterprise Bank Insured Capital Investment Trust Market Securities Investment Fund	800,000	0.75	-	-	-	-	-	-	None

XI. Number of Shares and Consolidated Shareholding Percentage of Investee Company Held by the Company, Directors, Supervisors, and Managerial Officers of the Company, and Entities in which the Company has Direct or Indirect Controlling Interests

Total Shareholding

Date: March 29, 2022 ; Unit: thousand shares

Investees	Invested by the Company		Held by Directors, Supervisors, managerial officers, and directly/indirectly controlled entities		Aggregated investment	
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding
Coremax(BVI)Corporation	9,658	100%	-	-	9,658	100%
Heng I Chemical Co., Ltd.	41,058	82.44%	618	1.24%	41,676	83.68%
Uranus Chemicals Co., Ltd.	36,243	64.72%	3,346	5.98%	39,589	70.70%
CoreMax Ningbo Chemical Co., Ltd.	(Note 1)	100%	-	-	(Note 1)	100%
Coremax(Thailand) Co., Ltd.	70	100%	-	-	70	100%
CoreMax (Zhangzhou) Chemical Co., Ltd.	(Note 1)	82%	-	-	(Note 1)	100%
Jiangxi Tianjiang Materials Limited	(Note 1)	100%	-	-	(Note 1)	100%

Note 1: That investee is a limited company and thus no shares issued, without face value

Four. Fundraising

I. Company Capital and Shares

(I)Source of Share Capital

1. Share capital formation

Unit: NT$ thousand; thousand shares

Year/ Month	Issuance price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (thousand shares)	Amount (NT$1000)	Shares (thousand shares)	Amount (NT$1000)	Source of capital	Property other than cash provided as capital contributions	Others
1992/06	10	2,000	20,000	500	5,000	Capital increase by cash	None	Note 1
1992/09	10	2,500	25,000	2,500	25,000	Capital increase by cash	None	Note 2
1993/01	10	5,000	50,000	5,000	50,000	Capital increase by cash	None	Note 3
1995/02	10	8,000	80,000	8,000	80,000	Capital increase by cash	None	Note 4
2000/12	10	11,000	110,000	11,000	110,000	Capital increase by cash	None	Note 5
2001/10	10	15,000	150,000	12,680	126,800	Capital increase by cash	None	Note 6
2001/10	10	15,000	150,000	14,000	140,000	Surplus transferred to a capital increase	None	Note 6
2003/05	10	20,000	200,000	16,800	168,000	Surplus transferred to a capital increase	None	Note 7
2004/06	10	21,840	218,400	21,840	218,400	Surplus transferred to a capital increase	None	Note 8
2004/12	15	26,840	268,400	26,840	268,400	Capital increase by cash	None	Note 9
2005/07	10	48,000	480,000	32,458	324,580	Surplus and employees' bonus transferred to a capital increase	None	Note 10
2007/07	10	48,000	480,000	34,081	340,809	Surplus transferred to a capital increase	None	Note 11
2008/07	10	48,000	480,000	36,666	366,666	Surplus and employees' bonus transferred to a capital increase	None	Note 12
2009/09	10	48,000	480,000	38,499	384,999	Surplus transferred to a capital increase	None	Note 13
2010/05	25	48,000	480,000	41,499	414,999	Capital increase by cash	None	Note 14
2011/07	33.99	48,000	480,000	44,499	444,999	Capital increased by cash via private placement	None	Note 15
2011/12	23	60,000	600,000	48,629	486,299	Capital increase by cash	None	Note 16
2012/09	-	120,000	1,200,000	48,629	486,299	Corporate bonds	None	Note 17

Year/ Month	Issuance price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (thousand shares)	Amount (NT$1000)	Shares (thousand shares)	Amount (NT$1000)	Source of capital	Property other than cash provided as capital contributions	Others
2013/10	10	120,000	1,200,000	51,061	510,614	Capital surplus transferred to a capital increase	None	Note 18
2014/05	19.40	120,000	1,200,000	51,417	514,171	Shares converted from corporate bond	None	Note 19
2014/08	19.10	120,000	1,200,000	51,458	514,583	Shares converted from corporate bond	None	Note 20
2014/12	19.10	120,000	1,200,000	58,421	584,216	Shares converted from corporate bond	None	Note 21
2015/04	19.10	120,000	1,200,000	61,636	616,363	Shares converted from corporate bond	None	Note 22
2015/05	18.80	120,000	1,200,000	68,437	684,373	Shares converted from corporate bond	None	Note 23
2015/08	18.80	120,000	1,200,000	70,264	702,646	Shares converted from corporate bond	None	Note 24
2016/02	18.80	120,000	1,200,000	73,964	739,644	Issuance of new shares for conversion	None	Note 25
2016/05	18.20	120,000	1,200,000	74,645	746,453	Shares converted from corporate bond	None	Note 26
2016/09	18.20	120,000	1,200,000	75,714	757,144	Shares converted from corporate bond	None	Note 27
2016/11	18.20	120,000	1,200,000	75,725	757,254	Shares converted from corporate bond	None	Note 28
2017/08	53.10	120,000	1,200,000	75,797	757,977	Shares converted from corporate bond	None	Note 29
2017/11	53.10	120,000	1,200,000	86,123	861,234	Shares converted from corporate bond	None	Note 30
2018/04	53.10	120,000	1,200,000	86,473	864,737	Shares converted from corporate bond	None	Note 31
2018/05	53.10	120,000	1,200,000	86,626	866,262	Shares converted from corporate bond	None	Note 32
2018/08	53.10	120,000	1,200,000	86,747	867,467	Shares converted from corporate bond	None	Note 33
2018/11	51.80	120,000	1,200,000	86,845	868,452	Shares converted from corporate bond	None	Note 34
2018/12	75.00	120,000	1,200,000	92,845	928,452	Capital increase by cash	None	Note 35
2019/04	51.80	120,000	1,200,000	92,941	929,417	Shares converted from corporate bond	None	Note 36

Year/ Month	Issuance price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (thousand shares)	Amount (NT$1000)	Shares (thousand shares)	Amount (NT$1000)	Source of capital	Property other than cash provided as capital contributions	Others
2019/05	51.40	120,000	1,200,000	93,029	930,293	Shares converted from corporate bond	None	Note 37
2021/03	50.00	120,000	1,200,000	103,029	1,030,293	Capital increase by cash	None	Note 38
2021/12	90.00	150,000	1,500,000	107,029	1,070,293	Capital increase by cash	None	(Note 39)

Note 1:The effective (approval) date of the capital increase and document no. is June 16, 1992, (81) Chien-San-Zi-Zhi No. 244737.

Note 2:The effective (approval) date of the capital increase and document no. is Sep 2, 1992, (81) Chien-San-Gen-Zhi No. 338667

Note 3:The effective (approval) date of the capital increase and document no. is Jan 5, 1993, Jing-Tou-Sheng (82) Gong-Shang No. 0025.

Note 4:The effective (approval) date of the capital increase and document no. is Feb 13, 1995, Jing (84)Shang No. 101390.

Note 5:The effective (approval) date of the capital increase and document no. is December 15, 2000, Jing(089)Shang No. 0147030.

Note 6:The effective (approval) date of the capital increase and document no. is Oct 22, 2001 Jing (090) 09001399690

Note 7:The effective (approval) date of the capital increase and document no. is May 22, 2003, Jin-Shou-Shang-Zhi No. 09201158570.

Note 8:The effective (approval) date of the capital increase and document no. is June 14, 2004, Jin-Shou-Zhong-Zhi No. 0933224775.

Note 9:The effective (approval) date of the capital increase and document no. is Dec 15, 2004, Jin-Shou-Zhong-Zhi No. 09333184740.

Note 10:The effective (approval) date of the capital increase and document no. is July 11, 2005, Jin-Shou-Zhong-Zhi No. 09432420780.

Note 11:The effective (approval) date of the capital increase and document no. is July 17, 2007, Jin-Shou-Zhong-Zhi No. 09632446760.

Note 12:The effective (approval) date of the capital increase and document no. is July 14, 2008, Jin-Shou-Zhong-Zhi No. 09732634900.

Note 13:The effective (approval) date of the capital increase and document no. is Sep 9, 2009, Jin-Shou-Zhong-Zhi No. 09832981650.

Note 14:The effective (approval) date of the capital increase and document no. is May 20, 2010, Jin-Shou-Zhong-Zhi No. 09932061900.

Note 15:The effective (approval) date of the capital increase and document no. is August 18, 2011, Jin-Shou-Zhong-Zhi No. 10032405170.

Note 16:The effective (approval) date of the capital increase and document no. is Dec 12, 2011, Jin-Shou-Zhong-Zhi No. 10032868730.

Note 17:The effective (approval) date of the capital increase and document no. is Sep 7, 2012, Jin-Shou-Zhong-Zhi No. 10132472950.

Note 18:The effective (approval) date of the capital increase and document no. is Oct 7, 2013, Jin-Shou-Shang-Zhi No. 10201207370.

Note 19:The effective (approval) date of the capital increase and document no. is May 29. 2014, Jin-Shou-Shang-Zhi No. 10301095770.

Note 20:The effective (approval) date of the capital increase and document no. is Aug 4, 2014, Jin-Shou-Shang-Zhi No. 10301161220.

Note 21:The effective (approval) date of the capital increase and document no. is Dec 12, 2014, Jin-Shou-Shang-Zhi No. 10301244740.

Note 22:The effective (approval) date of the capital increase and document no. is April 1, 2015, Jin-Shou-Shang-Zhi No. 10401047230.

Note 23:The effective (approval) date of the capital increase and document no. is May 21, 2015, Jin-Shou-Shang-Zhi No. 10401097270.

Note 24:The effective (approval) date of the capital increase and document no. is Aug 26, 2015, Jin-Shou-Shang-Zhi No. 10401176750.

Note 25:The effective (approval) date of the capital increase and document no. is Feb 1, 2016, Jin-Shou-Shang-Zhi No. 10501020130.

Note 26:The effective (approval) date of the capital increase and document no. is May 27, 2016, Jin-Shou-Shang-Zhi No. 10501112410.

Note 27:The effective (approval) date of the capital increase and document no. is Sep 7, 2016, Jin-Shou-Shang-Zhi No. 10501217590.

Note 28:The effective (approval) date of the capital increase and document no. is Nov 11, 2016, Jin-Shou-Shang-Zhi No. 10501271160.

Note 29:The effective (approval) date of the capital increase and document no. is Aug 15, 2017, Jin-Shou-Shang-Zhi No. 10601114860.

Note 30:The effective (approval) date of the capital increase and document no. is Nov 20, 2017, Jin-Shou-Shang-Zhi No. 10601157590.

Note 31:The effective (approval) date of the capital increase and document no. is April 11, 2018, Jin-Shou-Shang-Zhi No. 10701031380.

Note 32:The effective (approval) date of the capital increase and document no. is May 9, 2018, Jin-Shou-Shang-Zhi No. 10701049330.

Note 33:The effective (approval) date of the capital increase and document no. is Aug 15, 2018, Jin-Shou-Shang-Zhi No. 10701101270.

Note 34:The effective (approval) date of the capital increase and document no. is Nov 28, 2018, Jin-Shou-Shang-Zhi No. 10701143080.

Note 35:The effective (approval) date of the capital increase and document no. is Dec 25, 2018, Jin-Shou-Shang-Zhi No. 10701160470.

Note 36:The effective (approval) date of the capital increase and document no. is April 3, 2019, Jin-Shou-Shang-Zhi No. 10801033810.

Note 37:The effective (approval) date of the capital increase and document no. is May 21, 2019, Jin-Shou-Shang-Zhi No. 10801058870.

Note 38:The effective (approval) date of the capital increase and document no. is March 8, 2021, Jin-Shou-Shang-Zhi No. 11001026500.

Note 39:The effective (approval) date of the capital increase and document no. is December 7, 2021, Jin-Shou-Shang-Zhi No. 11001222570.

2. Share type

Date: March 29, 2022; shares

Share type	Authorized capital					Remarks
	Outstanding shares		Treasury stock	Unissued shares	Total	
Common stock	Listed	Unlisted (Private placement of common stock)				
	102,454,269	3,150,000	1,425,000	42,970,731	150,000,000	Stock of publicly listed company

3. Information Related to Shelf Registration: None

(II) Shareholder Structure

Date: March 29, 2022; shares

Shareholder structure / Amount	Governmental agencies	Financial institutions	Other legal persons	Foreign institutions and foreigners	Individuals	Total
Number of shareholders	0	19	103	71	25,562	25,755
shares held	0	4,280,146	35,315,321	5,037,258	62,396,544	107,029,269
Percentage of shareholding	0.00%	4.00%	33.00%	4.70%	58.30%	100.00%

(III) Share ownership distribution

1. Common shares

Date: March 29, 2022; shares

Range of Shareholding	Number of Shareholders	shares held	Percentage of shareholding
1 to 999	9,769	891,111	0.83%
1,000 to 5,000	14,225	22,972,388	21.46%
5,001 to 10,000	963	7,344,417	6.86%
10,001 to 15,000	265	3,324,355	3.11%
15,001 to 20,000	148	2,697,343	2.52%
20,001 to 30,000	138	3,487,088	3.26%
30,001 to 40,000	44	1,611,621	1.51%
40,001 to 50,000	30	1,396,974	1.31%
50,001 to 100,000	77	5,422,357	5.07%
100,001 to 200,000	50	6,932,880	6.48%
200,001 to 400,000	26	7,834,564	7.32%
400,001 to 600,000	3	1,455,282	1.36%
600,001 to 800,000	8	5,543,544	5.17%
800,001 to 1,000,000	4	3,760,889	3.51%
More than 1,000,001	6	32,354,456	30.23%
Total	25,755	107,029,269	100.00%

2. Preference share: none

(IV) List of Major Shareholders

Date: March 29, 2022; shares

Name of Major Shareholder \ Share	shares held	Percentage of shareholding
Chang Sing Investment Co., Ltd.	13,691,032	12.79%
Cheng Jade Enterprise Co., Ltd.	13,233,929	12.37%
Uranus Chemicals Co., Ltd.	2,304,495	2.15%
TransGlobe Life Insurance Inc.	1,700,000	1.59%
Treasury Share-Specific Account, Coremax Corporation	1,425,000	1.33%
Ting, Kuan-Po	1,000,000	0.93%
JP Morgan Securities Limited Investment Limited Chase Custodial Account	959,456	0.90%
Ho, Chi-Cheng	933,000	0.87%
PGIM Prudential Financial Maxime Fund	868,433	0.81%
Taiwan Enterprise Bank Insured Capital Investment Trust Market Securities Investment Fund	800,000	0.75%

(V) Market share price, net worth, earnings, dividend and relevant information for the most recent two years

Unit: thousand shares; NT$;

Item \ Year			2020	2021
Stock price per share	Highest		78.50	176.5
	Lowest		30.65	57.7
	Average		59.05	101.65
Net value per share	Prior to distribution		34.97	44.11
	After distribution		30.4	(Note 1)
Earnings per share (EPS)	Weighted average outstanding shares		89,771	99,137
	Earnings per share (EPS)		1.73	4.67
Dividend per share	Cash dividends		1.2	(Note 1)
	Bonus shares	From earnings	-	-
		From capital reserves	-	-
	Cumulative unpaid dividends		-	-
ROI Analysis	Price earnings ratios		34.13	21.77
	Price to dividend ratio		69.21	(Note 1)
	Dividend Yield		2.03%	(Note 1)

Note 1: The figures of earning distribution have been approved by the Board of Directors, and to be concluded upon the resolution of the shareholders' meeting.

Note 2: Price/Earnings Ratio = Average Closing Price for the Year / Earnings per Share
Note 3: Price to dividend ratio = Average closing price for the period / Cash dividend per share.
Note 4: Dividend Yield = Cash dividend per share / Average closing price for the period.

(VI) The Company's Dividend Policy and Implementation Status:

1. Pursuant to the dividend policy set for in Article 28 of the Articles of Incorporation

If there is a surplus in the Company's annual settlement, tax shall be paid as required by laws. After offsetting the accumulated losses, another 10% shall be appropriated as the legal reserve. However, when the legal reserve has reached the Company's paid-in capital, the appropriation may be exempted; and the rest shall be appropriated or reversed as the special reserve pursuant to laws and regulations; if there is a balance, with the accumulated undistributed surplus, the Board of Directors shall propose a profit distribution and submit to the shareholders meeting to resolve the distribution of dividends to shareholders.

Because the Company is still in the growth stage, there will be capital needs for expansion of production lines and increased investment in the next few years. Based on capital expenditures, business expansion, and sound financial planning, the Company seeks stable development. Based on the distributable profit in the preceding paragraph, more than 10% of dividends may be distributed to shareholders, but when the distributable profit is less than 30% of the paid-up share capital, it may not be distributed; when the Company distributes stock dividends and cash dividends at the same time, the cash dividend distributions shall be no less than 20% of the total dividends distributable to the shareholders.

2. The proposed distribution of dividends

The proposed dividend is to be paid in cash in the amount of NT$316,813 thousand from the FY2021 earnings, with the dividends for each share proposed to be paid in cash to the amount of NT$3. The proposed dividend has been approved by the Board of Directors on February 25, 2022 and is proposed to be submitted to the shareholders' meeting for approval.

(VII) The impact on the operating performance of the Company and earnings per share by the proposal of the Shareholders' Meeting to issue bonus shares: Not applicable.

(VIII) Employees Bonus and Directors Remuneration

1. Employees' and directors' compensation policies as stated in the Articles of Incorporation:

If there is a profit in the year, the Company shall allocate no less than 1.5% of the profit as employees' remuneration. The remuneration to employees will be distributed in shares or cash by a resolution made by the board of directors. Employees in subordinate companies who meet certain criteria are entitled to receive remuneration. The Company may have the Board of Directors resolve to appropriate no more than 5% of the aforementioned amount as the directors' remuneration. The distribution of employees' and directors' remunerations shall be reported in the Shareholders' Meeting.

Where there is an accumulated loss, the profit shall be reserved to make up for the loss before appropriating the employees' and directors' remunerations.

2. The estimation basis of the remuneration for employees, and Directors for the current period, the computation basis for employees' remuneration distributed in shares, and accounting treatments for any discrepancies between the amounts estimated and the amounts disbursed:

   In case that any difference occurs, it will be treated as the difference of accounting estimates of the year when the shareholders' meeting is resolved.

3. Employees remuneration proposal passed by the Board of Directors:

   (1) The Company approved the distribution in the board meeting on February 25, 2022. The employee remuneration for 2021 was NT$8,800,000 and directors' remuneration would not be distributed.

   (2) The amount of employee remuneration distributed by shares and its proportion to the sum of parent company-only or individual financial statement net profit after-tax and total employee remuneration for the current period: Not applicable.

4. Actual disbursement of employee bonus and remuneration to Directors for the preceding year (including employee stocks, cash disbursement and share prices). In circumstances where any differences between the actual distributed and recognized amount, the difference, reasons and handling of such matter shall be stated as follows:

   On February 26, 2021, the Board of Directors approved NT$6,000,000 of employee remuneration for FY2020, which would be paid in cash and the remuneration of directors and supervisors would not be distributed. There is no difference between the actual distribution situation and the amount approved by the Board of Directors.

(IX) Share Repurchase by the Company

Count of share repurchase	1st meeting
Objective of repurchase	Transfer shares to employees
Buyback period:	March 19, 2020 to May 18, 2020
Price bracket of shares repurchased	NT$ 25.41 to 91.73 per share

Type and number of shares repurchased	2,025,000 common shares
Amount of shares repurchased	NT$115,747,975
Amount of shares repurchased to Estimated number of shares repurchased (%)	50.63%
Shares written-off and transferred	600,000 Shares (Note)
Cumulative shares of the Company held	1,425,000 shares
Ratio of the cumulative number of shares held by the Company to the total number of shares issued (%)	1.33%

Note: The transfer of treasury stock to employees in 2021 occurred on November 18, 2021.

II. Issuance of corporate bonds (offshore corporate bonds included):

(I) Corporate Debt of the Company

Corporate bonds	Third secured corporate bond
Issue date	2021/10/28
Nominal value	Each bond has a nominal value of NT$100,000
Issuance and Trading Location	Taiwan, R.O.C.
Issuance price	Issued at nominal value
Total amount	NT$700 million
Interest rate	0%
Maturity	5 years Maturity date: 2026/10/28
Guaranteed By	Chang Hwa Commercial Bank, Ltd.
Trustee	Mega International Commercial Bank Trust Department
Underwriters	Fubon Securities Co., Ltd.
Certifying Lawyer	Hwecker Law Firm Huang, Tai-Yuan, Attorney at Law
Attesting CPA	KPMG Taiwan Yu, Wan-Yuan; Yu, Chi-Lung
Method of Repayment	The bond of the Company may be converted into shares of our common stock at the conversion price in lieu of principal repayment from the day after the first month from the issue date until 10 days before the maturity date.
Outstanding Principal	NT$700 million
Terms of Redemption or Early Settlement	In accordance with Article 18 of the "Regulations Governing the Issuance and Conversion of Corporate Bonds" of the Company
Covenants	None
Credit rating agency name, rating date, and Corporate Bond Rating Results	None

Other equity interests	Amount of ordinary shares, overseas depositary receipts or other marketable securities converted (exchanged or warrants) as of the date of printing of the annual report	As of March 29, 2022, bondholders applied for conversion of 0 shares of common stock with a nominal value of NT$10 per share.
	Issuance and Conversion (Exchange or Stock Purchase)	are carried out in accordance with the "Regulations Governing the Issuance and Conversion of Corporate Bonds" of the Company
The method of issuance and conversion, exchange or stock options, the possible dilution of shareholdings by the terms of issuance and the effect on the interests of existing shareholders		No material impact
Name of the custodial institute for the exchange of the subject		Not applicable.

(II) Conversion of Corporate Bonds

Corporate bonds		Third Secured Convertible Corporate Bonds	
Year / Item		2021	Jan 1 to Mar 29, 2022
Market value of convertible bonds	Highest	161.00	156.00
	Lowest	127.60	154.00
	Average	149.47	155.00
Conversion price		108.50	
Issue date		October 28, 2021	
Conversion price at issuance		110.00	
Fulfillment of conversion obligations		Issuance of new shares	

III. Preferred shares: none

IV. Global depository receipts: none

V. Subscription of warrants for employee: none.

VI. New employee restricted shares: none.

VII. Issuance of new shares regarding acquisitions of the other companies: none.

VIII. Implementation of the company's capital allocation plans: none

Five. Overview of Business Operations

I. Description of the business:

(I) Description of the business:

1. Scope of business

(1) The Company's business scope:

A. Basic Chemical Industrial

B. Other Chemical Materials Manufacturing

C. Industrial and Additive Manufacturing

D. Wholesale of Industrial Catalyst

E. Wholesale of Chemical Feedstock

F. Wholesale of Other Chemical Products

G. Retail Sale of Industrial Catalyst

H. Retail Sale of Chemical Feedstock

I. Retail Sale of Other Chemical Products

J. Electronics Components Manufacturing

K. Manufacture of Batteries and Accumulators

L. Fertilizer Manufacturing

M. Environmental Agents Manufacturing

N. Cosmetics Manufacturing

O. International Trade

P. Precision Chemical Material Manufacturing

Q. Waste Disposing

R. Waste Treatment

S. Wholesale of Fertilizer

T. Wholesale of Environmental Agents

U. Wholesale of Cosmetics

V. Retail Sale of Fertilizer

W. Retail Sale of Environmental Agents

X. Retail Sale of Cosmetics

Y. Synthetic manufacturing and domestic and foreign sales of oxalic acid

Z. Manufacturing and trading of organic, inorganic acids and other salts

AA. Manufacturing and trading of Rare Earths compounds and their crystals (except metals)

AB. All business items that are not prohibited or restricted by law, except those subject to special approval.

(2) Business weight of major products

Unit: NT$ thousands

Year / Product	2021	
	Net operating revenue	Weight (%)
Oxidation catalysts	1,157,269	15.77%
Power battery materials	4,321,046	58.88%
Fertilizer	581,524	7.92%
Specialty chemical materials	1,049,113	14.30%
Others	229,831	3.13%
Total	7,338,783	100.00%

3. Current product (service) range

By the product and industry, the Company's major products may be categorized into the following five categories:

①Oxidation catalysts

A. Cobalt acetate crystal/solution

B. Manganese acetate crystal/solution.

C. Cobalt manganese acetate solution.

D. Cobalt manganese acetate (bromine) solution.

E. Cobalt bromide solution.

F. Manganese bromide solution.

G. Recover the cobalt, manganese and bromine acetate solution.

②Power battery materials

A. Nickel sulfate crystals.

B. Cobalt sulfate crystallization.

C. Electronic grade cobalt oxide

D. Battery grade cobalt oxide

E. Battery grade cobalt hydroxide

③Fertilizer

A. Straight fertilizer.

B. Compound fertilizer.

C. Contain organic compound fertilizer.

④Specialty chemical materials

A. Ceramic grade cobalt manganese oxide.

B. Ceramic grade cobalt oxide.

C. 98% sulfuric acid

D. Electronic grade sulfuric acid

E. Oxalic acid aqueous solution.

F. Chromium etching solution.

G. Potassium hydroxide / sodium hydroxide.

H. Cerium ammonium nitrate.

I. Sodium carbonate.

J. Cerium sulfate.

K. Stannous Chloride

L. Ammonium cerium nitrate

M. Oxalic acid.

⑤Other chemicals

A. Reclaimed waste sulfuric acid

4. New products development (service)

①Assist customers to establish a highly efficient catalyst reclaim system.

②R&D of new products

Develop new specifications to help customers improve their product characteristics and further expand the market.

③Continue to develop cathode materials for secondary lithium batteries:

The Company's secondary lithium battery cathode materials have been mass-produced and delivered and are currently cooperating with secondary lithium battery manufacturers to develop higher-end cathode materials.

④Reclaim waste sulfuric acid

⑤Develop the circular economy services.

2.Industry overview

(1). Current and future industry prospects

The Company is mainly engaged in the research and development, manufacturing and sales of oxidation catalysts and power battery materials. Its subsidiaries Heng I Chemical Co., Ltd. (hereinafter Heng I Chemical) and Uranus Chemicals Co., Ltd.| (hereinafter Uranus Chemicals focus on the production of chemical fertilizers, chemical raw materials and oxalic acid, respectively. The following describes the industry overview of the Company and its subsidiaries' main products, namely oxidation catalysts, power battery materials, fertilizers and specialty chemical materials:

①Oxidation catalysts

The Company's oxidation catalyst is used in the chemical fiber industry. The main products are cobalt manganese acetate (bromine) solution, crystalline cobalt acetate and manganese acetate. Cobalt manganese acetate (bromine) solution is an important catalyst raw material for the production of purified terephthalic acid (PTA), and is the main catalyst material sold by the Company; crystalline cobalt acetate and manganese acetate may also be used alone as a whitening agent and catalyst in the polyester process and are indispensable upstream raw materials for the polyester chemical fiber industry.

PTA is a derivative product of aromatic hydrocarbons. It is an important monomer of petrochemical raw materials. It belongs to the petrochemical intermediate product series, and Para-Xylene (hereinafter referred to as PX) is the main raw material. The PTA process is to oxidize the mixture of PX, acetic acid and catalysts solvent under high temperature and appropriate pressure, and then catalyze with pure water and catalyst to react with hydrogen; through a series of crystallization and separation processes for purification and refining, the PTA is obtained. In the PTA process, the catalyst plays a role in speeding up the reaction and improving production quality; it is also an indispensable raw material for the PTA process. Therefore, the supply and demand situation of the PTA industry closely influences the market demand for oxidation catalysts.

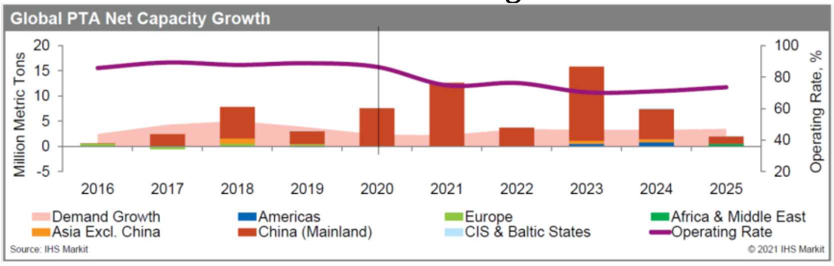
According to the IEK industry report, more than 90% of the world's PTA is used to produce polyethylene terephthalate (i.e, polyester; hereinafter referred to as polyester or PET) materials, which is an important raw material for the artificial fiber industry. Polyester is polymerized with PTA and ethylene glycol (EG), and then processed to produce polyester fiber or polyester pellets. Currently, the PTA produced is mainly used to produce polyester fibers for manufacturing non-woven fabrics, garment materials, tire cords and car seat belts. In contrast, polyester pellets are used in PET bottles, polyester films, media audio-video equipment, medical X-ray films and packaging materials, among other things.

(A) Overview of the global PTA industry

At present, the global PTA supply sources are mainly located in China, Taiwan, South Korea and other Southeast Asian countries; in particular, China's capacity and consumption are both No. 1 in the world. With China's economic growth, the demand for PTA has risen sharply every year. At that time, the high profits, high growth and the gap of market supply and demand attracted a massive investment and expansion boom, and thus the total capacity far exceeded that of other countries.

With the massive expansion of production in China in recent years, the global supply of PTA has increased greatly, exceeding the total global demand, resulting in excess capacity, but PTA is an important raw material for polyester production, widely used in textiles, packaging, electronics, construction and other daily products. And IEK research report published by the ITRI pointed out that in 2020, due to the impact of the epidemic,industrial packaging materials such as agricultural packaging bags, bottles and cans and saw resurgent demand, the global demand for polyester showed growth, pushing up the market demand for PTA. The research institute 360 Research Reports predicted that the global PTA output value compound annual growth rate of 2.8% to 2025, and is expected to reach US$47.2 billion in 2025.

Global PTA Production and Changes in Demand



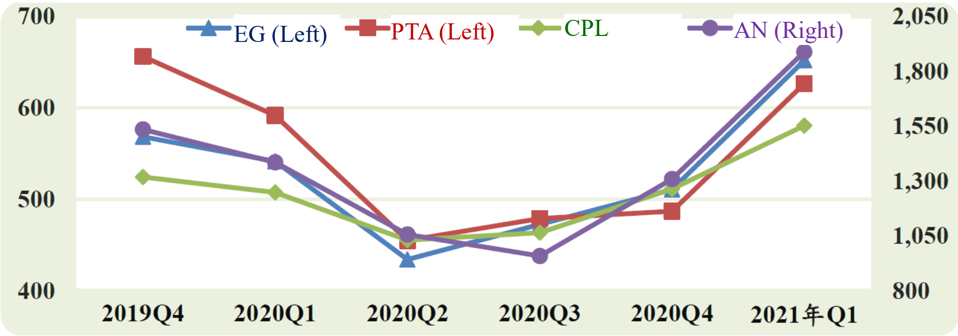
Source: WPC2021; collated by IEK(2021)

(B) Overview of the domestic PTA industry

The domestic PTA is led by three major companies, namely Formosa Chemicals & Fibre Corporation (Stock code: 1326, “FCFC”), Oriental Petrochemical (Taiwan) Co., Ltd., and China American Petrochemical Co., Ltd. In recent years, due to the rapid increase in China's capacity and the slowdown in market demand for PTA, major domestic PTA manufacturers have responded to the market's excess supply by reducing production and closing plants.

According to the Industrial Economics Database of the Taiwan Institute of Economic Research, in terms of domestic bulk petrochemical raw materials as a whole, due to the continuous expansion of China's polyester production capacity from 2019 onwards, coupled with the significant increase in demand for PTA in Vietnam, PTA, EG output ratio increased significantly. In 2021, under the influence of global economic growth and energy supply reduction, the price of artificial fiber raw materials was pushed up, and the price of PTA products increased by 3.51% in the first quarter, coupled with the continuous growth of the terminal demand for domestic industrial packaging materials, the production volume of PTA also increased compared with the same period in 2020; the annual growth rate of January to February 2021 reached 19.90%. In the future, it is expected that with the increase in vaccination rates and global economic rebound, the production price and volume of artificial fiber raw materials including PTA will maintain steady growth.

Price Trends of Specific Products of the Domestic Artificial Fiber Raw Material Manufacturing Industry

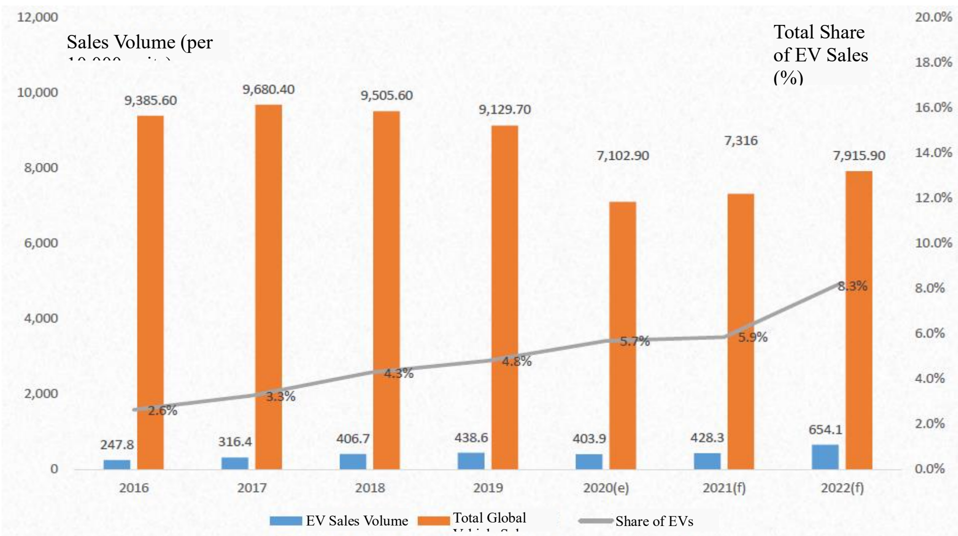


Sources: Taiwan Industry Economics Services, TIER (2021/04)

②Power battery materials

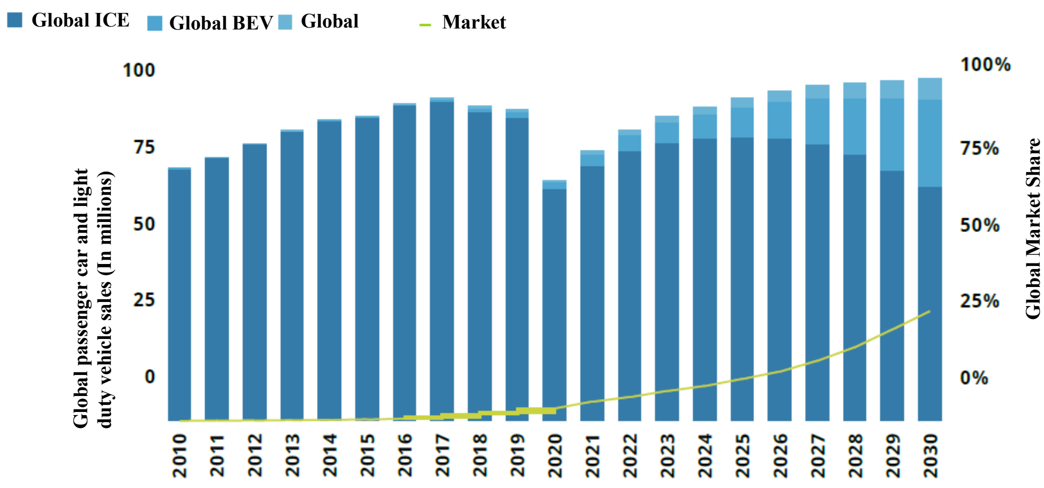
In recent years, increasing attention has been paid to environment protection by the global community; 171 countries around the world signed the Paris Convention which sets the goal to achieve an average of 40% emissions reduction target from 2015 to 2025. It will be difficult to meet the goal if fuel vehicles remain the main forms of transport. Therefore, hybrid vehicles (HEV) or pure electric vehicles (EV) are the future trend of vehicle development, and countries are gradually putting forward the target time frame and subsidy schemes for the full electrification of newly sold vehicles. In Europe, from 2021, if a vehicle manufacturer fails to meet the average of 95 grams of CO2 emissions per kilometer in Europe, a fine of 95 euros multiplied by the sales volume will be imposed for every gram in excess of the standard. Under the pressure of fines, car manufacturers are actively developing and launching electric vehicles. According to statistics from the Industry, Science and Technology International Strategy Center (IEK) of the Industrial Technology Research Institute (ITRI), Germany, France and the United Kingdom EV sales benefited from subsidies in 2020, with a sales growth rate of over 100%. Global EV production is estimated to reach 50 million units by 2040, totaling $2.1 trillion.

Overview of global electric vehicle sales volume and share in recent years



Source: Taiwan Industry Economics Services, TIER (2021/03)

Annual sales of electric passenger vehicles and light commercial vehicles

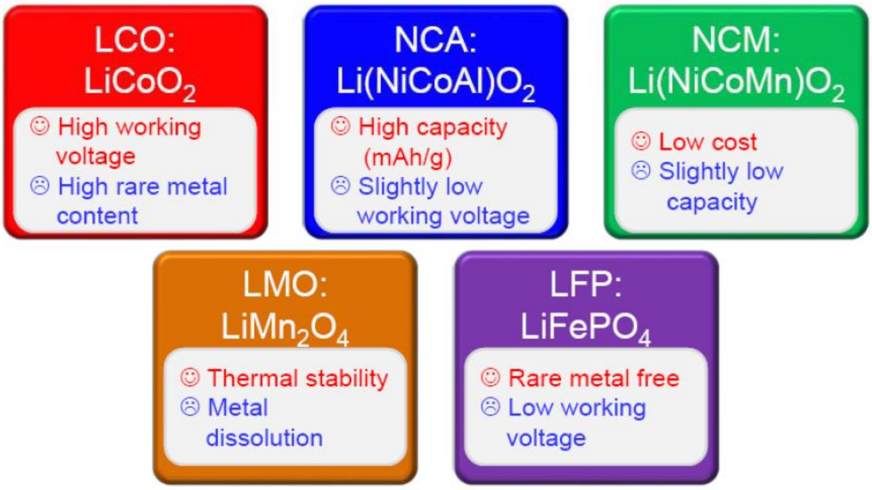


Source: Deloitte analysis, HIS Markit EV-Volumes.com[18]

The EV battery is a battery module specifically used for electric vehicles, which still accounts for 35% of the total cost of an electric vehicle and is directly correlated to the total price of the vehicle. In addition, battery performance directly affects the range of the vehicle, and battery charging efficiency and the ability to withstand extreme environments are important factors for consumers to consider; higher energy and power density requirements make EV batteries a key issue for vehicle manufacturers, and more and more battery suppliers are involved in the development of better EV batteries. EVs require much more batteries than consumer electronics products, which has driven exponential demand for lithium batteries.

At present, mainstream EV batteries generally adopt the relatively mature lithium-ion technology. The key raw materials used in lithium-ion battery are cathode materials, electrolytes, anodes and separators. The mainstream cathode materials of lithium-ion batteries in the market can be divided into lithium cobalt batteries (hereinafter referred to as LCO), lithium manganese batteries (hereinafter referred to as LMO), and ternary lithium cobalt nickel aluminum batteries (hereinafter referred to as NCA). ternary nickel-cobalt-manganese batteries (hereinafter referred to as NCM) and lithium iron phosphate batteries (hereinafter referred to as LFP), of which ternary lithium ion batteries occupy a dominant position in the EV battery market with a proportion of 6-7%. The EV battery materials produced by the Company are mainly used as cathode materials for ternary lithium batteries (NCA and NCM).

Comparison of the characteristics of lithium battery cathode materials



Source: Panasonic

According to the Yano Research Institute, the market size of lithium-ion battery cathode materials increased by 8.5% to US$12.507 billion in 2020 due to the demand for electric vehicles in China and Europe. Automotive demand will continue to be the driving force behind the growth of the lithium-ion battery materials market after 2021. The anode materials market is expected to grow by 18.0% annually to US$14.759 billion in 2021 and expand to US$25.273 billion in 2025.

③Fertilizer

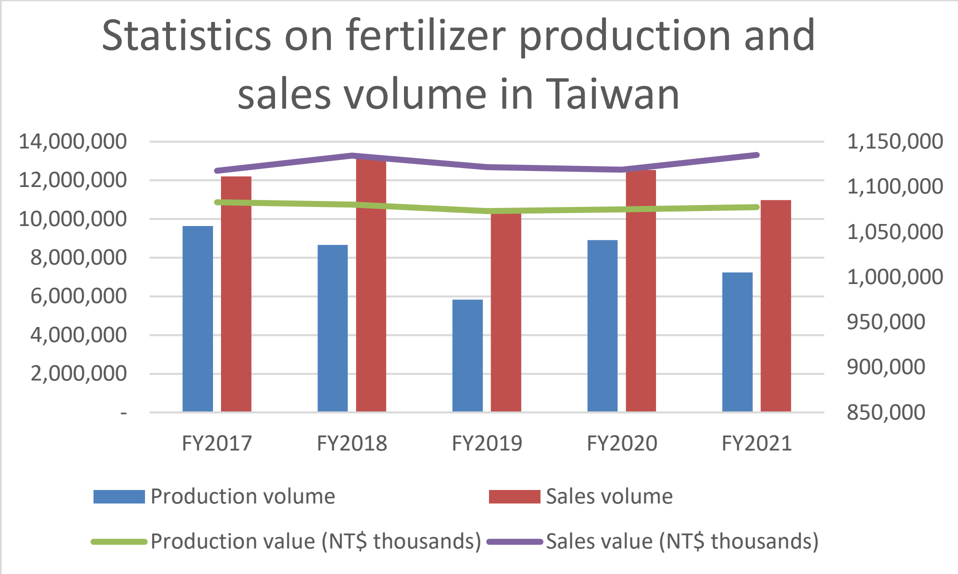
Fertilizers are divided into straight fertilizers and compound fertilizers. Straight fertilizers are made from a single component of nitrogen, phosphorus and potassium, such as urea, ammonium sulfate, potassium chloride, potassium sulfate and calcium superphosphate, etc. Compound fertilizers are made from a mixture of nitrogen, phosphorus and potassium, and different compound fertilizers are used according to the needs of planting crops, soil and nutrients.

Statistics on the production and sales of ammonium sulfate (straight fertilizer) in Taiwan from 2017-2021

Unit: tons; %

Year	Production volume	Annual increase (decrease)	Sales volume	Annual increase (decrease)	Weight of export
2017	668,561	25.80	585,809	21.87	0.00
2018	640,019	(4.27)	572,479	(2.28)	0.00
2019	546,046	(14.68)	484,475	(15.37)	0.00
2020	384,749	(29.54)	339,195	(29.99)	4.86
2021	503,673	30.91	445,515	34.29	4.77

Source: Department of Statistics, MOEA



Source: Department of Statistics, MOEA

In recent years, domestic demand for fertilizers has declined due to the influence of the domestic policy of moderating fertilizer application and the promotion of organic fertilizers. According to the statistics of the Industrial Production, Sales, and Inventory Dynamics Survey of the Department of Statistics of the Ministry of Economic Affairs, the overall production and sales of fertilizers showed a downward trend from 2017 to 2020, but there is still a certain demand for chemical fertilizers, so their production and sales are still stable overall. However, according to the analysis of Industrial Economics Database of the Taiwan Institute of Economic Research, the decline in 2020 years was attributed to the COVID-19 epidemic in major exporting countries such as Japan, Vietnam, and Malaysia, etc. As the pandemic subsided in 2021, coupled with the abnormal climate disturbance from the fourth quarter of 2020, the reduction of global crop supply has pushed up food prices, which increase farmers' willingness to cultivate. Areas under cultivation will increase, and the industry demand will rebound from the bottom. It is estimated that the annual growth rate of sales value will turn to a modest growth trend.

④Specialty chemicals and others

The main specialty chemical materials produced by the Company include cobalt hydroxide, sulfuric acid and oxalic acid.

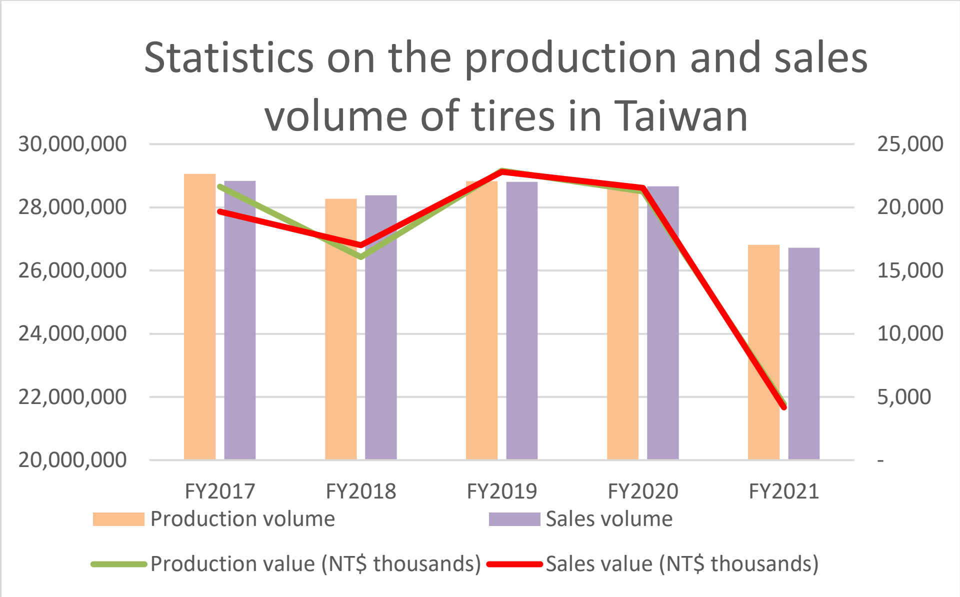
(A) Sulfuric acid

Heng I Chemical, a subsidiary of the Company, is engaged in the recovery of 98% sulfuric acid, electronic grade sulfuric acid and waste sulfuric acid, and has the capability to self-produce and sell sulfuric acid. In recent years, the dumping of imported sulfuric acid has impacted the price of sulfuric acid in the domestic market. Because the price-cutting competition of imported sulfuric acid cannot be weathered, the Company has developed electronic-grade sulfuric acid to avoid the red sea market of price-cutting competition.

Compared with 98% sulfuric acid, electronic-grade sulfuric acid is mainly used for cleaning, exposure and corrosion of silicon wafers, corrosion of printed circuit boards and electroplating cleaning, which is more technically difficult to produce. Its advantages include higher production process safety, higher product purity and lower impurity ion content, which makes it more suitable for the production of semiconductor circuits.

(A) Cobalt hydroxide

The cobalt in hydroxide products produced by the Company are not only used as raw materials for secondary lithium-ion battery cathode materials, but are the main chemical materials of Metal Carboxylates, which is used as adhesion promoters for rubber and steel wire belt in the tire industry, so they are closely related to the production and sales of the tire market.



Source: Product statistics, Department of Statistics, MOEA

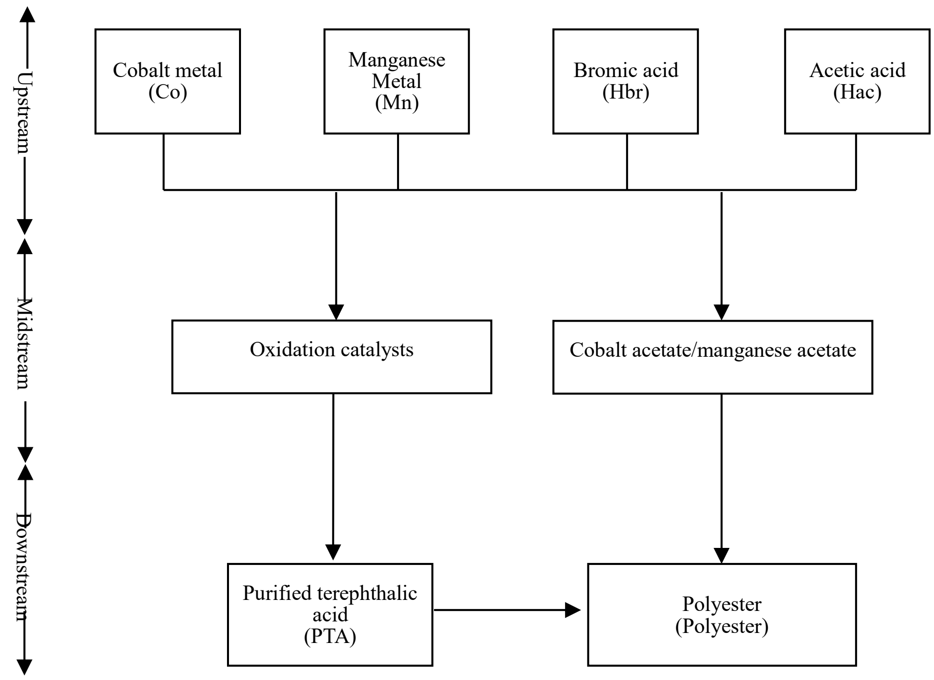
Although the domestic tire market continues to face competition from imported tires in recent years, coupled with the shrinking production and sales of domestic fuel motorcycles and scooters, the strong growth momentum of electric scooter production and sales has supported the sales performance of tires in the domestic market. In 2020, as the domestic COVID-19 epidemic situation remained relatively mild, and benefiting from the surging demand for domestic travel, more and more people were willing to drive for commute or travel, which helped boost demand for tires. However, production at overseas car factories was for a time suspended, which was further exacerbated by the crowding out effect of increasing Chinese tire exports, making Taiwan's tire manufacturing industry sales value see a small decline of 1.16%. In addition, in June 2020, the U.S. International Trade Commission (ITC) and the Department of Commerce launched an investigation into the dumping of passenger car and light truck tires from Thailand, South Korea, Taiwan and Vietnam to the United States. The preliminary results came out at the end of December 2020, whereby the Taiwan tire industry was unexpectedly imposed with relatively high export tariffs, resulting in a significant decline in tire exports to the United States in early 2021. Nevertheless, the industry was able to adjust through tweaking overseas production capacity, coupled with the resurgence of the car market and other favorable factors, with indications that the tire industry is expected to recover and stabilize this year.

(C) Oxalic acid.

The oxalic acid produced by the Company's subsidiary, Uranus Chemicals, is mainly divided into industrial oxalic acid and refined oxalic acid. Industrial oxalic acid is used in pharmaceuticals, separation and purification of rare earth elements, fine chemicals, textile printing and dyeing and other industries The refined oxalic acid, on the other hand, is the high-purity oxalic acid product generated by refining of industrial oxalic acid, and used in the fields of PTA catalyst recovery, circuit and electronic product cleaning, cobalt salts, electronic ceramics, magnetic materials, alloy powder materials and lithium battery cathode materials.

(2) Links between the upstream, midstream, and downstream segments of the industry

①Oxidation catalysts



(A) Upstream industry

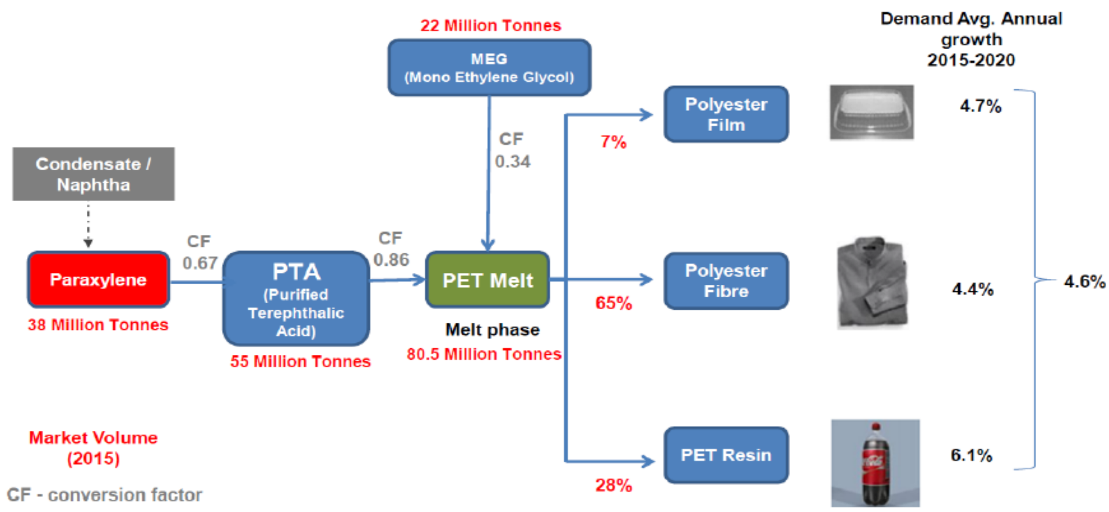
The raw materials for the production of the oxidation catalyst are mainly cobalt metal, manganese metal, hydrobromic acid and acetic acid. The main products are cobalt manganese acetate (bromine) solution and crystalline cobalt acetate and manganese acetate. Since there are no domestic mineral resources of cobalt metal and manganese metal, the raw material must be completely imported. The global cobalt metals are mainly distributed in Africa (Congo, Zambia, and Morocco), Australia and China. The cobalt metal is obtained through extracting from nickel ore and copper ore, with only about 2% content. The risk of this raw material is a supply issue. If the raw material is purchased from a single or very limited number of suppliers, it is possible that the supplier's plants may be unexpectedly shut down, and annual services will result in insufficient supply; the fluctuations in crude prices and petrochemical raw materials prices will also directly affect the price of PX, the upstream raw material of PTA, and therefore also affects the cost of PTA's raw materials.

(B) Midstream industry

90% of the global PTA is used in the production of PET. PET is processed into polyester fiber or pelletized into polyester pellets. The main operational risks of PTA are the supply and demand in the international market and the situation of foreign anti-dumping investigations. In recent years, China has released significant PTA capacity, which has caused a serious imbalance between supply and demand in the global market, which in turn has also squeezed out the output of Taiwan's PTA suppliers. Until the large Chinese manufacturers have implemented a joint production reduction strategy, and some PTA companies have suspended work due to certain reasons in 2015, the problem of PTA supply imbalances that affected both upstream and downstream industries was mitigated. In a nutshell, the PTA industry is deeply affected by the supply and demand situation in the international market, and if any country implements anti-dumping investigations will directly affect the production and sales of Taiwan's PTA industry.

(C) Downstream industry

PTA downstream application



Source: ICIS; ITRI IEK (2016 /09)

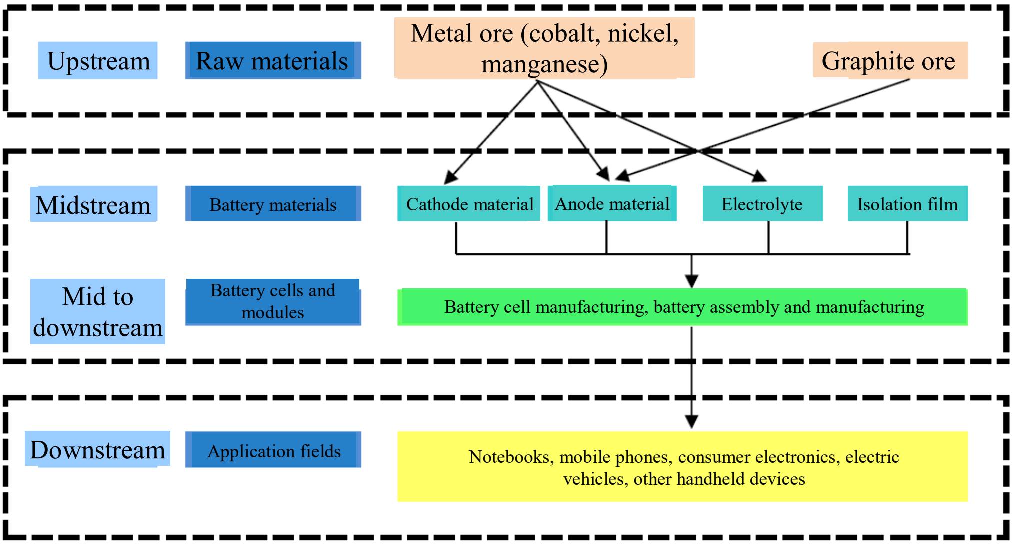
PET series are divided into two categories: polyester fiber and polyester pellets. Polyester fibers are mainly used in the production of civilian clothing, non-woven fabrics, garment materials, tire cords and car seat belts. In contrast, polyester pellets are used in PET bottles, polyester films, media audio-video equipment, medical X-ray films and packaging materials, among other things.

Downstream products provide huge demands for PTA raw materials. If the downstream industry expands production, it will drive the increase in PTA demand at the upstream and midstream. For example, the recovery of the Vietnamese textile industry in 2016 drove the import demand for raw materials in the upstream and midstream. Still, if the domestic downstream processing industry moves abroad, it will also directly affect the demand for domestic raw materials.

Based on the research report of the Industrial Economics Database of the Taiwan Economic Research Institute, it is expected that the orders from downstream apparel brands will show a slight increase, which will help to drive the demand of the textile industry. In addition, the industry players are actively deploying high value-added processed silk products, so the demands for functionalities and the processed silk products with special specifications are expected to grow optimistically, and it will also help the demand for upstream and midstream raw materials.

②Power battery materials

Battery Materials Industry Structure



Source:Fubon Securities

(A) Upstream industry

The raw materials required for cathode materials are mainly mineral resources such as cobalt metal, nickel metal, manganese metal and iron metal, which are mainly concentrated in Africa, Australia and South America. Among them, the Company’s main purchase of raw materials is mainly cobalt metal and nickel metal. As all domestic raw materials must rely on imports, the operating risk is the price fluctuation in the international raw material market. The Company maintains a good relationship with suppliers and signs supply contracts. If the quantity is insufficient, it will be purchased in the spot market, and there is no risk that may affect the operation.

(B) Midstream industry

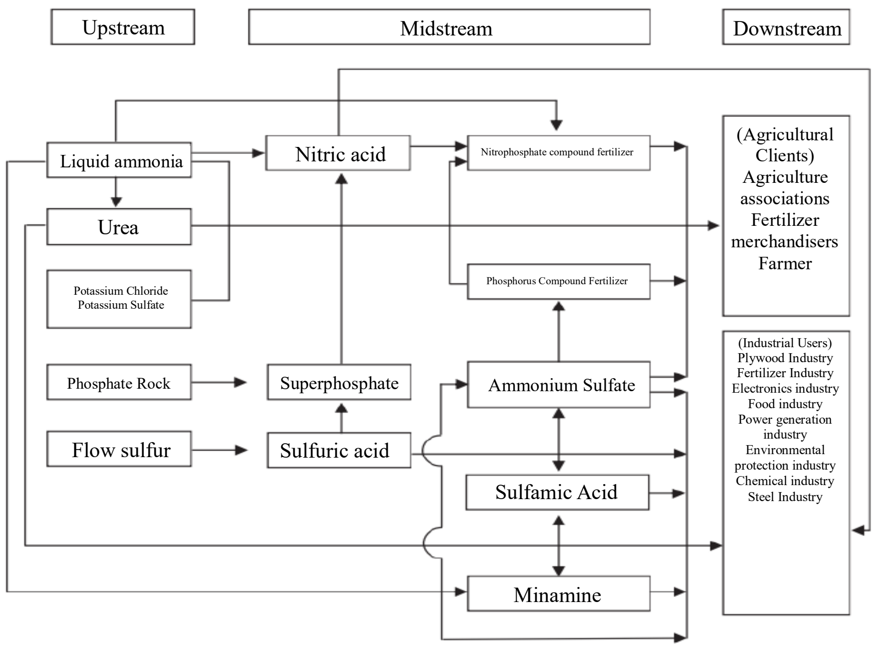
The midstream products of the battery materials include battery cell modules, power component modules, battery charging systems, power motor modules, vehicle electrical component modules, smart vehicle electrical systems and other components, battery systems, power supply related and other peripheral components. As lithium battery modules and battery management systems directly affect the overall battery operation efficiency and safety, global automakers mostly obtain core battery technologies through self-investment, mergers and acquisitions, and technical cooperation to expand battery capacity for meeting their own electric vehicle production needs.

(C) Downstream industry

Lithium batteries are widely used, mainly in 3C products and electric vehicles. Downstream operational risks are mainly the rise of new business models and national policy factors. Due to the global emergence of new business models such as separation of vehicle and power, battery leasing, and car sharing, it is favorable to expanding the penetration of the electric vehicle market and driving the demand for downstream products in Europe and China, including electric buses, electric vehicles, electric scooters and golf carts. In terms of national policies, for example, advanced countries have successively launched electric vehicle subsidy programs, and China has also introduced vehicle purchase subsidies, tax reductions, R&D support, consumer incentives, and imposed the "Key Special Implementation Plan under the National Key R&D Program for New Energy Vehicle." The international forecasting agency, IHS Markit, predicts that the global pure electric vehicle will reach 10 million units in 2025, accounting for 9.7% of the global auto market. The downstream electric vehicle industry is booming, which will simultaneously drive the demand for lithium batteries in the upper and midstream.

Overall, although the domestic industry is not complete, the government actively guides and assists industry players in research and development. The upstream industry should gradually establish its required foundation. In the future, once the upstream, midstream and downstream industry players master the relevant technologies, it will be beneficial to the development of domestic lithium batteries and peripheral industries.

③Fertilizer



Source: Industrial Economics Database, Taiwan Institute of Economic Research

The Company's subsidiary, Heng I Chemical, mainly purchases potassium chloride and urea. Due to the lack of fertilizer raw materials in Taiwan, almost all purchases of material must rely on overseas imports. Therefore, price fluctuations in the international market will easily affect the cost of raw materials. The Company's subsidiary, Heng I Chemical, maintains a good cooperative relationship with its suppliers and signs supply contracts every year to ensure sufficient supply.

Fertilizers are closely related to people's livelihood and farming. Due to the continuous growth of the global population, climate change, and the liberalization of agricultural product trade, the demand for food farming has increased. However, after the government joined the WTO, the opening of agricultural product importation has affected Taiwan's agricultural development. Combining the government's farmland fallow policy, the domestic arable land area has been gradually decreasing, resulting in a trend of decreasing fertilizer demand year by year. Due to the long-term government constraints on domestic fertilizer prices, lack of labor in rural areas and rising wages, and mechanized farming replaces manpower, the demand for compound fertilizers is increasing year by year, and the demand for straight fertilizers is shrinking year by year. The domestic compound fertilizer industry is fiercely competitive

The main downstream operating risk is the market demand factor. In order to promote domestic organic agriculture and maintain the production environment, improve the soil fertility of farmland, encourage farmers to apply organic compound fertilizers, and reduce the amount of chemical fertilizers, the Council of Agriculture, Executive Yuan launched a new agricultural program, initiating a number of environmentally friendly farming fertilizer subsidy measures. Under the promotion of rational fertilization and organic fertilizer policies, the domestic application of chemical fertilizers has declined. However, because chemical fertilizers still have a good effect on planting crops, the impact on the fertilizer demand impact should be limited in the short term.

④Specialty chemicals and others

The upstream raw material of the cobalt hydroxide produced by the Company is cobalt metal. Because cobalt metal is a strategic metal, it is mainly distributed in Africa, America, Australia and China. The Company signs contracts with suppliers to reduce the risk of price fluctuations when purchasing cobalt metal. The midstream is the production of metallic cobalt soap. The Company's downstream end application is mainly the adhesion promoters to rubber and steel wire belt. The operating risk is affected by the supply and demand of the downstream tire industry. In recent years, the Sino-US tire trade friction has been intensified, coupled with the temporary anti-dumping duties imposed by the European Union on China, to crack down on oversupply in the Chinese market, resulting in a slowdown in the supply in the Chinese market. However, Taiwanese companies have benefited from the relief of the crowding-out effect of Chinese supply, and the tire industry's export volume has begun to grow, which has also driven upstream demands of advanced materials.

For the Company’s subsidiary Heng I Chemical’s electronic grade sulfuric acid, the major operating risk is affected by the needs of end customers. Its major client is Taiwan Mitsubishi Chemical, and ultimately provides electronic grade sulfuric acid for the semiconductor industry’s advanced processes. Since TSMC has successive plant expansion plans and capacity demands, electronic grade sulfuric acid production demand is expected to further increase.

The Company's subsidiary, Uranus Chemicals, produces industrial oxalic acid, which is used to produce various chemical products such as oxalate, oxalate, oxalamide, dyes, and to separate and purify pharmaceuticals and rare earth elements. It is mainly used in the chemical engineering industry, textile industry and electronics industry. As the rare earth separated by oxalic acid are widely used in energy, chemical materials, energy-saving, and environmental protection, aviation, aerospace, and electronic information fields, when technologies continue to evolve, the demand for rare earth gradually increases; therefore, the application demand for oxalic acid will also increase, too.

(3) Product development trend and competition

①Oxidation catalysts

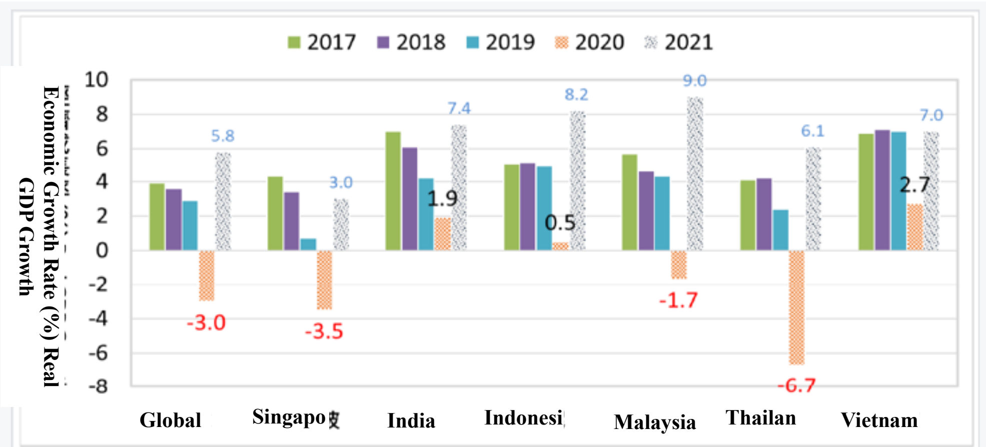
(A) Short-term regional demand

If a petrochemical plant encounters annual services, environmental controls or accidents that cause the production line to temporarily suspend, it often results in a shortage of petrochemical raw materials in the region, which will also shift the demand for such raw materials to neighboring regions, thereby increasing the demand for petrochemical raw materials in neighboring regions. For example, in 2019, FCFC’s Mailiao plant was forced to suspend due to the rupture and explosion of the pipeline, which mitigated the oversupply resulted from petrochemical raw material capacity. In recent years, China has enhanced the environmental controls, and some Chinese PTA capacities were forced out of the market. The slowing down supply from China also benefitted Taiwan.

(B) Regional economic development drives PET demand

90% of PTA is used to produce PET. Its end industry is artificial fiber raw material manufacturing. Its products include ready-to-wear materials, non-woven fabrics, tire cords, car seat belts, PET bottles, media audio-video equipment, medical X-ray films and packaging materials, among other things. As the PTA industry meets a huge demand for the downstream industry of artificial fibers, if the downstream industry expands the plants, it will drive the demand for the upstream artificial fiber raw materials industry to increase. The demand for PET is highly correlated with economic development. Based on the estimates from International Monetary Fund (IMF), the global GDP in 2020 showed a negative growth rate. The average GDP growth rate of developing countries in Asia was about 1%; compared to 2019, the decline is more than 5% to 6%. However, Vietnam's GDP is able to maintain a growth rate of 2.7%,and it shows that the demand for PET has continued. This has led to the gradual expansion of the Vietnamese textile industry in recent years, which has driven the demand for raw materials to the artificial fiber raw material industry upstream. Based on the statistics of the Taiwan Textile Federation, the proportion of the export value of the artificial fiber raw material industry in 2019 rose to 24.25%.

Economic growth of the new southbound countries after the pandemic



Source: IMF

②Power battery materials

(A) Cost and performance are extremely important

Lithium batteries are mainly composed of four categories, namely cathode materials, anode materials, electrolytes and separators. The cathode materials account for about 30% of the product cost of lithium batteries. Since the selection of cathode materials requires taking into account energy density, power density, applicable voltage range, stabilizing effect of electrolyte, reversible electrochemical reaction, and other conditions, cathode material is used as not only the battery material participating in the reaction of lithium battery, but also the main source of lithium ions in the battery. Its activity and the distribution of lithium ions are the most critical factors affecting the lithium battery performance.

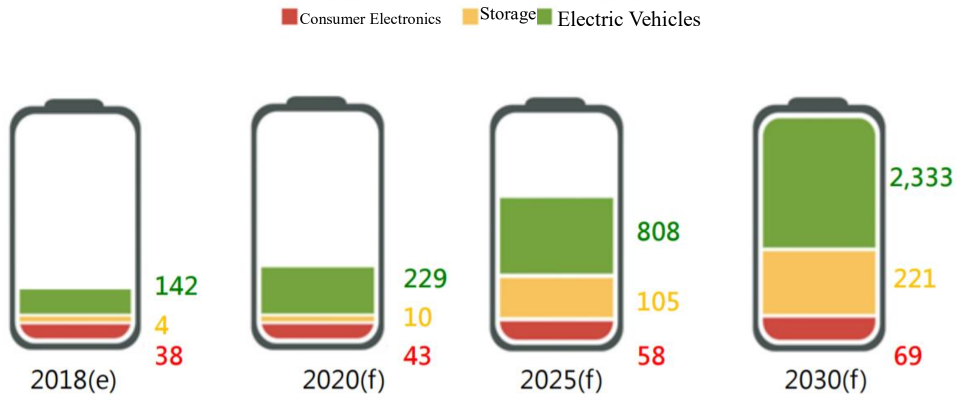
The cathode material of lithium battery may achieve further safety, capacity and cost requirements by adding nickel and manganese. Depending on the added materials, it can be divided into ternary systems of NCA and NCM, and binary systems of lithium, cobalt and nickel materials. NCA and NCM have the advantages of high safety, while the binary lithium-cobalt-nickel materials have the advantages of high electric capacity. The global cathode material industry is also actively developing and improving cathode materials with the advantages of safety and capacity, so the future development of cathode materials is expected to be optimistic.

(B) Increase in global market demand

In recent years, global lithium battery material plants have been deployed in the automotive market. They are mainly optimistic about the battery application and demand for hybrid electric vehicles (HEV) and electric vehicles (EV). In recent years, increasing attention has been paid to environment protection by the global community. HEV or EV vehicles are the future trend of automotive development, and advanced countries around the world have made the development of electric vehicles and new energy vehicles a key policy, such as Europe's new environmental emission standards and the announcement of a ban on the production or sale of fuel vehicles from 2030 years onwards. The Chinese government has also proposed a target of 25% new car sales to be new energy vehicles by 2025. In addition, according to research firm IHS Markit, demand for electric vehicles in the U.S. is expected to increase to 1.28 million units in 2026, raising the market share of electric vehicles in the U.S. to 7.6%

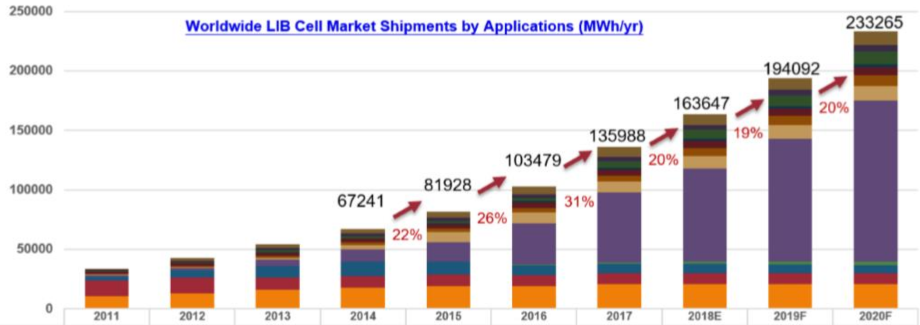
According to a study from the Industrial Economics Database of the Taiwan Economic Research Institute, electric vehicles have become the main application category and growth driver of batteries, mainly because one HEV uses more than 20 times as many batteries as a laptop, and one EV uses more than 1,000 times as many batteries as a laptop.Lithium battery is the mainstream, and the global lithium battery production capacity is dominated by Asian countries such as China, Japan and Korea.

Global Battery Application Trends 2018~2030 (Unit: GWh)



Source: World Economic Forum,McKinsey, Industrial Economics Database of the Taiwan Economic Research Institute(2021/05)

Distribution of global lithium-ion battery shipments in different application markets (MWh/year)



	2011	2012	2013	2014	2015	2016	2017	2018E	2019F	2020F
Others	1052	2374	3205	3850	4872	7072	8384	9051	10146	11755
Power tool	1306	1352	1610	2178	2744	3016	3817	4112	4805	5157
BESS	204	677	1867	1650	1852	2480	5006	7449	9004	11055
UPS/Station	179	191	376	399	602	1196	1774	1921	1988	2234
Other Vehicle	1658	2309	2623	2582	3406	4611	5322	5982	6174	7046
E-Pedelec/Bike/Scooter	795	1096	1828	2347	3050	3555	4888	6698	7764	9124
E-Bus/Truck	489	533	1056	3851	8854	9298	9004	10607	11155	11932
EV	955	2309	5620	10250	16167	34532	58883	78339	103379	135424
Wearable			32	77	181	643	1304	1818	2317	2828
Tablet	3428	6030	9837	11964	10982	8284	7650	7557	7382	7009
NB	13266	13279	10157	10151	9655	9191	9114	9056	8958	8901
Cellphone	10466	12727	15898	17551	18871	19174	20842	21057	21020	20800

Source: IEK (2018)

③Fertilizer

Taiwan's fertilizer manufacturing industry is domestically oriented. As Taiwan's domestic fertilizer market has become saturated with little change, Taiwan's fertilizer industry players are actively expanding overseas markets. The launch of a new agricultural program by the Council of Agriculture, Executive Yuan has led to a decline in the volume of chemical fertilizers used in Taiwan. However, as China has strengthened environmental inspections, the supply of nitrogen fertilizer in China has decreased, which will help reduce the export competition of this industry.

④Specialty chemicals and others

(A) Cobalt hydroxide

a. Elevation of tire quality requirements

The global automotive industry is booming, and various automakers have introduced new models. Safety is one of the advertised selling points of most models. As consumers pay more attention to driving safety, explosion-proof safety tires have gradually become popular among consumers. According to the National Highway Traffic Accident Statistics from 2015 to 2019 released by Freeway Bureau, MOTC, tire blasting accounted for 5.5% of the cause of traffic accidents, ranking sixth in the cause of accidents. Because the quality of metal cobalt soap affects the adhesion performance between natural rubber and steel wire belts, it also indirectly affects the safety and quality of tires. As the global tires develop towards high performance and high safety, the use of metallic cobalt soap becomes more important, which will also drive the quality and demand for advanced material applications.

b. The impact of trade protectionism

In recent years, Chinese-made tires have faced many anti-dumping investigations around the world, and in May 2018, the European Union recognized the existence of dumping behavior of truck tires imported from

China and imposed a temporary anti-dumping duty for six months. The initial anti-dumping rate imposed reached 29.1% to 68.8%, which is unfavorable to China's tire exports to the European market; in July 2018, the Sino-US trade war intensified, and $200 billion worth of products included in the tariffs list, vehicle tires were also included. As the United States is the largest export destination of China's tires, making up 14% of overall tire exports, China's tire products exported to the United States will face another wave of recession risk. Taiwan is set to benefit from this, as it reduces China's competitive crowding out effect on Taiwan, and enhances the proportion of our exports. Therefore the US’s policies on China's tire exports play a pivotal role in Taiwan’s exports, and the proportion of Taiwan's tire exports in the future is expected to grow, which at the same time drives the increased demand for the Company's metal cobalt soap products.

(B) Sulfuric acid

Electronic grade sulfuric acid is a high-purity sulfuric acid, which is widely used in semiconductors, large-scale integrated circuit assembly and processing. It is mainly used for cleaning and etching wafers to effectively remove impurity particles on the wafers. The electronic grade sulfuric acid end customer of the company's subsidiary, Heng I Chemical, is a semiconductor manufacturer. With the rapid development of technology, their high-end manufacturing process has been researched and developed and expanded. The expansion of capacity will drive the demand for electronic grade sulfuric acid. Therefore, the demand for this product is still expected to improve in the future.

(C) Oxalic acid.

Industrial oxalic acid is mainly used in the chemical, printing and dyeing and textile industries. After refining, the refined oxalic acid is obtained. Its end applications are extremely wide. It is used for PTA catalyst recovery, cleaning circuits and electronic products, cobalt salts, electronic ceramics, magnetic materials, alloy powders, and cathode materials of lithium batteries. With the continuous advancement of technologies, the demand for rare earth has gradually increased. As there are fewer manufacturers of oxalic acid and rare earth in Taiwan, Uranus Chemicals, a subsidiary of the Company, can also benefit.

3. Technological capability and R&D Overview

(1) The technical level and research development of the business

The Company's business is the research and development, production and sales of chemical materials, focusing on oxidation catalysts, power battery materials, fertilizers, specialty chemicals and other chemical materials. The Company started with the production of oxidation catalyst products. The products are cobalt manganese acetate (bromine) solutions and cobalt acetate/manganese crystals, which are the key raw materials for the production of purified terephthalic acid (PTA), which plays a role in accelerating the reaction rate and improving the quality of production. The purified terephthalic acid (PTA) is processed to produce polyester, which is mainly used for polyester fiber. It is one of the three major artificial fibers and belongs to the chemical fiber industry. For power battery materials, the Company's nickel sulfate, cobalt oxide, and cobalt sulfate are raw materials for battery cathode materials, which are used in the lithium-ion battery industry. For the fertilizer, the compound fertilizer products produced by the company's subsidiary, Heng I Chemical, are mainly mixed and processed with raw materials such as urea, potassium chloride, ammonium sulfate, ammonium phosphate, nitrogen and phosphorus fertilizers, and are used in the agricultural industry. Specialty chemical material products include electronic grade sulfuric acid, cobalt hydroxide, oxalic acid, rare earth and etching solutions, with a wide range of products involving semiconductor, electronics, tires, biotechnology and other industries, with a wide range of applications.

The Company’s R&D department continues to improve the production process and recycling technology of PTA oxidation catalysts. With years of understanding the characteristics of cobalt and nickel metals, and production experience, it continues to develop products in the fields of power battery materials, specialty chemical materials, and refine the production process while maintaining product quality and creating products that meet customer requirements, including controlling the weight of raw materials, complete product particle structure, and consistent size and specifications. The product characteristics are fully grasped to provide customers with more diversified products, meeting their needs.

(2) R&D personnel and their educational/ professional background

Unit: person

Item/Year		2017	2018	2019	2020	2021
Number of personnel at the beginning of the period		9	7	9	8	9
New employees		4	3	2	3	4
Resigned employees		1	1	2	—	1
Severed and retired employees		1	—	1	—	1
Reassignment		4	—	—	2	3
Total R&D personnel at the end of the period		7	9	8	9	8
Average tenure (year)		4.63	4.97	5.95	2.99	1.5
Turnover rate (Note)		7.69%	10.00%	22.00%	—	11.11%
Distribution of academic qualifications	PhD	—	—	—	—	—
	Master’s Degree	9%	9%	8%	33.33%	62.50%
	College	91%	91%	92%	67.67%	37.50%
	Junior college	—	—	—	—	—
	Senior high school and lower	—	—	—	—	—

Note: Turnover rate= resigned employees/ (number of personnel at the beginning of the period + new employee of the period)

(3) Annual investment in research and development and successful technology or product development in the most recent year

A. Research and development expenses for the most recent year and the most recent years

Unit: NT$ thousands

Item / Year	2018	2019	2020	2021	2022 (estimated)
R&D expenses	22,059	26,415	29,438	8,971	17,171
Net operating revenue	6,310,637	6,369,520	5,285,365	7,338,783	9,841,665
Percentage to the net operating revenue	0.35%	0.41%	0.56%	0.12%	0.17%

Source: financial statements audited or reviewed by CPAs

(2) Successfully developed technologies or products

Item	R&D outcomes	Effect description
Alkali carbonate inorganic chemical intermediate material development	The Company's laboratory has developed customer specifications and completed on-site pilot production verification.	With this, the Company can develop customers in the fields of salt intermediates, magnetic materials, hard alloys, plating materials, ceramic colorants, etc.
Anode raw materials for EV batteries (manganese)	The Company's laboratory has developed customer specifications and completed on-site pilot production verification, and is planning a new 2nd generation process to reduce processing costs.	The Company is planning a new 2nd generation process to reduce processing costs by adding new anode materials (manganese) for EV batteries to expand the Company's anode materials product line.

4. Long and Short Term Business Development Plans

(1) Short Term Business Development Plans

①Marketing strategies

A. Strive for long-term orders from customers with reasonable prices and stable quality, and increase market share.

B. In addition to the domestic market, actively explore the international market and strive for orders from foreign manufacturers.

C. Fully communicate with customers, understand their needs for products, provide a full range of solutions, and perfect after-sales service to maintain long-term cooperative relations and meet the diverse needs of customers.

②Production strategy

A. In order to implement the Company's ISO quality policy, improve the quality concept and implement the quality system, our Company has set up a management system implementation team that has passed ISO 14064-1 greenhouse gas inventory, ISO45001 and 14001 occupational safety and health, environmental management system, and ISO50001 energy management system since July 2019, and passed IATF 16949 certification in October 2019. In October of the same year, we passed IATF 16949 certification, and in November, we passed ISO9001 certification.

B. Actively increase capacity and make every effort to improve the production process, seeking to achieve rationalization, institutionalization and standardization of production, shortening the production cycle, increasing the production yield, and strengthening training to improve the quality of employees.

C. Reduce production costs and eliminate possible waste, including manpower inventory, resource sharing, simplification of operations, simplifying processes, and using the ERP system to obtain the best economic feed cost and inventory cost.

D. To meet the needs of customers, overseas production bases are established and the capacity is expanded, providing rapid production, simple transportation and timely delivery functions, meeting the maximum satisfaction of customers, thereby increasing market share and maintaining stable growth in performance.

③Financial Planning

A. Keep close and good relationships with each bank to strengthen the ability of capital deployment.

B. Seek low-interest loans, such as strategic low-interest loans, to reduce the Company’s capital cost.

C. Strengthen capital management and risk control capabilities to reduce the Company's operating risks.

(2) Long-term Business Development Plan

①Marketing strategies

A. Provide a full range of customer-oriented services, strive to improve customer satisfaction and meet customers' different product needs.

B. Cope with the development of new recycling technologies, provide customized professional services, cultivate partnerships, and strive for long-term orders to increase the company's profit.

C. Actively expand overseas markets to reduce the risk of market concentration.

D. Actively cultivate professional sales talents, enhance international marketing capabilities, and increase the Company's market share.

②Production strategy

A. Continuously improve the quality of products and services.

B. Seek strategic alliance partners, integrate upstream and downstream industries, strengthen the quality and capabilities of the supply chain in order to reduce costs, improve operational efficiency and competitive advantages.

C. Actively seek cooperation with major international manufacturers, develop emerging markets in a planned manner, and strive for orders from well-known international manufacturers to increase market share.

D. Monitor the future development trends of the chemical fiber industry and the lithium battery market, focusing on the research and development of upstream raw materials for related products, establishing technical independence, and solidify the image as the market leader in professional and innovative products and technologies.

③Financial Planning

A. Push the Company's access into the capital market to increase the Company's funding channels and obtain diversified funding sources.

B. Be adaptive to the expansion of the operation scales and the establishment of overseas bases to enhance international fund-raising capabilities.

II. Production and Market Analysis

(I) Market Analysis

1 . Sales (Supply) Regions of the Company's Major Products (Services)

Unit: NT$ thousands

<table>
<tr><th colspan="2" rowspan="2">Item</th><th colspan="2">2020</th><th colspan="2">2021</th></tr>
<tr><th>Amount</th><th>Ratio</th><th>Amount</th><th>Ratio</th></tr>
<tr><td colspan="2">Domestic sales</td><td>2,346,151</td><td>44%</td><td>2,243,302</td><td>31%</td></tr>
<tr><td rowspan="2">Export sales</td><td>Asia</td><td>2,748,925</td><td>52%</td><td>4,814,132</td><td>66%</td></tr>
<tr><td>Europe, and the Americas</td><td>190,289</td><td>4%</td><td>281,349</td><td>4%</td></tr>
<tr><td colspan="2">Sum of operating revenues</td><td>5,285,365</td><td>100%</td><td>7,338,783</td><td>100%</td></tr>
</table>

The major export market of the Company is Asia, and Japan has a higher proportion of sales.

2. Market share and future market supply and demand and growth

(1) Oxidation catalysts (chemical fiber PTA industry)

The Company has invested in the production and sales of oxidation catalyst products at the beginning of its establishment. The PTA oxidation catalyst products produced are not standardized products with a single specification. Each PTA manufacturer has different processes and technologies, with different requirements for oxidation catalyst formulations. Even though PTA oxidation catalyst accounts for less than 0.5% of the cost of PTA, the quality of oxidation catalyst products greatly affects the production speed and quality of PTA. Therefore, each PTA manufacturer's main considerations for the oxidation catalyst used are the applicability of its own process, the stability of the oxidation catalyst product quality and the follow-up technical service. Therefore, once a PTA manufacturer selects its oxidation catalyst supplier, it would replace it easily. Although the PTA oxidation catalyst industry is not a capital-intensive and labor-intensive industry, there is still a relative degree of technological threshold and market segmentation, and the oxidation catalyst industry in Taiwan is an oligopolistic market. At present, domestic PTA oxidation catalyst products are mainly supplied by the Company and Mechema. The Company’s oxidation catalyst production lines are located in Taiwan, Ningbo, Zhangzhou in China and Rayong in Thailand, thus satisfying local customers' oxidation catalyst needs and providing good technical services nearby, and our company is also in the position of a oligopolistic domestic supplier of the material.

Production and Sales of Oxidation Catalysts in 2019 and 2020

Unit: tons

Company	Production volume		Sales volume	
	2019	2020	2019	2020
CoreMax	13,703	12,318	13,154	13,143
Mechema Chemicals	18,681	16,456	18,908	18,249

Source: annual report of shareholders’ meeting

According to the annual reports of the shareholders' meetings of the Company and Mechema for the years 2019 and 2020, the Company produced 13,703 tons and 12,318 tons of oxidation catalysts in the same period, with sales of 13,154 tons and 13,143 tons, respectively; Mechema produced 18,681 tons and 16,456 tons of oxidation catalysts in 2019 and 2020, with sales of 18,908 tons and 18,249 tons, respectively, which means that the Company's PTA oxidation catalyst products account for approximately 40% of the Taiwan market.

(2) Power battery materials

Production and sales volume of EV battery materials for 2019 and 2020

Unit: tons

Company	Production volume		Sales volume	
	2019	2020	2019	2020
CoreMax	31,049	23,227	30,347	25,144
Mechema (Note)	Note	Note	4,571	2,423

Source: annual report of shareholders’ meeting

Note: this data is from Mechema Toda Corporation, a joint venture with Toda Kogyo Corp. of Japan; and the Mechema Toda produces and manufactures on their own without disclosing production volume since 2019.

The battery materials produced by the Company are mainly nickel sulfate and cobalt sulfate, which are mainly provided to downstream customers as raw materials for NCM and NCA. The Company and Mechema are main suppliers of positive cathode materials in Taiwan. According to the annual reports of the shareholders' meetings of the Company and Mechema for the years 2019 and 2020, the Company produced 31,049 and 23,227 tons of EV power battery materials and sold 30,347 and 25,144 tons of power battery materials in the same period, respectively; Mechema did not disclose information about the production quantity and sold 4,571 and 2,423 tons of EV power battery materials, respectively. It is estimated that the Company's EV battery material products account for approximately 90% of the market in Taiwan.

(3) Fertilizer

Currently, the main domestic compound fertilizer producers are four major manufacturers. Except for Taiwan Fertilizer Co., Ltd., which has a market share of 70%, the remaining 30% is mainly shared by Company's subsidiaries, Heng I Chemical, Hong Heng Chemical Co., Ltd., Grainking Enterprise Co., Ltd., and other small manufacturers, as well as importers.

The domestic fertilizer market has stable demand for use, and the production volume and sales volume are showing a growing trend. The Company has its own brand with stable quality and maintains a good reputation in the consumers' market. It has a steady market share. In addition, as organic awareness has risen in recent years, it becomes popular to add organic matters to traditional compound fertilizers. The Company also has launched organic products to seize the market in time.

(4) Specialty chemical materials and others

①Cobalt Hydroxide

The main competitors are Umicore from Belgium, Freeport from Finland, Shepherd from the United States and Huayou from Mainland China.

②Sulfuric acid

The main domestic sulphuric acid manufacturers are Heng I, Beaming, Kuang Ming Enterprise, Chung Hwa Chemical, and Jiann Feng Enterprise. Except that Jiann Feng Enterprise locates in Kaohsiung, the other four are in the north of Taiwan. The sulfuric acid eighth plant invested by the Company has been commissioned in December 2014 and started mass production in July 2015, with a daily output of 500 tons of sulfuric acid. Other than the replacement of the old facilities, the expansion and increase of production in recent years were conducted with the collaboration of the customer, to complement the customer's electronic grade sulfuric acid plant expansion. Thus the shipment volume and turnover of semiconductor electronic acid are increased.

③Oxalic acid

The global oxalic acid industry was affected by the COVID-19 pandemic in 2020, and was valued about US$595.2 million. It is expected to grow at 2.6% per year through 2027, driven by the pharmaceutical, chemical, textile, and leather industries. The main domestic supplier of oxalic acid is San Fu Chemical, while the Company's subsidiary, Uranus Chemicals, specializes in the production of oxalic acid with its own proprietary technology, which is competitive for the Company's export to Japan.

3. Future market supply and demand, and growth

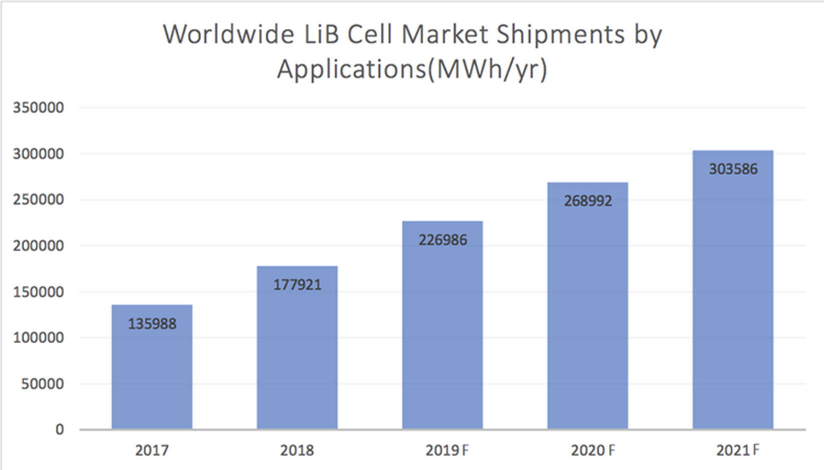
(1) Oxidation catalysts (chemical fiber PTA industry)

The global growth rate of capacity is increasing, mainly because China's capacity has begun to release greatly, making the global PTA market oversupply. In the second half of 2020, China's leading companies will have large new PTA facilities to start production, and the overcapacity will become more obvious. Under the circumstances, China’s overall industrial chain is expected to have a new round of consolidation. Leading companies have extended and expanded upstream of the industrial chain to increase bargaining power through vertical integration. By then, the small-scale companies with old facilities will be eliminated first. Still, as the pandemic in China has been contained, the operating rate of polyester has rebounded, and the demand for downstream purchases of materials has become active. Therefore, there is also a strong demand for PTA, which is expected to drive the demand for oxidation catalysts in the future.

(2) Power battery materials (lithium battery industry)

In the future, the growing demand for battery materials for lithium batteries will mainly be in pure electric vehicles, plug-in hybrid electric vehicles, hybrid vehicles and electric buses. According to the ITRI IEK’s report of power lithium battery application in the electric vehicle, the demand for power lithium battery for electric vehicles in 2030 will be 554GWh. As the world's major countries implement policies to ban the sale of fuel vehicles by 2040, the demand for lithium batteries for electric vehicles will reach 1056GWh by 2040, mainly due to the implementation of China's electric vehicle purchase subsidy policy, which has stimulated and driven the sales momentum of the Chinese EV market. With Europe, the U.S. and Japan enacting stricter requirements for vehicle emission reduction, the electric vehicle market is set to grow steadily, and the demand for BEVs and PHEVs will continue to rise, and the demand for lithium battery cathode materials will also become more robust. Therefore, major battery companies have announced their expansion plans one after another; for example, Panasonic announced in August 2020 that it will increase the production capacity of the Gigafactory1 battery plant in Nevada, U.S.A., jointly operated with Tesla, and will add a new production line with higher efficiency to the existing 13 production lines in 2021, thus increasing the annual production capacity by 10% to approximately 39 GWh. The EV battery industry will continue to be dominated by the major players.

Estimated global shipments of lithium batteries and expected shipments of various application areas



	2017	2018	2019F	2020F	2021F
Others	8384	10433	10146	11755	14006
Power tool	3817	4366	4805	5157	5223
BESS	5006	6949	9004	11055	14582
UPS/Station	1774	2223	2786	3044	3621
Other Vehicle	5322	6271	7144	7855	8841
E-Pedelec/Bike/Scooter	4888	5998	6076	6582	6889
E-bus/Truck	9004	11982	10932	10293	10288
EV	58883	90957	137422	174172	200057
Wearable	1304	1555	1842	2023	2218
Tablet	7650	6988	6255	5839	5911
NB	9114	9211	9298	9374	9422
Cellphone	20842	20988	21276	21843	22528
Total	135988	177921	226986	268992	303586

Sources: ITRI IEK (2019)

According to the Industry, Science and Technology International Strategy Center, ITRI survey, it is estimated that the global shipments of lithium batteries for automotive power in 2021 will account for about 65% of the shipments of lithium batteries. The future market growth is promising.

(3) Compound fertilizer (chemical fertilizer industry)

According to statistics from Taiwan Industry Economics Services, TIER, China has cancelled export taxation policies for 94 commodities, including chemical fertilizers since 2019, which has made China's fertilizer exports to the Asian market to be expanded and exerted competitive pressure on the fertilizer export. However, due to the impact of the COVID-19 pandemic in 2020 and the lockdown policy imposed by some countries for pandemic containment, logistics and transportation have been impeded, and the overall fertilizer export value has dropped. However, in 2020, China's fertilizer was delayed in the resumption of operation, logistics and transportation were interrupted, and fertilizer exported to Pakistan and Turkey have seen a significant decline. The partial order shift effect has led to a significant increase in potash and nitrogen fertilizer exports to Pakistan and Turkey. Because fertilizer is a necessity to improve the quality and efficiency of crop production, in the future, when the pandemic stabilizes and logistics and transportation resume, the export volume of fertilizer is expected to resume the growth.

(4) Specialty chemical materials (electronics, tires, textile printing and dyeing, ceramics and other industries)

①Cobalt Hydroxide

At present, only the company has the key technology for mass production and mass production lines. According to statistics published by ICON group Ltd, Taiwan's exports in this industry account for 3.76% of the world, ranked 6th globally. Therefore, it is inferred that the Company's production and export ranking of this product is 6th globally. The main production countries of chemical materials are Belgium (Umicore), Finland (OMG), China (Huayou), the United Kingdom, and Taiwan (CoreMax), with a total global market share of approximately 84%. This industry is an oligopolistic market, and supply and demand are stable.

②Sulfuric acid

The Company's newly built sulfuric acid equipment was put into operation in July 2015, but the flood of imported acid affects Taiwan's sulfuric acid industry. The next important issue for Taiwan's sulfuric acid industry would be how to compete with imported acid.

③Oxalic acid

We are the only company in Taiwan that produces oxalic acid. By utilizing our rich experience in purification techniques, we are able to improve the quality of our customers' finished products and reduce costs to meet their cost demands, thereby strengthening our competitive advantage and increasing our market share.

(5) Recycling business

The Company has applied for the recycling of waste sulfuric acid and are currently working with leading semiconductor manufacturers in Taiwan.

4. Competitive niche

A. Infusion of orders from major international companies

With the vigorous development of the electric vehicle industry, the demand for various lithium battery materials is increasing. The share of power battery materials in the Company's product revenue also increase gradually. The Company's power battery materials, such as cobalt sulfate and nickel sulfate have stable quality and thus have been recognized by leading international companies for procurement. Meanwhile, the Company has established a third production line to respond to the sharp increase in demand. Therefore, driven by the demand of the electric vehicle industry, the Company actively expands and develops production and provides a promising profitable factor for the future market.

B. Unique mass capacity of oxidation catalyst and cobalt hydroxide

The Company is a domestic oligopolistic manufacturer both in terms of oxidation catalyst and specialty chemical materials such as cobalt hydroxide and cobalt oxide. The end applications of both are traditional necessities of daily livelihood. For both oxidation catalyst and cobalt hydroxide, professional technology and complete after-sales service are provided to the customers, with assistance to customers to solve problems in the manufacturing process, as provisions of a full range of services.

The Company also built oxidation catalyst production lines in Ningbo, Zhejiang and Zhangzhou, Fujian in China and Rayong in Thailand, to provide local customers with demand and technical support, and to increase revenue growth strength through domestic and foreign product sales positioning.

C. End demand of leading companies

The electronic grade sulfuric acid developed by the company's subsidiary, Heng I Chemical, is featured with high process safety, high product purity and low impurity ion content and is better suitable for semiconductor circuit production and cleaning. The Company's subsidiary, Heng I Chemical produces and sells electronic grade sulfuric acid to meet the needs of Japanese customers. Its end customers include the leading semiconductor manufacturers in Taiwan. In response to the demand for capacity expansion in the semiconductor industry, electronic grade sulfuric acid demand is increasing. The Company's subsidiary, Heng I Chemical, actively engages in accommodating plant expansion and production increase plans and continues to improve production and quality, to enhance the business's profitability.

D. Professional production technology and stable product quality

Since the Company was established in June 1992, we have been engaged in the production and sales of oxidation catalysts and other chemical products. In addition to our many years of production experience, we have continued to refine our production technology and improve our production equipment, and in October 1996, we introduced the ISO9001 quality certification system. In August 2009, we introduced the ISO14001 environmental certification system, and in December 2019, we obtained ISO45001, IS14064-1, ISO14046, ISO50001 and IATF16949 certifications, and remain committed to improving product quality. The Company's technical team is very experienced for many years and has rich professional knowledge in the development of industrial product trends and production technology.

F. Independent R&D capabilities

In light of the Company's expanding operating scale year by year, other than the existing products, the Company is currently also expanding the direction of R&D towards electronic materials, such as cathode materials for lithium batteries. The Company's R&D goals are not only to improve the existing process and increase the efficiency of recycling and regeneration of waste catalysts, but also plan to develop new products based on the current accumulated technologies and experience, expand product production lines and services, and enhance the content and quality of the business.

G. Senior talents with abundant professionalism

The senior executives of the Company are all senior employees or senior practitioners in the industry. They have rich experience in the company's industry, production technology and marketing strategy and are familiar with industry trends. The Company's various development decisions may be made quickly and appropriately.

5. The favorable and unfavorable factors and countermeasures

(1) Favorable factors

(A) China's petrochemical industry is effectively suppressed, helping to balance supply and demand

The oxidation catalyst products produced by the Company are important catalyst raw materials for the production of PTA, and the oxidation catalyst has high added value, without other alternatives currently. PTA is mainly used for polyester, including polyester fiber, polyester pellets and polyester film. Among the polyesters, the major usage is to produce polyester fiber, providing finished clothing materials (such as Tetoron, Tedelon, Tairilin, Eastlon, Jinzhulon, and Hualon Silk), non-woven fabrics, tire cords, and automotive seat belts; secondly, it is used to produce polyester pellets, which may be used to make plastic containers, such as PET bottles of beverages; polyester film used for videotapes, audio tapes, medical X-ray film and packaging materials, among other things. The usage of PET is very wide and has an important influence on human life-related products; its demand has a considerable degree of stability.

(B) The concept of energy substitution and the rise of electric vehicles

In recent years, the concept of green and alternative energy has become more and more popular. Europe and China are also actively developing the electric vehicle industry to improve energy problems and are committed to sustainable alternative energy. Benefiting from the development and growth of the electric vehicle industry, the demand for battery materials for electric vehicles is increasing. The Company's main products, such as nickel sulfate and cobalt sulfate, are used in the production of cathode materials for lithium batteries. In order to meet this boom of electric vehicles, various battery material manufacturers are striving to break through the limitations of battery materials, such as improving the safety of ternary battery materials, increasing the electrical capacity of binary battery materials, among other things, and the future R&D of battery materials and the breakthrough will be more mature.

(C) Adoption trend of ternary battery materials

Compared with LFP, LCO, LNO and LMO battery materials, ternary battery materials (NCM and NCA) have the characteristics of nickel, cobalt, manganese or nickel, cobalt, aluminum and have the advantage of high energy density. Other than the leading U.S. manufacturer Tesla's use of NCM and NCA, Chinese electric vehicle manufacturers such as Beijing Automotive, Geely Automobile, and Zotye Automobile, as well as some European car makers have selected ternary battery materials. This demonstrates that ternary battery materials have opened up acceptance in the electric vehicle market. Therefore, the Company's nickel sulfate and cobalt sulfate may leverage the growth of ternary battery materials and the trend of manufacturers' selection to reflect in the Company's revenue and profit growth.

(D) Fertilizer brand value deeply rooted in farmers’ mind

The Company's subsidiary, Heng I Chemical, has a history of more than 40 years in the fertilizer business. Its own brand "Gufeng" products include straight fertilizers, chemical compound fertilizers and organic compound fertilizers, which may be applied to crops such as rice, sweet potatoes, potatoes, teas, fruit trees, tomatoes, and fruits, which almost cover all domestic farming, are deeply favored by farmers, and occupy a position in the domestic fertilizer market. Heng I Chemical, a subsidiary of the Company, is also the OEM of Sinon Corp. for compound fertilizers "black granular fertilizer" with various mixing proportions. It demonstrates that the quality of the compound fertilizer produced by Heng I Chemical, a subsidiary of the company, is stable and good. With the long-time reputation of Sinon, it may also make farmers recognize the fertilizer quality of Heng I Chemical, a subsidiary of the company.

(E) Cancellation of fertilizer subsidies is favorable for price return to a market mechanism

According to the statistics of the Council of Agriculture, Executive Yuan, the annual application of chemical fertilizers in Taiwan accounts for about 85% of the total fertilizers. It shows that farmers mainly use chemical fertilizers. The government subsidy policy for chemical fertilizers mainly aims to stabilize the market price of chemical fertilizers, but also results in low prices of chemical fertilizers. As the farmers use it frequently, the soils they cultivate are damaged. Therefore, the Council of Agriculture, Executive Yuan has cancelled subsidies for chemical compound fertilizers since March 2017; at the same time, the subsidies for organic compound fertilizers increased. The purpose is to use chemical fertilizers when farmers apply fertilizers for quick provision of nutrients to crops, which is a common application by domestic farmers during farming. Still, if farmers use organic fertilizers to supplement the organic matter in the soil during farming, the utilization rate of fertilizers will be improved.

This will enable the price of chemical fertilizers to fully reflect the fluctuations in the cost of raw materials, and the prices return to the market mechanisms, thereby providing the Company’s subsidiary, Heng I Chemical Chemical, with a gross profit of chemical fertilizers; on the other hand, it will enable farmers to use chemical fertilizers with organic compound fertilizers more efficiently. This will also improve the chemical and organic fertilizer business of the Company's subsidiary, Heng I Chemical Chemical, and thusbring a win-win benefit.

(F) The quality of electronic grade sulfuric acid is favored by major manufacturers

The Company's subsidiary, Heng I Chemical, develops electronic grade sulfuric acid with high purity and relatively pure quality. It is mainly supplied to major Japanese manufacturers, and the main sales targets are domestic major semiconductor manufacturers. Because high-end semiconductor manufacturing processes require higher-purity sulfuric acid to clean impurities, the electronic grade sulfuric acid produced by the Company's subsidiary, Heng I Chemical, can meet purity requirements and quality. The product quality is also favored by major manufacturers. With the fierce competition and evolution of semiconductor manufacturing processes, the demand for high-purity sulfuric acid has increased significantly. The products of the Company's subsidiary, Heng I Chemical, will also meet the needs of major manufacturers.

(2) Unfavorable factors and countermeasures

(A) Cobalt and nickel metals are totally dependent on imports

The Company highly relies on imported nickel and cobalt metals from abroad, so fluctuations in the market price of raw materials would easily affect the Company's product gross profit.

<u>Countermeasures:</u>

a. Sign a supply contract and always monitor the market conditions

The Company's raw metal procurement is done by signing supply contracts to ensure that the supply of raw materials is not insufficient. If there is a quantity that misses the demand, it will be purchased in the spot market. The Company also closely monitors the market conditions. Suppose the international market prices of nickel and cobalt metals are low. In that case, it will consider building the inventory and safe stock, by flexibly adjusting the quantity and time of purchase to stock inventory in order to avoid the risks of fluctuations in raw material prices.

b. Diversify purchases from different suppliers

The Company regularly evaluates the quality of raw materials, quotation, and cooperation of suppliers, and selects high-quality suppliers for medium- and long-term cooperation. The Company also diversifies purchases to multiple suppliers to avoid excessive concentrated purchases or out-of-stocks risk.

(B) The number of domestic PTA manufacturers is limited, and the sales targets are relatively concentrated

The oxidation catalyst is an important catalyst for the PTA process. The main sales target is PTA manufacturers. Because the PTA industry is capital- and technology-intensive, domestic PTA manufacturers are limited and sales are relatively concentrated.

Countermeasures:

a. Actively expand the international sales market by setting up overseas subsidiaries

The Company has a considerable market share in the domestic market, and overseas markets are also positioned in the Ningbo of Zhejiang Province and Zhangzhou of Fujian Province in China, and the Rayong area of Thailand. The Company has set up oxidation catalyst production lines in these local areas to supply local PTA manufacturers. The Company is committed to expanding overseas markets while also reducing the risk of concentration of sales.

b. Expand business diversification and step out of the chemical fiber product field

In addition to the oxidation catalyst business, the Company is also striving to expand its core business, such as merging a subsidiary operating compound fertilizers, developing an electronic grade sulfuric acid business, and researching and developing products in the field of power battery materials. By actively investing costs, international manufacturers have also favored some products while being sold to overseas markets continuously. These products have successfully expanded the diversification of their business and have also stepped out of the field of chemical fiber products to increase the Company's operating advantages.

C) Working capital needs in response to the growth of business volume

Other than the original oxidation catalyst products, the Company actively explores overseas markets; the main products such as power battery materials nickel sulfate and cobalt sulfate, after passing the certification of major international battery manufacturers, have met the increasing demand for lithium battery cathode materials in the future. As the business will continue to grow, the needs for working capital application is more demanding.

Countermeasures:

In addition to depending on its own earnings and bank borrowings, the Company’s source of working capital has also come from the funds with lower costs by accessing the capital market through the share listing so that the fund demands generated from the business growth are met.

(D) High environmental awareness and strict standards

Amid the high awareness of global environmental protection, the raw materials used, and products produced by Company, which operates in the chemical engineering industry, are all chemicals, and the Company assumes the obligation of environmental protection Moreover, for the products sold to European customers, the Company has also completed the relevant REACH regulations registration.

Countermeasures:

Since its establishment, the Company has valued the treatment of environmental issues significantly. In addition to successively investing capital to increase and improve pollution prevention equipment, and well execute the recovery and treatment of waste gas and wastewater, the Company has passed ISO14000 certification to meet higher environmental protection standards.

(II) Important applications and production process of major products.

1. Important applications of major products

<table>
<tr><td colspan="2">Product type</td><td>Main product</td><td>Major use</td></tr>
<tr><td colspan="2" rowspan="2">Oxidation catalysts</td><td>Crystal form (cobalt acetate, manganese acetate)</td><td rowspan="2">Catalyst for PTA oxidation reaction
Brightener for PET polyester
Catalyst for PTA oxidation reaction</td></tr>
<tr><td>Liquid form (cobalt acetate, manganese acetate)</td></tr>
<tr><td colspan="2">Power battery materials</td><td>Crystal form (cobalt sulfate, nickel sulfate)
Powder type (cobalt compound)</td><td>Cathode materials for secondary lithium batteries</td></tr>
<tr><td colspan="2">Chemical fertilizer</td><td>Fertilizer</td><td>Botanic nutrition</td></tr>
<tr><td rowspan="6">Others</td><td>Advanced material</td><td>Powder type (cobalt compound)</td><td>Paint drier, tire adhesive</td></tr>
<tr><td>Chemical raw materials</td><td>Sulfuric acid</td><td>Synthetic chemicals</td></tr>
<tr><td>Oxalic acid</td><td>Oxalic acid</td><td>Food additives, electronics and chemical products additives</td></tr>
<tr><td>Electronic chemicals</td><td>Cerium Ammonium Nitrate</td><td>Etching</td></tr>
<tr><td rowspan="2">Others</td><td>Powder type (cobalt compound)</td><td>Ceramic glazes and pigments</td></tr>
<tr><td>Raw material trading (cobalt, manganese metal, etc.)</td><td>Depending on the customers’ usages.</td></tr>
</table>

2. Production Process

(1) Crystal form products

Raw material → Reaction → Crystallization → Drying → Packaging → Finished product

(2) Flow chart of production and production of liquid products

Raw material → Reaction → Intermediate product → Formulation → Storage → Finished product

(3) Production flow chart of powder type products

Raw materials → Reaction → Precipitation → Filtration → Drying → Calcining → Grinding → Packaging → Finished product

(4) Fertilizer

Raw material crushing→Mixing→Granulation→Drying→Sieving→Cooling→Coating→ Finished products

(5) Sulfuric acid

Sulfur melting heating→SO2→ Conversion→SO3→Adding water→H2SO4

(6) Oxalic acid

Raw material → Melting → Purification → Filtration → Cooling crystallization → Solid-liquid separation → Wet-based oxalic acid → Drying → Finished product

(III) Supply of main raw materials

The main raw materials of the Company are cobalt metal and nickel metal. The main raw materials of fertilizer and sulfuric acid are ammonium sulfate and urea. The main raw materials of oxalic acid and rare earth are oxalic acid and Indonesian tin ingot. The Company maintains a good cooperative relationship with individual suppliers, and signs supply contracts every year to ensure a secure supply. If the contract volume is insufficient, it can be obtained at the spot price in the spot market.

Major materials	Domestic suppliers	Foreign suppliers	Supplying condition
Cobalt (Co)	None.	VAH, VAU, and VAZ	Sufficient supply
Manganese (Mn)	None	VAX	Sufficient supply
Nickel (Ni)	None.	VCB, VCC, VO, VCD	Sufficient supply
Bromic acid (Hbr)	None	VE, VU, VBQ	Sufficient supply
Glacial Acetic Acid (Hac)	VH	None	Sufficient supply
Ammonium Sulfate	VBS	None	Sufficient supply
Urea	None	VBU, VBZ	Sufficient supply
Potassium Chloride	None	VBV, VBZ	Sufficient supply
Sulfur	VBA, VAX	None	Sufficient supply
Oxalic acid	None	VBO, VBG, VBH, VCA	Sufficient supply
Indonesia tin ingors	VBJ	None	Sufficient supply

(IV) Suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures

1. Major Suppliers for the most recent two years

Unit: NT$ thousands

Item	2020				2021			
	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	As a percentage to net purchases as of the previous quarter of the year (%)	Relationship with the issuer
1	VCD	694,636	19.63	None	VCD	1,567,742	26.97	None.
2	VCB	573,587	16.21	None.	VO	739,264	12.71	None.
3	VAU	409,402	11.57	None.	VCB	737,602	12.69	None.
4	Others	1,860,944	52.59	None.	Others	2,769,145	47.63	None
	Net purchase	3,538,569	100.00		Net purchase	5,813,753	100.00	

Reason for change:

(1) In 2021, the CoreMax Group's total net purchases increased compared to 2020 due to increased demand for metals as a result of increased demand for EV battery material orders and higher unit prices on the international market.

(2) The Company usually maintains about five metal suppliers and determines the purchase counterpart based on the purchase unit price provided by each supplier, which causes changes in ranking and proportion.

2. Major customers for the most recent two years

Unit: NT$ thousands

Item	2020				2021			
	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	As a percentage to net sales as of the previous quarter of the year (%)	Relationship with the issuer
1	CP	1,598,059	30.23	None	CP	2,685,308	36.59	None.
2	CQ	599,167	11.34	None.	CQ	401,612	5.47	None.
4	Others	3,088,139	58.43	None.	Others	4,251,863	57.94	None
	Net sales	5,285,365	100.00		Net sales	7,338,783	100.00	

Reason for change:

(1) The increase in consolidated net sales in FY2021 compared to FY2020 was mainly due to the increase in orders for EV battery materials.

(2) The increase or decrease of individual customers of the Company mainly depends on the needs of customers.

(V) Production in the most recent two years

Unit: ton; NT$ thousands

Year / Production volume and value / Sales volume and value	2020			2021		
	Capacity	Production volume	Production value	Capacity	Production volume	Production value
Oxidation catalysts	28,000	12,318	749,268	25,000	12,362	965,824
Power battery materials	32,400	23,227	2,444,698	32,000	28,923	3,964,768
Chemical fertilizer	102,000	82,804	650,966	100,000	63,055	542,091
Others	(Note 1)	(Note 1)	804,782	(Note 1)	(Note 1)	952,806
Total	-	-	4,649,714			6,425,489

Note 1: The types of other products are different and the measurement units are inconsistent, so the production

volume is not calculated.

Reason for increase or decrease: Due to the increase in production and demand for EV battery materials.

(VI) Sales in the most recent two years

Unit: ton; NT$ thousands

Year / Sales volume and value / Main product	2020				2021			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Oxidation catalysts	11,576	728,946	1,575	173,640	11,255	879,750	858	277,519
Power battery materials	1,102	132,496	24,042	2,454,794	1,209	171,058	31,740	4,149,988
Chemical fertilizer	85,971	775,903	0	0	62,322	581,524	0	0
Others	(Note 1)	708,806	(Note 1)	310,780	(Note 1)	610,970	(Note 1)	667,974
Total		2,346,151		2,939,214		2,243,302		5,095,481

Note 1: The types of other products are different and the measurement units are inconsistent, so the sales volume is not calculated.

Reason for increase or decrease: Due to the increase in production and demand for EV battery materials.

III. Employees Information for the Past Two Years Until the Publication Date of the Annual Report

Year		2019 (Consolidated)	2020 (Consolidated)	2021 (Consolidated)
Number of employees	Direct employees	269	251	413
	Indirect employees	155	162	160
	Total	424	413	30
Average age		38.45	39.24	
Average years of service		5.89	6.72	
Distribution of educational level	PhD	0	0	9
	Master's Degree	4%	3.87%	434
	Bachelor's Degree	56%	61.5%	24.26%
	High School	33%	28.09%	39.16
	Below High School	7%	6.54%	5.92

IV. Expenditure on Environmental Protection

(I) For the most recent year until the publication date of the annual report, the total losses (including damages) and fines incurred by the Company due to environmental pollution:

Date of fine/No. of fine	Laws violated	Fines and penalties	Description of violation	Countermeasures:	Possible expenses
2021.07.29 No. 321100700001	Soil and Groundwater Pollution Remediation Act	Fine of NT$100 thousand	On May 10, 2021, Environmental Protection Bureau of Miaoli County announced a soil and groundwater contamination control site and contamination control area with the government's Fu-Huan-Shui-Zi-Di No. 1100029196B. The Company's manufacturing process and operations has been identified as a polluter, which is in violation of Article 41, paragraph 3, subparagraph1, of the Soil and Groundwater Pollution Remediation Act.	The Company has completed the correction and paid the fine pursuant to laws.	The Company has paid the fine with no additional expenditure
2021.10.29 No. 40-110-100012	Waste Disposal Act and the Regulations on the Reuse of Industry Waste of the MOEA	Fine of NT$60 thousand	On October 5, 2021, the Environmental Protection Bureau of Miaoli County inspected the plant and found that from September 1 to 22, 2021, the Company received waste sulfuric acid C-0202 from Heng I Chemical Co., Ltd.(Facility ID: K7200924) without obtaining a reuse license. The Company was found to be in violation of Article 39, Paragraph 2 of the Waste Disposal Act and Article 3 of the Regulations on the Reuse of Industry Waste of the Ministry of Economic Affairs.	The Company paid the fine according to the law.	The Company has paid the fine with no additional expenditure
2021.11.10 No. 20-110-110008	Air Pollution Control Act	Fine of NT$120 thousand	On September 23, 2021, the Environmental Protection Bureau of Miaoli County sent officers to conduct an audit and found that the Company's Toufen plant used waste sulfuric acid (C-0202) and metallic nickel after acid dissolution reaction, concentration, crystallization and drying to make finished products, which conforms to the EPA's announcement (Stationary Pollution Source Installation, Operating and Fuel Use Permit Management Regulations) that the Company should obtain a permit for installation and operation of stationary pollution source for waste reuse or treatment procedures of Batch No. 8. However, the Company's Toufen plant had not applied for the permit for installation	The Company has paid a fine in accordance with the law.	The Company has paid the fine with no additional expenditure

Date of fine/No. of fine	Laws violated	Fines and penalties	Description of violation	Countermeasures:	Possible expenses
			and operation of stationary pollution sources before proceeding to set up and operate the plant, which is in violation of Article 24, Paragraphs 1 and 2 of the Air Pollution Control Act.		

(II) Countermeasures (including improvement measures) and possible expenditure due to pollution (including estimation of possible losses, fines, and damages due to inaction):

The Company's Hsinchu Plant has established relevant water treatment procedures and application for operating discharge permits pursuant to the Water Pollution Control Act. The wastewater is uniformly treated through the sewage sewer system of industrial zone, before discharging to the Jiadong Stream. The wastewater produced meets the water discharging standards, without major impact on the local environment. The Company also actively reduces the use of raw materials and other resources from the beginning to reduce the output of waste and reduce the impact on the environment. For the waste produced in the process, the Company has retained the cleaning and disposal institutions approved by the Environmental Protection Administration for adequate cleaning. In terms of environmental protection laws and regulations, we effectively manage the risks of environmental protection laws and regulations by managing energy, emissions, pollution prevention and continuous improvement in all aspects to comply with laws and regulations and reduce negative environmental impact.

In addition to coping with the international environmental protection trend, when the Toufen Plant manufactures products, it actively engages in reducing environmental pollution and saving resource consumption, promoting management measures such as reduction and recycling of wastewater, waste gas, waste, and prohibiting illegal cleaning and disposal institutions. To avoid secondary pollution to the environment, the cleaning and disposal institutions approved by the Environmental Protection Administration are retained to properly clean up and handle, to improve environmental sustainability and quality.

V. Labor Relations

(I) Availability and execution of employee welfare, education, training and retirement policies. Elaboration of the agreements between employers and employees, and protection of employee rights.:

1. Employee benefit measures

    (1) Cultural and recreational activities

    (2) Domestic and overseas employee travel

(3) Emergency relief, hospitalization and funeral subsidies

(4) Gift vouchers for the three major festivals

(5) Gift vouchers for birthday

(6) Application for various welfare benefits

(7) Employee dividends, share subscription.

(8) New and comfortable staff quarters

2. Continuing education and training

To improve the working attitude, knowledge and skills of all employees, cultivate professional talents, for coping with the future development of the Company, the trainings are planned based on the positions and functions of employees, including orientations, professional technologies and skills, management function, general knowledge, and languages, while offering on-job continuing education resources to employees and encouraging external courses, for building a working environment where a continuing learning is available to employees.

(1) Orientation for new employees

(2) Occupational safety training

(3) Professional course training: chemical analysis training and fork-lift truck training.

The following table shows the implementation of the staff training and study programs in 2021

Unit: NT$ thousands

Item	Number of sessions	Total attendees	Total hours	Total expenses
1. Orientation for new employees	59	166	1,276.5	0
2. Professional function training	179	803	1,885	280,340
3. Skill Training for supervisors	8	29	162	37,540
4. General training	14	302	1,035	89,031
Total	260	1,300	4,357.5	406,911

3. Retirement system and its implementation status:

The Company formulates employee retirement procedures pursuant to the Labor Standards Act and forms the Labor Retirement Reserve Supervision Committee. Each month, 2% of the basic salary is contributed as a retirement reserve. At the same time, the reserve is deposited in the special account in the Central Trust Bureau under the name of the committee. In addition, the Company provides each employee with a pension according to the statutory retirement system in each region, and the employee participation rate in the retirement plan is 100%.

For the Taiwan plant, according to the Labor Standards Act and the Labor Pension Act, employees who joined the Company before June 30, 2005 (inclusive) are entitled to the old pension system, but they will be entitled to the new pension system after they voluntarily choose to be eligible for the new pension. The old pension system is based on 2% of each old pension system employee’s monthly salary and is deposited into the designated Bank of Taiwan's old pension reserve account. The New pension system contributes 6% per month to the employee's personal pension account according to the labor pension level of each employee who is eligible for the new pension system. In addition to the employer's fixed pension contribution of 6%, employees can choose their own pension level ranging from 0% to 6% and deposit it into their personal pension accounts to assure their financial security in post-retirement life.

4. Agreement between employees and employer, and protective measures of various employees’ interests:

The Company respects the freedom of association and the rights of employees under the law, and is committed to providing smooth channels of communication between employees and employers, including labor-management meetings, annual employee visits and employee luncheon meetings, in order to integrate all resources and work together toward a common goal. Although there is no labor union in our Company, the Company attaches great importance to the opinions of our employees and hold regular labor-management meetings. In 2021, the Company held 4 labor-management meetings, with 50% of the representatives from the labor side and 50% of the representatives from the employer side, in compliance with relevant regulations. The Company invited all employees to participate and encouraged them to provide valuable suggestions, and at the same time, the Company can understand their opinions on the Company's management and welfare system, which can be used as a reference for future policy and system improvement. Therefore, up to the publication of this annual report, the relationship between the employer and employees is harmonious, and there are no labor disputes and no need for mediation on the relationship between employers and employees.

5. Protective measures for working environment and personal safety of employees:

The Company has been committed to environmental protection, energy-saving and employee care for a long time. It seeks to fulfill its social responsibilities and move towards sustainable operation while growing the Company. In addition to complying with relevant domestic laws and regulations, the specific measures are shown in the following table:

Item	Content
Maintenance and inspection of various equipment	1. In accordance with the regulations of the building public security inspection certification and reporting, the annual inspection is conducted. 2. In accordance with the provisions of the Fire Services Act, fire protection inspections are commissioned annually. 3. In accordance with the provisions of the Fire Services Act, the fire extinguishing equipment shall be self inspected monthly. 4. In accordance with the Occupation Safety and Health Act, high and low voltage equipment inspections are commissioned every year. 5. In accordance with the Occupation Safety and Health Act, the lift's monthly maintenance and inspections are commissioned. 6. The monthly inspection and maintenance of electrical equipment is commissioned.
Disaster prevention measures and response	1. Pursuant to the Occupation Safety and Health Act, the safety and health management program is established to prevent occupational disasters from taking place. 2. Conduct four-hour self-defense firefighting group training every six months pursuant to the Fire Services Act. 3. Pursuant to the Occupation Safety and Health Act and the Fire Services Act, the onsite safety and health personnel, various operational supervisors, operators, firefighting managerial personnel, security supervisors are sent to external training. 4. By adopting ISO 14001 standards, the chemical emergency contingency program is conducted every year. 5. Set up an emergency response team to reduce the impact of personnel and property in an emergency.
Physiological health	1. Pursuant to the Occupation Safety and Health Act, new employees are required to undergo physical examinations, and incumbents have regular health examinations every year or every two years. 2. Pursuant to the Drinking Water Management Act, the drinking water is inspected quarterly. 3. Pursuant to the Occupation Safety and Health Act, the work environment shall be measured for the operational environment semi-annually.
Informing contractor's operational hazardous factors	Pursuant to the Occupation Safety and Health Act, the contractor shall be controlled for the hazardous operations, and informed of the hazards.
Continuous monitoring and auditing	For the environmental safety operation in the plant area, other than the implementation of various environmental inspections and personnel working environment measurements pursuant to laws, a complete audit procedure has been established, as well as daily inspections, high-risk operation inspections, and supervisor patrols, to implement the continuous improvement and enhance environmental safety performance.

(II) For the most recent year until the publication date of the annual report, actual or estimated losses arising as a result of labor disputes and any countermeasures taken:

Since the establishment, the Company has established a good communication channel between employers and employees, to jointly manage the relationship with each other sincerely. For measures such as employee welfare, employee relations, working conditions and improving work efficiency, the Company has held regular quarterly employee-employer meetings to establish a harmonious working environment. And as of the publication date of the annual report, there have been no other losses due to labor disputes.

VI. Material Contracts

Nature of agreement	Counterparty	Commencement date of contract	Major Contents	Covenants
Long-term borrowings	Hwa Nan Bank	2019.03.22~2024.06.18	Credit loans	None
Mid-term borrowings	O-Bank	2019.04.08~2026.04.07	Credit loans	Only applicable for “Welcome Taiwanese Companies Back to Invest in Taiwan Programs”
Mid-term borrowings	Mega Bank	2019.05.07~2026.06.15	Credit loans and loans of machinery equipment	Only applicable for “Welcome Taiwanese Companies Back to Invest in Taiwan Programs”

Six. Financial Information

I. Most Recent Five Years Condensed Balance Sheet and Comprehensive Income Statement and CPAs' Audit Opinions

(I) Condensed Balance Sheet and Comprehensive Income Statemen- Based on IFRS

1. Condensed Consolidate Balance Sheet of the Company and subsidiaries

Unit: NT$ thousands

Item \ Year		2017	2018	2019	2020	2021
Current assets		2,646,402	3,513,801	2,936,335	2,980,654	5,694,810
Property, plant and equipment		3,021,606	3,585,346	3,842,821	3,977,135	4,051,496
Intangible assets		-	-	-	-	-
Other assets		125,832	184,458	189,700	259,760	459,147
Total assets		5,793,840	7,283,605	6,968,856	7,217,549	10,205,453
Current Liability	Prior to distribution	1,569,252	2,213,760	1,891,288	2,105,457	2,614,524
	After distribution	1,830,317	2,511,454	2,002,923	2,226,662	(Note 2)
Non-current liabilities		932,656	911,540	1,024,629	1,141,663	2,124,338
Total liabilities	Prior to distribution	2,501,908	3,125,300	2,915,917	3,247,120	4,738,862
	After distribution	2,762,973	3,422,994	3,027,552	3,368,325	(Note 2)
Equity attributable to owners of the parent company		2,862,944	3,504,083	3,321,360	3,253,193	4,720,996
Share capital		864,737	929,417	930,293	930,293	1,070,293
Capital surplus		1,138,226	1,581,736	1,599,457	1,603,253	2,585,667
Retained earnings	Prior to distribution	879,928	1,011,905	825,786	868,001	1,204,411
	After distribution	618,863	714,211	714,151	746,796	(Note 2)
Other equity interests		(1,192)	(4,909)	(20,128)	(18,558)	(46,536)
Treasury stock		(18,755)	(14,066)	(14,048)	(129,796)	(92,839)
Non-controlling interest		428,988	654,222	731,579	717,236	745,595
Total equity	Prior to distribution	3,291,932	4,158,305	4,052,939	3,970,429	5,466,591
	After distribution	3,030,867	3,860,611	3,941,304	3,849,224	(Note 2)

Note 1: The financial information above has been audited or reviewed by CPAs.
Note 2: The appropriation of earnings for FY2021 has not yet been resolved by the shareholders' meeting.

2. Condensed Consolidate Comprehensive Income Statement of the Company and subsidiaries

Unit: NT$ thousands

Year / Item	2017	2018	2019	2020	2021Year
Operating revenue	4,980,823	6,310,637	6,369,520	5,285,365	7,338,783
Operating margin	749,966	780,810	489,940	475,469	943,365
Net operating income	531,739	555,640	240,618	216,302	584,373
Non-operating income and expenses	(2,641)	(17,717)	(12,575)	(9,868)	21,223
Net profit before tax	529,098	537,923	228,043	206,434	605,596
Net income from continuing operations	441,251	429,430	153,067	165,645	448,420
Net loss from discounting operations	-	-	-	-	-
Net income (loss)	441,251	429,430	153,067	165,645	448,420
Other comprehensive income (Profit after tax)	5,454	(3,667)	(15,646)	(921)	(28,759)
Total comprehensive income of the current period	446,705	425,763	137,421	164,724	419,661
Net income attributes to shareholders of the parent	411,530	393,022	128,016	155,164	462,930
Net profit attributable to non-controlling interest	29,721	36,408	25,051	10,481	(14,510)
Total comprehensive profit or loss attributable to owners of the parent	415,687	388,176	112,997	155,420	432,299
Total comprehensive profit or loss attributable to non-controlling interests	31,018	37,587	24,424	9,304	(12,638)
Earnings per share (EPS)	5.40	4.63	1.4	1.73	4.67

Note 1: The financial information above has been audited or reviewed by CPAs.

3. Condensed Balance Sheet of the Company

Unit: NT$ thousands

Item \ Year		2017	2018	2019	2020	2021
Current assets		1,617,782	2,394,900	1,921,522	1,966,946	4,095,135
Investments accounted for using the equity method		2,156,860	2,244,573	2,382,463	2,424,592	2,943,326
Property, plant and equipment		536,058	514,667	537,189	456,598	462,455
Intangible assets		-	-	-	-	-
Other assets		15,016	16,198	66,736	112,855	187,609
Total assets		4,325,716	5,170,338	4,907,910	4,960,991	7,688,525
Current liabilities	Prior to distribution	1,144,642	1,612,679	1,139,814	1,183,249	1,807,545
	After distribution	1,405,707	1,910,373	1,251,449	1,304,454	(Note 2)
Non-current liabilities		318,130	53,576	446,736	524,549	1,159,984
Total liabilities	Prior to distribution	1,462,772	1,586,550	1,586,550	1,707,798	2,967,529
	After distribution	1,723,837	1,698,185	1,698,185	1,829,003	(Note 2)
Equity attributable to owners of the parent company		2,862,944	3,504,083	3,321,360	3,253,193	4,720,996
Share capital		864,737	929,417	930,293	930,293	1,070,293
Capital surplus		1,138,226	1,581,736	1,599,457	1,603,253	2,585,667
Retained earnings	Prior to distribution	879,928	1,011,905	825,786	868,001	1,204,411
	After distribution	618,863	714,211	714,151	989,206	(Note 2)
Other equity interests		(1,192)	(4,909)	(20,128)	(18,558)	(46,536)
Treasury stock		(18,755)	(14,066)	(14,048)	(129,796)	(92,839)
Non-controlling interest		-	-	-	-	-
Total equity	Prior to distribution	2,862,944	3,504,083	3,321,360	3,253,193	4,720,996
	After distribution	2,601,879	3,206,389	3,209,725	3,374,398	(Note 2)

Note 1: The financial information above has been audited by CPAs.
Note 2: The appropriation of earnings for FY2021 has not yet been resolved by the shareholders' meeting.

4. Condensed Statement of Comprehensive Income of the Company

Unit: NT$ thousands

Item / Year	2017	2018	2019	2020	2021
Operating revenue	3,254,621	4,258,258	4,648,931	3,592,984	5,887,001
Operating margin	327,868	338,106	214,786	174,022	602,640
Net operating income	237,064	244,597	98,410	65,639	426,770
Non-operating income and expenses	212,767	196,636	68,813	100,699	146,522
Net profit before tax	449,831	441,233	167,223	166,338	573,292
Net income from continuing operations	411,530	393,022	128,016	155,164	462,930
Net loss from discounting operations	-	-	-	-	-
Net income (loss)	411,530	393,022	128,016	155,164	462,930
Other comprehensive income (net of tax) for the period	4,157	(4,496)	256	(15,019)	(17,771)
Total comprehensive income of the current period	415,687	388,176	112,997	155,420	432,299
Net income attributes to shareholders of the parent	411,530	393,022	128,016	155,164	462,930
Net profit attributable to non-controlling interest	-	-	-	-	-
Total comprehensive profit or loss attributable to owners of the parent	415,687	388,176	112,997	155,420	432,299
Total comprehensive profit or loss attributable to non-controlling interests	-	-	-	-	-
Earnings per share (EPS)	5.4	4.63	1.4	1.73	4.67

Note 1: The financial information above has been audited by CPAs.

(II) Name of the CPAs and Audit Opinions in the Recent Five Years

Year	Accounting Firm	Name of CPA	Audit Opinion
2017	KPMG Taiwan	Yu, Wan-Yuan; Yu, Chi-Lung	Unqualified opinion (Addressed matters or other matters: the previous periods were audited by other CPAs)
2018	KPMG Taiwan	Yu, Wan-Yuan; Yu, Chi-Lung	Unqualified opinion
2019	KPMG Taiwan	Yu, Wan-Yuan; Yu, Chi-Lung	Unqualified opinion
2020	KPMG Taiwan	Yu, Wan-Yuan; Yu, Chi-Lung	Unqualified opinion
2021	KPMG Taiwan	Yu, Chi-Lung, Chen, Pei-Chi	Unqualified opinion

II. Financial Information for the Most Recent Five Years

(I) Consolidated Financial Analysis of the Company

Analysis Item	Year	2017	2018	2019	2020	2021
Financial structure	Debt to Assets Ratio (%)	43.18	42.91	41.84	44.99	46.43
	Long Term Funds to Property, Plant and Equipment Ratio (%)	139.81	141.40	132.13	128.54	187.36
Solvency	Current Ratio (%)	168.64	158.73	155.26	141.57	217.81
	Quick Ratio (%)	80.69	59.56	72.09	66.78	109.65
	Interest protection multiples	17.96	12.86	6.69	11.82	25.85
Operating capability	Average Collection Turnover (times)	7.28	8.66	10.24	9.15	10.01
	Average collection days	50	42	36	40	36
	Inventory turnover (times)	3.91	3.76	3.63	3.58	4.08
	Accounts payable turnover (times)	20.19	29.24	32.17	26.31	42.36
	Average inventory turnover days	93	97	101	102	89
	Property, plant and equipment turnover (times)	1.71	1.91	1.71	1.35	1.83
	Total Assets Turnover (times)	0.91	0.97	0.89	0.75	0.84
Profitability	ROA (%)	8.65	7.12	2.60	2.55	5.37
	ROE (%)	15.39	11.53	3.73	4.13	9.5
	Pre-tax profit to paid-in capital (%)	61.19	57.88	24.51	22.19	56.58
	Net profit margin (%)	8.86	6.80	2.40	3.13	6.11
	Earnings per share (NT$)	5.40	4.63	1.40	1.73	4.67
Cash flow	Cash flow ratio (%)	6.11	-	63.97	16.27	-24.45
	Cash flow adequacy (%)	31.82	7.65	40.79	41.96	16.67
	Cash flow reinvestment ratio (%)	-	-	13.56	3.11	-
Financial leverage	Operating leverage	1.33	1.39	1.98	2.27	1.5
	Financial leverage	1.08	1.09	1.20	1.10	1.04

1. Please explain the reasons for all financial ratio fluctuations within the most recent two years. (Analysis may be waived if changes are less than 20%)
2. Long-term capital to property, plant and equipment (%): Mainly due to the increase in capital increase, issuance of corporate bonds and the increase in long-term borrowings of our subsidiary, Heng I Chemical Co., Ltd.
3. Increase in current ratio and quick ratio: Mainly due to the increase in cash and cash equivalents as a result of capital increase and issuance of corporate bonds.
4. Increase in interest coverage multiple: Mainly due to the growth in demand for EV battery material orders and the increase in profitability in FY2021.
5. Increase in accounts payable turnover (times): This is mainly due to the increase in demand for EV battery material orders and the increase in purchase payments, which are mostly short-term or prepaid, thus increasing the overall turnover rate.
6. Increase in turnover of property, plant and equipment: Mainly due to the increase in demand for EV battery material orders and its net sales.
7. Return on assets (%), return on equity (%), net income before tax to paid-in capital (%), net income ratio (%), earnings per share (NT$), cash flow ratio (%), cash reinvestment ratio (%) Increase: Mainly due to the increase in demand for EV battery materials and profit growth, resulting in higher net income after tax.
8. The decrease in cash flow ratio (%) and cash flow equivalency ratio (%): Mainly due to the increase in demand for EV battery material orders.This resulted in an increase in cash outflow for inventory purchases from operating activities and a decrease in cash flow from operating activities as a whole.
9. Operating leverage: Mainly due to the increase in demand for EV battery material orders and the increase in net operating profit.

Note 1: The financial information above has been audited by CPAs.

Note 2: As of the publication date of the annual report, if the Company whose share is listed in TWSE or traded at OTC has financial statements audited or reviewed by CPAs, these shall be analyzed, too.

Note 3: Formula of financial analysis calculation:

1. Financial structure
   (1) Debt to Assets Ratio = Total Liabilities / Total Assets.
   (2) Long-term Fund to Fixed Assets Ratio = (Shareholders' Equity + Long-term Liabilities) / Net Fixed Assets.
2. Solvency
   (1) Current Ratio = Current Assets / Current Liabilities.
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities.
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses.
3. Operating Performance Analysis
   (1) Average Collection Turnover (including accounts receivable and notes receivable resulted from business operation) = Net Sales / Average Trade Receivables (including accounts receivable and notes receivable resulted from business operation).
   (2) Days Sales Outstanding = 365 / Average Collection Turnover.
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory.
   (4) Average Payment Turnover (including accounts payables and notes payables resulted from business operation) = Cost of Sales / Average Trade Payables (including accounts payables and notes payables resulted from business operation).
   (5) Average Sales Days = 365 / Average Inventory Turnover.
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment.
   (7) Total Assets Turnover = Net Sales / Average Total Assets.
4. Profitability
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets.
   (2) Return on Equity = Net Income / Average Total Equity.
   (3) Net Margin = Net Income / Net Sales.
   (4) Earnings Per Share = (Net Income - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding. (Note 4)
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities.

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

(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Property, Plant and Equipment + Long-term Investments + Other Assets + Working Capital). (Note 5)

6. Leverage:

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

(2) Financial Leverage = Operating Profit / (Operating Profit - Interest Expenses)

Note 4: The calculation of the earnings per share of the preceding paragraph shall pay special attention to the following:

1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.
2. Where there is a cash replenishment or treasury stock trading, the weighted average number of shares shall be calculated during the period of circulation.
3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.
4. If the preferred shares are non convertible accumulative shares, its annual dividend (whether or not it is issued) shall be deductible from the net income or increased to net loss after tax. If the preferred shares are non-cumulative preferred shares, when there is a net profit after tax, the dividend of preferred shares should be deducted from net profit after tax; if there is a net loss after tax, no adjustment is required.

Note 5: The following should be taken more consideration when analyzing cash flows:

1. Net cash flow from operating activities is net cash flow from operating activities in Cash Flow Analysis.
2. Capital expenditure refers to cash outflow for capital expenditure every year.
3. The increase in inventories shall only be credited when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory is reduced at the end of the year, then the inventory amount should be accounted for at zero.
4. Cash dividends include cash dividends for common stock and special shares.
5. Property, plant, and equipment refer to property, plant, and equipment before depreciation.

Note 6: The issuer shall distinguish between the operating costs and operating expenses being fixed or variables. When involved in the estimation or subjective judgments, one should pay attention to its rationality and consistency.

Note 7: If the Company's shares are no par or not in the denomination of NT$10, the calculation of the ratio of the paid in capital shall be calculated based on the equity ratio of the balance sheet attributable to the owners of the parent company.

(II) Parent Company-Only Financial Analysis of the Company

Item	Year	2017	2018	2019	2020	2021
Financial structure	Debt to Assets Ratio (%)	33.82	32.23	32.33	34.42	38.6
	Long Term Funds to Property, Plant and Equipment Ratio (%)	593.42	691.25	701.45	827.37	1271.69
Solvency	Current Ratio (%)	141.34	148.5	168.58	166.23	226.56
	Quick Ratio (%)	57.97	41.32	66.85	62.05	91.64
	Interest protection multiples	23.11	16.17	8.09	18.74	39.11
Operating capability	Average Collection Turnover (times)	7.77	9.58	13.26	12.02	12.74
	Average collection days	47	38	28	30	28
	Inventory turnover (times)	4.37	3.84	3.81	3.67	4.55
	Accounts payable turnover (times)	23.95	42.89	43.07	26.2	56.58
	Average inventory turnover days	84	95	96	99	80
	Property, plant and equipment turnover (times)	7.65	8.11	8.84	7.23	12.81
	Total Assets Turnover (times)	0.82	0.9	0.92	0.73	0.93
Profitability	ROA (%)	10.76	8.77	2.91	3.3	7.51
	ROE (%)	16.47	12.35	3.75	4.72	11.61
	Pre-tax profit to paid-in capital (%)	52.02	47.47	17.98	17.88	53.56
	Net profit margin (%)	12.64	9.23	2.75	4.32	7.86
	Earnings per share (NT$)	5.4	4.63	1.4	1.73	4.67
Cash flow	Cash flow ratio (%)	-	-	-	-	-
	Cash flow adequacy (%)	6.6	-	-	-	-
	Cash flow reinvestment ratio (%)	-	-	14.27	-	-
Financial leverage	Operating leverage	1.15	1.23	1.69	2.21	1.19
	Financial leverage	1.09	1.14	1.32	1.17	1.04

Please explain the reasons for all financial ratio fluctuations within the most recent two years. (Analysis may be waived if changes are less than 20%)

Increase in long-term capital to property, plant and equipment ratio (%), current ratio and quick ratio: Mainly due to capital increase and issuance of corporate bonds.

1. Increase in interest coverage multiple: Mainly due to the growth in demand for EV battery materials and the growth in profitability in FY2021.
2. Increase in accounts payable turnover (times): Mainly due to the increase in demand for EV battery materials and the increase in purchase amount of materials, which are mostly short-term or prepaid, thus increasing the overall turnover rate.
3. Increase in turnover of property, plant and equipment: Mainly due to the increase in net sales of EV battery materials as a result of increased demand for such materials.
4. Return on assets (%), return on equity (%), net income before tax to paid-in capital (%), net income ratio (%), earnings per share (NT$), cash flow ratio (%), cash reinvestment ratio (%) Increase: Mainly due to the increase in demand for EV battery materials and profit growth, resulting in higher net income after tax.
5. Operating leverage and financial leverage: Mainly due to the increase in demand for power battery material orders and the increase in operating net income in FY2021.

Note 1: The financial information above has been audited or reviewed by CPAs.

Note 2: As of the publication date of the annual report, if the Company whose share is listed in TWSE or traded at OTC has financial statements audited or reviewed by CPAs, these shall be analyzed, too.

Note 3: Formula of financial analysis calculation:

1. Financial structure
   (1) Debt to Assets Ratio = Total Liabilities / Total Assets.
   (2) Long-term Fund to Fixed Assets Ratio = (Shareholders' Equity + Long-term Liabilities) / Net Fixed Assets.
2. Solvency
   (1) Current Ratio = Current Assets / Current Liabilities.
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities.
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses.
3. Operating Performance Analysis
   (1) Average Collection Turnover (including accounts receivable and notes receivable resulted from business operation) = Net Sales / Average Trade Receivables (including accounts receivable and notes receivable resulted from business operation).
   (2) Days Sales Outstanding = 365 / Average Collection Turnover.
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory.
   (4) Average Payment Turnover (including accounts payables and notes payables resulted from business operation) = Cost of Sales / Average Trade Payables (including accounts payables and notes payables resulted from business operation).
   (5) Average Sales Days = 365 / Average Inventory Turnover.
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment.
   (7) Total Assets Turnover = Net Sales / Average Total Assets.
4. Profitability
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets.
   (2) Return on Equity = Net Income / Average Total Equity.
   (3) Net Margin = Net Income / Net Sales.
   (4) Earnings Per Share = (Net Income - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding. (Note 4)
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities.
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend.

(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Property, Plant and Equipment + Long-term Investments + Other Assets + Working Capital). (Note 5)

6. Leverage:

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

(2) Financial Leverage = Operating Profit / (Operating Profit - Interest Expenses)

Note 4: The calculation of the earnings per share of the preceding paragraph shall pay special attention to the following:

1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.
2. Where there is a cash replenishment or treasury stock trading, the weighted average number of shares shall be calculated during the period of circulation.
3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.
4. If the preferred shares are non convertible accumulative shares, its annual dividend (whether or not it is issued) shall be deductible from the net income or increased to net loss after tax. If the preferred shares are non-cumulative preferred shares, when there is a net profit after tax, the dividend of preferred shares should be deducted from net profit after tax; if there is a net loss after tax, no adjustment is required.

Note 5: The following should be taken more consideration when analyzing cash flows:

1. Net cash flow from operating activities is net cash flow from operating activities in Cash Flow Analysis.
2. Capital expenditure refers to cash outflow for capital expenditure every year.
3. The increase in inventories shall only be credited when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory is reduced at the end of the year, then the inventory amount should be accounted for at zero.
4. Cash dividends include cash dividends for common stock and special shares.
5. Property, plant, and equipment refer to property, plant, and equipment before depreciation.

Note 6: The issuer shall distinguish between the operating costs and operating expenses being fixed or variables. When involved in the estimation or subjective judgments, one should pay attention to its rationality and consistency.

Note 7: If the Company's shares are no par or not in the denomination of NT$10, the calculation of the ratio of the paid in capital shall be calculated based on the equity ratio of the balance sheet attributable to the owners of the parent company.

III. Audit Committee’s Review Report: please refer to attachment 1.

IV. Most Recent Consolidated Financial Statements Audited by CPAs: please refer to attachment 2.

V. Most Recent Parent Company-Only Financial Statements Audited by CPAs: please refer to attachment 3.

VI. For the Most Recent Year until the Publication Date of the Annual Report, Financial Position Impacted by Insolvency Incidents Encountered by the Company and Affiliates Should be Detailed: None.

Seven. Review of Financial Position, Business Performance, and Risk Issues

I. Financial Position

(I) Financial Status Comparative Analysis:

Unit: NT$ thousands

Item \ Year	December 31, 2020	Dec. 31, 2021	Difference	
			Amount	%
Current assets	2,980,654	5,694,810	2,714,156	91.06%
Property, plant and equipment	3,977,135	4,051,496	74,361	1.87%
Total assets	7,217,549	10,205,453	2,987,904	41.40%
Current liabilities	2,105,457	2,614,524	509,067	24.18%
Non-current liabilities	1,141,663	2,124,338	982,675	86.07%
Total liabilities	3,247,120	4,738,862	1,491,742	45.94%
Share capital	930,293	1,070,293	140,000	15.05%
Capital surplus	1,603,253	2,585,667	982,414	61.28%
Retained earnings	868,001	1,204,411	336,410	38.76%
Other equity interests	(18,558)	(46,536)	(27,978)	150.76%
Treasury stock	(129,796)	(92,839)	36,957	-28.47%
Non-controlling interest	717,236	745,595	28,359	3.95%
Total equity	3,970,429	5,466,591	1,496,162	37.68%

(II) Reasons of any material change in the company's assets, liabilities, or equity (change is over 20% between two consecutive periods, and the amount of change exceeding NT$10 million) during the past 2 fiscal years:

1. Increase in current assets : Mainly due to the increase in cash and cash equivalents resulting from the Company's cash capital increase and the issuance of convertible bonds; and the increase in inventories in response to the increase in demand for EV battery orders.
2. Increase in current and non-current liabilities and debts : Mainly due to the increase in convertible bonds and short- and long-term borrowings in response to the growth in scale of operations.
3. Increase in capital surplus : Mainly due to the issuance of new shares as a result of cash capital increase.
4. Increase in retained earnings : Mainly due to the increase in demand for EV

battery orders and the growth in profitability.

5. Increase in other equity : Mainly due to the exchange differences on the translation of financial statements of foreign operating companies.
6. Decrease in treasury stock : Mainly due to the repurchase of 2,025 thousand shares of treasury stock in FY2020 and the transfer of 600,000 shares to employees of the Company and its subsidiaries in FY2021.

(III) Effect: no material effect

(IV) Future response: not applicable

II. Financial Performance

(I) Financial performance comparative analysis

Unit: NT$ thousands

Year / Item	2020	2021	Increase/(decrease)	Change in %
Operating revenue	5,285,365	7,338,783	2,053,418	38.85%
Operating cost	4,809,896	6,395,418	1,585,522	32.96%
Operating margin	475,469	943,365	467,896	98.41%
Operating expenses	259,167	358,992	99,825	38.52%
Net operating profit	216,302	584,373	368,071	170.17%
Non-operating income and expenses	(9,868)	21,223	31,091	-315.07%
Net profit before tax	206,434	605,596	399,162	193.36%
Income tax expense	40,789	157,176	116,387	285.34%
Net profit of the year	165,645	448,420	282,775	170.71%
Other comprehensive income	(921)	(28,759)	(27,838)	3022.58%
Total comprehensive income of the year	164,724	419,661	254,937	154.77%
Net profit attributable to				
owners of the Company	155,164	462,930	307,766	198.35%
Non-controlling interest	10,481	(14,510)	(24,991)	-238.44%
Total comprehensive income attributable to				
owners of the Company	155,420	432,299	276,879	178.15%
Non-controlling interest	9,304	(12,638)	(21,942)	-235.83%

(II) Reasons of any material change in the company's assets, liabilities, or equity (change is over 20% between two consecutive periods, and the amount of change exceeding NT$10 million) during the past 2 fiscal years:

1. Increase in net income before income tax, net income for the period, net income attributable to owners of the parent company and total comprehensive income: Increased due to the steady growth in demand for EV battery orders in 2021, the increase in gross profit and operating income due to proper control of raw material inventory costs and operating expenses, and the increase in non-operating income and expenses due to the disposal of investment income, resulting in the increase in net income before income tax, net income for the period, net income attributable to owners of the parent company and total comprehensive income for the period.
2. Increase in income tax expense: Mainly due to the increase in net income before income tax as a result of the growth in revenue in FY2021.

3. Decrease in other comprehensive income and loss: Mainly due to exchange rate fluctuations in FY2021, which resulted in translation differences in the financial statements of foreign operating companies.

(III) Expected sales volume and their basis: not applicable

(IV) Possible impact on the Company's future finance and business: no material impact

(V) Response plan: not applicable

III. Cash Flow

(I) Analysis of consolidated cash flow changes of the year

Item / Year	2020	2021	Percentage of Increase (Decrease)
Cash flow ratio (%)	16.27	-24.45	-250.28%
Cash flow adequacy (%)	41.96	16.67	-60.27%
Cash flow reinvestment ratio (%)	3.11	-	-
Analysis of fluctuation: The decrease in cash flow from operating activities was mainly due to the increase in cash outflow from inventory purchase due to the increase in demand for EV battery materials.			

(II) Plans for improving liquidity

The Company has no concern about illiquidity and insufficient cash.

(III) Analysis of consolidated cash flow for the next year

Unit: NT$ thousands

Cash balance at beginning of period	Estimated yearly net cash inflow from operating activities	Estimated full year cash outflow	Estimated remaining (shortfall) cash	Shortfall remedies to estimated cash and cash equivalent	
				Investment plans	Financial plans
1,882,198	800,000	(500,000)	2,182,198	None	Bank borrowings

1. Analysis of cash flow changes for next year

   It is expected that cash will increase in the coming year compared to the beginning of the period due to the stable growth of the Company's business and the steady payment of cash dividends, as well as the reduction of capital expenditures such as plant and equipment.

2. Response to estimated cash deficit: none

IV. Impacts of Major Capital Expenditures in the Most Recent Year to Financial Performance

In order to meet the demand of customers' orders, improve the capacity utilization and maintain the product quality, the Company and its subsidiaries expanded the cobalt sulfate crystallization production line and electronic grade sulfuric acid production line in FY2021, which were financed by cash capital increase and bank loans.As the Company's revenue performance grows steadily, it has positive benefit to the financial performance of the Company and its subsidiaries.

V. Causes of Profit or Loss Incurred on Investments in the Most Recent Year, and Any Improvements or Investments

(I) Policy of reinvestment

In the most recent year, the Company's reinvestment policy is mainly aiming at responding to business expansion needs and Company development.

(II) Analysis of reasons for profit/loss

The Company's domestic and foreign investment business has not yet reached economies of scale, resulting in a small loss for Uranus Chemicals and Jiangxi Tianjiang in the recent year. The remaining reinvested companies, including overseas entities in Ningbo, Zhangzhou, Thailand and domestic Heng I Chemical continue to earn stable profits.

(III) Investment plan in the next year: none

VI. Risk Issues and Assessment for the Most Recent Year until the Publication Date of the Annual Report

(I) The impact of interest rate, exchange rate changes, and inflation on the Company's profit and loss and corresponding future measures:

1. Interest rate

Unit: NT$ thousands

Item	2020		2021	
	Amount	Share of net sales	Amount	Share of net sales
Interest expense	19,087	0.36%	24,370	0.33%

The Company's working capital was mainly financed. In FY2021, the amount of borrowings increased slightly from the previous year but the interest rate decreased slightly from the previous year. Moreover, from the above table, it is obvious that the interest expenses of 2021 and 2020 accounted for a very low proportion of the year’s revenue, and the impact on profit and loss was limited. Other than properly increasing its own working capital, the Company maintains a close relationship with its correspondent banks, monitors money market interest rates and financial information at all times, and selects the most favorable capital applications and responding measures depending on the cost of funds and possible return and risks, reducing the interest rate risk arising from operations.

2. Exchange rate

Unit: NT$ thousands

Item	2020		2021	
	Amount	Share of net sales	Amount	Share of net sales
Gain (loss) of foreign exchange	(13,885)	-0.26%	2,403	0.03%

The Company mainly uses USD as the denominated unit of receivables and payables. Nearly 80% of the receivables and payables are denominated in USD and foreign currencies, resulting in a certain degree of natural hedging benefits. Since the portion of exchange gains and losses to net sales 2021 and 2020 were not high, the exchange rate changes did not significantly impact the Company's operations.

In addition to the continuous management of foreign currency positions, the Company maintains close contact with correspondent banks to obtain more extensive foreign exchange information and preferential exchange rate quotations. The exchange rate changes are less likely to have a significant impact on the Company.

3. Changes of inflation:

The Company's purchases and sales are all based on the market price quotations, and currently there is no major impact due to inflation.

(II) Policies on transactions involving high risks, highly leveraged investments, funds lending to others, endorsement or guarantee and derivatives, the main reasons for the profit or loss of these transactions and future countermeasures:

1. The Company has the “Procedures for Acquiring or Disposing of Assets," the "Operational Procedures for Endorsement/Guarantees" and the "Procedures for Loaning of Funds to Others," all approved by the shareholders' meetings, and are the basis for the Company to execute related transactions.

2. The Company has not engaged in high-risk, high-leverage investments in the most

recent year and as of the publication date of the annual report.

3. The Company has endorsed and guaranteed the operations of its subsidiaries Coremax (BVI) Corporation and Uranus Chemicals Co., Ltd. in the most recent year and as of the publication date of the annual report. The operations of the above transactions are based on the Company's " "Operational Procedures for Endorsement/Guarantees" for execution.

4. In the most recent year of the Company and as of the publication date of the prospectus, to meet the operational needs of the subsidiaries, Coremax (Thailand) Co., Ltd. and CoreMax (Zhangzhou) Chemical Co., Ltd., the Company, or subsidiary loan of fund to the subsidiaries in need. The operations of loaning of funds were executed pursuant to the "Procedures for Loaning of Funds to Others" of the Company and subsidiaries.

5. The Company trades derivative products only for non-trading purposes. In order to avoid exchange rate risks, based on changes in the foreign exchange market and needs to foreign exchange funding, the Company adopts hedging forward foreign exchange operations in order to minimize the impact of exchange rate changes on the Company's profits and losses.

(III) Future research & development projects and corresponding budget:

1. Future research plan

(1) Short-term plan:

A. Improve existing product quality to better meet customers' needs.

B. Improve processes to produce products with different physical characteristics.

C. Enhance the processing efficiency of waste recycling business.

D. Improve the quality of the fertilizer product lines.

(2) Medium and long-term plans

A. The development of hydroxide compounds with different ratios of nickel, cobalt and manganese in line with market development needs.

B. Diversify nickel and cobalt metal recovery technology and develop new processes to improve recovery yield, efficiency and quality.

2. Estimated R&D Expenses

The Company's research and development direction is to continue to optimize the production process and improve quality, product production efficiency, reduce the distant consumption of raw materials, enhance recycling, and develop new generation products with customers.

The R&D component of the Company consists of process development and new product development, and costs are mainly composed of personnel expenses for R&D units and the purchase of R&D equipment. Therefore, it is estimated that this part of the research and development expenses will be approximately NT$18,000 thousand, accounting for approximately 10% of the total annual operating expenses.

(IV) Effects of and response to changes in local and foreign policies and regulations relating to corporate finance and sales:

The daily operations are handled pursuant to the relevant domestic and foreign laws and regulations. The Company also monitors domestic and foreign policy development trends and changes in regulations to fully grasp and respond to changes in the market environment. Therefore, as of the annual report's publication date, the changes in domestic and foreign policies have no significant impact on the Company's finance and business.

(V) Effects of and response to changes in technology and the industry relating to corporate finance and sales:

The Company always monitors the technological changes and technological development evolution related to the industry in which it operates, and quickly grasps the industry movements. In addition, it continuously strengthens and improves its own R&D capabilities and actively expands future market applications. Therefore, technological changes and industrial changes affect the Company positively

(VI) Impact of change in the corporate image on crisis management and countermeasures:

The Company insists on the business philosophy of ethics and pragmatism. As of the publication date of the annual report, no incidents that could affect the corporate image have occurred, and the Company has issued a corporate social responsibility report.

(VII) Expected benefits from, risks relating to, and response to merger and acquisition plans:

The Company has no plans to conduct mergers and acquisitions in the most recent year and as of the date of publication of the annual report. In the future, shall there be the evaluation and implementation of the aforementioned related plans, they will be handled pursuant to relevant laws and regulations and various internal management procedures of the Company.

(VIII) Expected benefits from, risks relating to, and response to factory expansion plans:

The Company's subsidiaries, Heng I Chemical and Uranus Chemicals, have purchased new lands and constructed plants for the consideration of industrial development and necessary expansion of operations. These have been implemented pursuant to the relevant regulations and laws while complying with the internal management procedures of the Company and its subsidiaries, seeking to achieve the expected benefits and simultaneously reduce possible risk factors.

(IX) Risks relating to and responses to excessive concentration of purchasing sources and excessive customer concentration: None.

1. Risk assessment of concentrated purchases and countermeasures

The Company's top ten suppliers are mostly well-known foreign suppliers of metal raw materials, chemical raw materials and fertilizer raw materials. The proportion of purchases from a single supplier is less than 30%, so there is no centralized purchase.

As the metal supply in the world is currently an oligopolistic market, for the Company’s metal raw materials, the Company has business with major manufacturers in the world, and it usually allocates purchases based on cost considerations. The Company monitors changes in the supply of raw materials in the market. It maintains business with two or more suppliers for the purchase of main raw materials, with regular supplier surveys and evaluations, to ensure a stable source of supply. Therefore, the concentration risk of purchases should be reasonably controlled.

In a nutshell, the Company actively evaluates market information and market conditions for purchases. It continues to develop outstanding high-quality suppliers to diversify the risk of centralized purchases from a single supplier. The Company is not supposed to have the risk of excessive concentration of purchases.

2. Risk assessment of concentrated sales and countermeasures

The Company’s main business is a manufacturer of oxidation catalysts, power battery materials, compound fertilizers and specialty chemical materials. Its product applications are in the chemical fiber, secondary lithium battery, agriculture and electronics industries, and sales customers are all well-known companies or agents in the industry. From 2017 to 2019, no single customer accounted for more than 30% of the year’s net revenue. Still, the net revenue ratio to CP in 2020 was 30.23%, due to the relatively higher proportion of other customers affected by COVID-19, and to meet the needs of end customers, the sales to other customers were reduced.

Based on industry experience, the Company will continue to expand new customer sources and develop product application markets with its stable product quality to diversify sales risks. There should be no excessive reliance on a single customer or customer source. As far as the sales target is concerned, in addition to the stable and good cooperation relationship with customers, the products and quality supplied by the Company are able to meet the needs of customers, and it is a long-term partner of well-known domestic and overseas customers.

(X) Effects of, risks relating to, and response to large share transfers or changes in shareholdings by Directors, or Shareholders with shareholdings of over 10%: None.

(XI) Effects of, risks relating to, and response to the changes in management: None.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation: none

(XIII) Other important risks and mitigation measures being or to be taken.

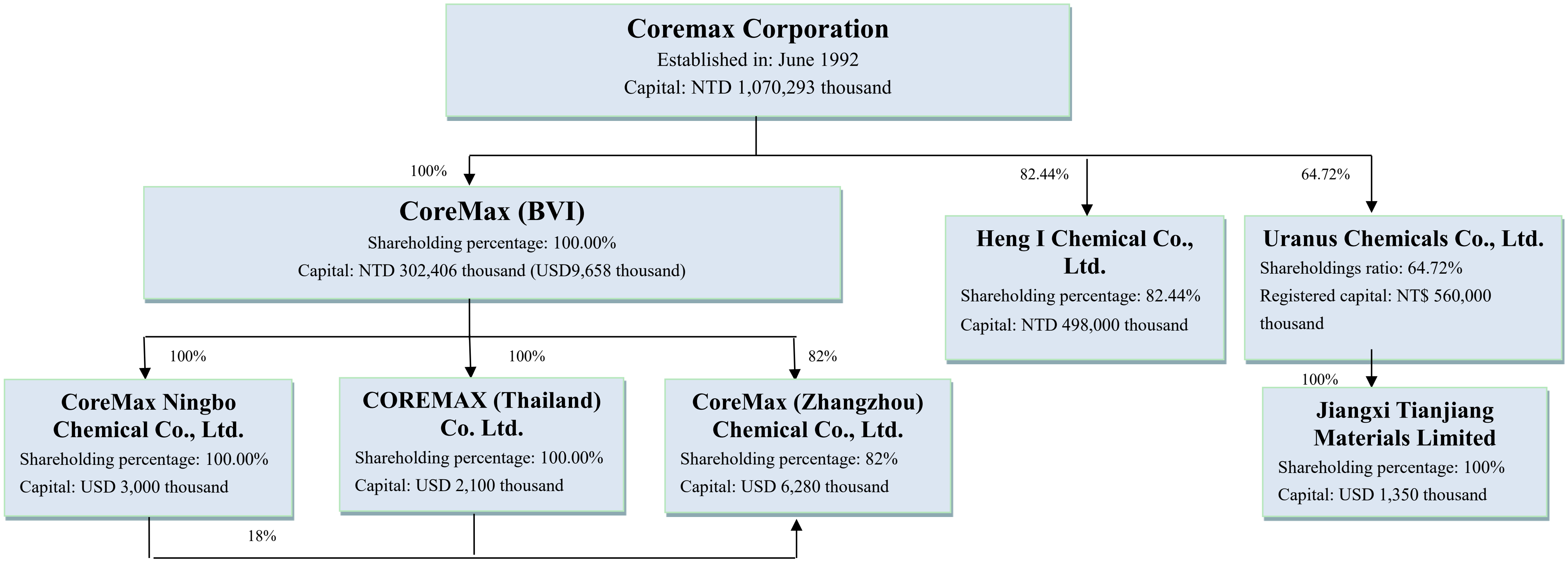
VII. Other Material Issues: None.

Eight. Special Disclosure

I. Summary of Affiliated Companies

(I) Affiliate Organizational Chart

Date: April 30, 2022



2. Basic information of Affiliates

Date: April 30, 2022; in thousands

Name of Company	Date of Establishment	Address	Paid-in-capital amount	Major Operations / Production Projects
Coremax (BVI) Corporation	November 2001	BVI	USD9,658	Investment to various business
CoreMax Ningbo Chemical Co., Ltd.	September 2004	Ningbo, China	USD3,000	Oxidation catalysts
CoreMax (Zhangzhou) Chemical Co., Ltd.	October 2011	Zhangzhou, China	USD6,280	Oxidation catalysts
Coremax (Thailand) Co., Ltd.	March, 2009	Rayong, Thailand	USD2,100	Oxidation catalysts
Heng I Chemical Co., Ltd.	May 1961	Miaoli, Taiwan	NTD498,000	Organic/chemical fertilizer
Uranus Chemicals Co., Ltd.	July 1975	Hsinchu, Taiwan	NTD560,000	Oxalic acid, oxalate, etching solution, rare earth chemicals
Jiangxi Tianjiang Materials Limited	January 2001	Jiangxi, China	USD1,350	Oxalate

3. Information of common shareholders of the companies presumed to be controller and subordinate: none

4. Industries covered by all Affiliates, their interactions and division of works:

Name of Company	Operating business	Relationship to the Company	Division of works
Coremax (BVI) Corporation	Investee	Subsidiary of the Company	Investment in various businesses
CoreMax Ningbo Chemical Co., Ltd.	Manufacturing and sales of oxidation process catalysts	Sub-subsidiary re-invested through Coremax (BVI) Corporation	The major raw materials are procured by the Headquarter, with local production, and serve the customer in Mainland China.
CoreMax (Zhangzhou) Chemical Co., Ltd.	Manufacturing and sales of oxidation process catalysts	Sub-subsidiary re-invested through Coremax (BVI) Corporation	The major raw materials are procured by the Headquarter, with local production, and serve the customer in Mainland China.
Coremax (Thailand) Co.,LTD.	Manufacturing and sales of oxidation process catalysts	Sub-subsidiary re-invested through Coremax (BVI) Corporation	The major raw materials are procured by the Headquarter, with local production, and serve the customer in

			Southeast Asia.
Heng I Chemical Co., Ltd.	Manufacturing and sales of fertilizer and chemical engineering materials	Subsidiary of the Company	Not applicable.
Uranus Chemicals Co., Ltd.	Manufacturing and sales of oxalic acid etching solution, oxalate, and rare earth	Subsidiary of the Company	Not applicable.
Jiangxi Tianjiang Materials Limited	Manufacturing and sales of oxalic acid etching solution, oxalate, and rare earth	The sub-subsidiary reinvested through Uranus Chemicals Co., Ltd.	Not applicable.

5. Affiliated companies

Name of Company	Position	Name	Spouse and child of minor age	
			Shares (thousand shares)	Percentage of shareholding
Coremax (BVI) Corporation	Chairman	Ho, Chi-Cheng	9,658	100.00%
CoreMax Ningbo Chemical Co., Ltd.	Chairman	Ho, Chi-Cheng	(Note)	100.00%
CoreMax (Zhangzhou) Chemical Co., Ltd.	Chairman	Ho, Chi-Cheng	(Note)	82.00%
Coremax (Thailand) Co., Ltd.	Chairman	Ho, Chi-Cheng	70	100.00%
Heng I Chemical Co., Ltd.	Chairman	Ho, Chi-Cheng	41,058	82.44%
Uranus Chemicals Co., Ltd.	Chairman	Ho, Chi-Cheng	36,243	64.72%
Jiangxi Tianjiang Materials Limited	Chairman	Ho, Chi-Cheng	(Note)	100.00%

Note 1: This is a limited company so there are no shares

(II) Operational Highlights of Affiliated Companies

Date: December 31, 2020; Unit: NT$ thousands

Name of Company	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating income	Profit (loss) (after tax) of the period	Earnings per share (NT$) (after tax)
Coremax (BVI) Corporation	302,406	578,006	0	578,006	0	(21,969)	124,488	12.89
CoreMax Ningbo Chemical Co., Ltd.	98,482	194,504	23,295	171,209	183,460	7,125	6,337	(Note 2)
CoreMax (Zhangzhou) Chemical Co., Ltd.	185,654	296,861	50,373	246,488	382,893	88,000	66,985	(Note 2)
Coremax (Thailand) Co., Ltd.	67,047	98,300	36,859	61,441	82,736	20,397	14,616	208.80
Heng I Chemical Co., Ltd.	498,000	3,026,729	1,192,803	1,833,926	975,021	98,758	98,784	1.94
Uranus Chemicals Co., Ltd.	560,000	2,017,359	712,111	1,305,248	493,570	(40,631)	(70,839)	2.95
Jiangxi Tianjiang Materials Limited	43,947	19,289	2,991	16,298	0	(996)	(560)	(Note 2)

Note 1: Coremax (Thailand) Co., Ltd., 1,000 Baht per share

Note 2: it is a limited company, so it is not calculated.

II. Private Placement of Securities in the Most Recent Year until the Publication Date of the Annual Report: none

III. For the Most Recent Year until the Publication Date of the Annual Report, the Shareholding or Disposal of Shares of the Company by Subsidiaries:

Date: December 31, 2021

Subsidiary name	Paid-in-capital amount	Source of Capital	Percentage of shareholding owned by the Company	Date of Acquisition or Disposal	Number and amount of shares acquired	Number and amount of shares disposed of	Gain or loss on investment	Shares and amount held at the end of the year or up to the publication date of the annual report	Pledge status	Amount of endorsement /guaranteed provided to subsidiaries by the Company	Amount loaned to the subsidiaries by the Company
Uranus Chemicals Co., Ltd.	560,000	Self-funded	64.71%	Before the recent two years	2,869,996 shares	-	NT$ 230,634 thousand	2,363,495 shares NT$ 17,594 thousand (cost) NT$ 349,797 thousand (after appraisal)	None	NT$ 200,000 thousand	None
				2013/11/1	143,499 shares (Note 1)	-			None.		None
				2021	-	650,000 shares NT$ 91,782 thousand					
				The year up to the publication date of the annual report	-	-			None		None

Note 1: Gain from share dividend distribution

IV. Other supplementary information: None.

V. If any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one：None

Attachment 1

Audit Committee’s Review Report

Coremax Corporation
Audit Committee Report

It is agreed to and resolved by the Audit Committee and the Board of Directors that the Company's FY2021 Business Report, Financial Statement, Consolidated Financial Reports, and Proposal for Earning Distribution. Among them, Financial Statement and Consolidated Financial Reports were audited and certified by Chi-Lung Yu and Pei-Chi Chen, CPAs of KPMG in Taiwan, and an audit report which refers to the Financial Statement and Consolidated Financial Reports was issued.

The Business Report, Financial Statement, Consolidated Financial Reports, and Proposal for Earning Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Coremax Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

2022 Annual Meeting of Shareholders of Coremax Corporation

Chairman of the Audit Committee: Wang, Wen-Tsung

February 25, 2022

Attachment 2

Consolidated financial statements of the recent year, audited and certified by CPAs

Stock Code:4739

Coremax Corporation and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

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

Company name: Coremax Corporation
Chairman: Chi-Cheng Ho
Date: February 25, 2022

安侯建業聯合會計師事務所
KPMG
新竹市300091新竹科學園區展業一路11號
No. 11, Prosperity Road I, Hsinchu Science Park,
Hsinchu City 300091, Taiwan (R.O.C.)
電 話 Tel + 886 3 579 9955
傳 真 Fax + 886 3 563 2277
網 址 Web home.kpmg/tw

Independent Auditors' Report

To the Board of Directors
Coremax Corporation:

Opinion

We have audited the consolidated financial statements of Coremax Corporation ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in the Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

1. Loss allowance assessment of Receivables

   Please refer to Note 4(7) "Financial instruments" for the accounting policies of loss allowance assessment of receivables, Note 5 " for the relevant accounting estimation, and major sources of assumption uncertainty" ; and Note 6(4) "Notes and accounts receivable, net" to the consolidated financial statements for the details of relevant disclosures.

Description of key audit matters:

The Group has a worldwide customer base. As such, the Group may encounter difficulty in obtaining financial information of the customers due to the rapid changes in the business environment which included the industry, technology, market, and economic, as well as legal matters. When assessing the expected credit loss of its receivables during its lifetime, the receivables are measured based on the factors such as aging analysis of accounts receivable, customers’ financial status, historical collection experience, current market conditions, and consideration of forward-looking information. The assessment of allowance for loss on accounts receivables involved subjective judgment of management, which has been identified as one of our key audit matters.

How the matter was addressed in our audit:

Our main audit procedures included: Obtaining and checking the accuracy of the impairment loss calculation from the management of the accounts receivable ; Checking the completeness of the aging analysis of the receivables and accuracy of the aging bracket by sampling, and analyzing the receivables aging and historical receivables collection record and customer credit risk concentration in measuring the appropriateness of the expected credit loss rate in order to evaluate the reasonableness of the porvision amount of the account receivable loss allowance of the Group, and evaluating the adequacy of the Group’ s disclosures in the accounts.

2. Valuation of Inventories

Please refer to Note 4(8) “Inventories” for the accounting policies of inventories valuation, Note 5 “for the relevant accounting estimation, and major sources of assumption uncertainty”, and Note 6(5) “Inventories” to the consolidated financial statements for the details of relevant disclosures.

Description of key audit matters:

The Group's inventories are measured at the lower of cost and net realizable value. The Group will exercise judgment in estimating the net realizable value of its inventories as at reporting date. Estimation of net realizable value might subject to significant changes due to the fluctuations of the market and rapid changes in technology. Therefore, estimation of devaluation loss that reduce inventory to market value is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included: Understanding and evaluating the assessment performed by the management in calculating the net realizable value, as well as vouching to relevant documents for samples selected; evaluating the adequacy of the provisions policy ; assessing whether the valuation of inventories did follow such policy; and considering the adequacy of the Group’s disclosures in the accounts.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chi-Lung Yu and Pei-Chi Chen.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2022

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Coremax Corporation and subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
Current assets:				
Cash and cash equivalents (note 6(1))	$ 1,882,198	18	703,928	10
Notes receivable, net (note 6(4))	14,874	-	51,332	1
Accounts receivable, net (note 6(4))	798,006	8	570,007	8
Accounts receivable from related parties (notes 6(4) and 7)	-	-	130	-
Other receivables－related parties (note 7)	-	-	22	-
Inventories (note 6(5))	1,907,627	19	1,055,685	15
Prepayments to suppiers	920,389	9	518,842	7
Other financial assets－current (notes 6(2) and (9))	49,958	1	1,892	-
Other current assets (note 6(8))	121,758	1	78,816	-
	5,694,810	56	2,980,654	41
Non-current assets:				
Financial assets at fair value through profit or loss－non-current (note 6(2))	6,408	-	-	-
Financial assets at fair value through other comprehensive income－non-current (note 6(3))	37,000	-	49,203	1
Property, plant and equipment (notes 6(10) and 8)	4,051,496	40	3,977,135	55
Right-of-use assets (note 6(11))	41,047	-	42,870	1
Deferred tax assets (note 6(17))	53,121	1	47,595	1
Net defined benefit asset－non-current (note 6(16))	11,742	-	12,195	-
Other financial assets－non-current (notes 6(2), (9) and 8)	112,462	1	40,995	-
Other non-current assets (note 6(8))	197,367	2	66,902	1
	4,510,643	44	4,236,895	59
Total assets	**$ 10,205,453**	**100**	**7,217,549**	**100**

Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
Current liabilities:				
Short-term notes and bills payable (note 6(12))	$ 80,000	1	80,000	1
Short-term borrowings (note 6(13))	1,906,362	19	1,538,966	21
Notes payable	26,808	-	45,703	1
Accounts payable	104,816	1	124,612	2
Salary and bonus payable	100,301	1	92,192	1
Payable on machinery and equipment	76,255	1	51,939	1
Current lease liabilities (note 6(15))	4,988	-	5,409	-
Long-term borrowings, current portion (note 6(13))	62,291	1	50,000	1
Other current liabilities	252,703	2	116,636	2
	2,614,524	26	2,105,457	30
Non-current liabilities:				
Convertible bonds payable (note 6(14))	678,528	7	-	-
Long-term borrowings (note 6(13))	1,095,161	11	814,622	11
Deferred tax liabilities (note 6(17))	331,065	3	307,779	4
Non-current lease liabilities (note 6(15))	12,801	-	12,517	-
Net defined benefit liability－non-current (note 6(16))	6,676	-	5,438	-
Deposits received	107	-	1,307	-
	2,124,338	21	1,141,663	15
Total liabilities	4,738,862	47	3,247,120	45
Equity (notes 6(6), (14) and (18)):				
Equity attributable to parent company shareholders:				
Ordinary share capital	1,070,293	10	930,293	13
Capital surplus	2,585,667	25	1,603,253	22
Retained earnings	1,204,411	12	868,001	12
Other equity interest	(46,536)	-	(18,558)	-
Treasury shares	(92,839)	(1)	(129,796)	(2)
	4,720,996	46	3,253,193	45
Non-controlling interests	745,595	7	717,236	10
Total equity	5,466,591	53	3,970,429	55
Total liabilities and equity	**$ 10,205,453**	**100**	**7,217,549**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Coremax Corporation and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, except for earnings per share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
Net operating revenue (notes 6(20) and 7)	$ 7,338,783	100	5,285,365	100
Operating costs (notes 6(5), (16) and (21))	6,395,418	87	4,809,896	91
Gross profit	943,365	13	475,469	9
Operating expenses (notes 6(4), (16) and (21)):				
Selling expenses	101,442	2	70,110	1
General administrative expenses	227,550	3	159,619	3
Research and development expenses	8,971	-	29,438	1
Expected credit loss	21,029	-	-	-
Total operating expenses	358,992	5	259,167	5
Net operating income	584,373	8	216,302	4
Non-operating income and expenses:				
Other income (notes 6(22))	23,551	-	32,505	1
Other gains and losses, net (note 6(22))	18,402	-	(11,878)	-
Finance costs (notes 6(14), (15) and (22))	(24,370)	-	(19,087)	-
Interest income (note 6(22))	1,237	-	2,477	-
Foreign exchange gains (loss) (note 6(23))	2,403	-	(13,885)	-
	21,223	-	(9,868)	1
Income before income tax	605,596	8	206,434	5
Income tax expenses (note 6(17))	157,176	2	40,789	1
Net income	448,420	6	165,645	4
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans (note 6(16))	(2,830)	-	(1,130)	-
Unrealized gains (losses) of financial assets measured at fair value through other comprehensive income	(12,203)	-	(3,463)	-
Income tax related to items that will not be reclassified to profit or loss	-	-	-	-
Total items that will not be reclassified subsequently to profit or loss	(15,033)	-	(4,593)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(18,169)	-	4,759	-
Income tax relating to item that may be reclassified subsequently (note 6(17))	(4,443)	-	1,087	-
Total items that may be reclassified subsequently to profit or loss	(13,726)	-	3,672	-
Other comprehensive income	(28,759)	-	(921)	-
Total comprehensive income	**$ 419,661**	**6**	**164,724**	**4**
Net income attributable to:				
Shareholders of the parent	$ 462,930	6	155,164	4
Non-controlling interests	(14,510)	-	10,481	-
	$ 448,420	**6**	**165,645**	**4**
Total comprehensive income attributable to:				
Shareholders of the parent	$ 432,299	6	155,420	4
Non-controlling interests	(12,638)	-	9,304	-
	$ 419,661	**6**	**164,724**	**4**
Earnings per share (New Taiwan Dollars) (note 6(19)):				
Basic earnings per share	**$**	**4.67**		**1.73**
Diluted earnings per share	**$**	**4.62**		**1.73**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Coremax Corporation and subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Other equity interest						
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury shares	Subtotal of equity attributable to the shareholders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2020	$ 930,293	1,599,457	209,453	17,200	599,133	825,786	(17,758)	(2,370)	(20,128)	(14,048)	3,321,360	731,579	4,052,939
Net income for the period	-	-	-	-	155,164	155,164	-	-	-	-	155,164	10,481	165,645
Other comprehensive income (loss) for the period	-	-	-	-	(1,314)	(1,314)	4,347	(2,777)	1,570	-	256	(1,177)	(921)
Total comprehensive income (loss) for the period	-	-	-	-	153,850	153,850	4,347	(2,777)	1,570	-	155,420	9,304	164,724
Appropriation and distribution of retained earnings:													
Appropriated legal reserve	-	-	12,802	-	(12,802)	-	-	-	-	-	-	-	-
Appropriated special reserve	-	-	-	2,930	(2,930)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(111,635)	(111,635)	-	-	-	-	(111,635)	-	(111,635)
Treasury shares acquired	-	-	-	-	-	-	-	-	-	(115,748)	(115,748)	-	(115,748)
Adjustments to capital surplus due to the Company's cash dividends distributed to subsidiaries	-	3,696	-	-	-	-	-	-	-	-	3,696	-	3,696
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(23,252)	(23,252)
Differences between consideration and carrying amounts of subsidiaries shareholding acquired or disposed of	-	100	-	-	-	-	-	-	-	-	100	(395)	(295)
Balance at December 31, 2020	930,293	1,603,253	222,255	20,130	625,616	868,001	(13,411)	(5,147)	(18,558)	(129,796)	3,253,193	717,236	3,970,429
Net income for the period	-	-	-	-	462,930	462,930	-	-	-	-	462,930	(14,510)	448,420
Other comprehensive income (loss) for the period	-	-	-	-	(2,653)	(2,653)	(17,771)	(10,207)	(27,978)	-	(30,631)	1,872	(28,759)
Total comprehensive income	-	-	-	-	460,277	460,277	(17,771)	(10,207)	(27,978)	-	432,299	(12,638)	419,661
Appropriation and distribution of retained earnings:													
Appropriated legal reserve	-	-	15,385	-	(15,385)	-	-	-	-	-	-	-	-
Reversed special reserve	-	-	-	(1,571)	1,571	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(121,205)	(121,205)	-	-	-	-	(121,205)	-	(121,205)
Capital increase by cash	140,000	717,850	-	-	-	-	-	-	-	-	857,850	-	857,850
Issuance of convertible bonds	-	136,719	-	-	-	-	-	-	-	-	136,719	-	136,719
Transfer treasury shares to employees (including subsidiaries)	-	19,542	-	-	-	-	-	-	-	34,295	53,837	-	53,837
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	70,101	-	-	(2,662)	(2,662)	-	-	-	2,662	70,101	21,681	91,782
Adjustment to capital surplus due to cash dividends distributed to subsidiary	-	3,316	-	-	-	-	-	-	-	-	3,316	-	3,316
Differences between consideration and carrying amounts of subsidiaries shareholding acquired or disposed of	-	(53)	-	-	-	-	-	-	-	-	(53)	(4,968)	(5,021)
Amounts affected by cash capital increase of subsidiaries not recognized in proportion to shareholding	-	(1,246)	-	-	-	-	-	-	-	-	(1,246)	1,246	-
Share-based payments transactions	-	36,185	-	-	-	-	-	-	-	-	36,185	430	36,615
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(21,856)	(21,856)
Subsidiaries' capital increase by cash	-	-	-	-	-	-	-	-	-	-	-	44,464	44,464
Balance at December 31, 2021	$ 1,070,293	2,585,667	237,640	18,559	948,212	1,204,411	(31,182)	(15,354)	(46,536)	(92,839)	4,720,996	745,595	5,466,591

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Coremax Corporation and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		2021	2020
Cash flows from operating activities:			
Income before income tax	$	605,596	206,434
Adjustments:			
Adjustments to reconcile profit:			
Depreciation		289,543	274,042
Share-base payments		36,615	-
Expected credit loss		21,029	-
Interest expense		24,370	19,087
Interest income		(1,237)	(2,477)
Dividend income		(8,622)	(2,874)
Gain on disposal of investments		46,985	-
Impairment loss on property, plant and equipment		(73,675)	-
Adjustment for other non-cash-related losses, net		19	811
Subtotal of gains or losses on non-cash activities		335,027	288,589
Changes in operating assets and liabilities:			
Notes receivable		36,458	(12,456)
Accounts receivable (including related parties)		(248,642)	(86,681)
Inventories		(851,942)	359,716
Prepayment to suppliers		(401,547)	(361,271)
Other current assets		(60,122)	(6,892)
Notes payable		(18,895)	(26,450)
Accounts payable (including related parties)		(19,796)	1,409
Other current liabilities		76,562	31,416
Net defined benefit liability and asset		(962)	(1,335)
Total adjustments		(1,153,859)	186,045
Cash inflow (outflow) generated from operations		(548,263)	392,479
Interest paid		(24,376)	(19,391)
Income taxes paid		(66,570)	(30,495)
Net cash from (used in) operating activities		(639,209)	342,593
Cash flows from investing activities:			
Acquisition of financial assets at fair value through other comprehensive income		-	(3,369)
Proceeds from disposal of subsidiaries		83,420	-
Acquisition of property, plant and equipment		(432,208)	(483,741)
Proceeds from disposal of property, plant and equipment		43,380	1,286
Increase in refundable deposits		(2,331)	(28,435)
Increase in restricted deposit		(100,000)	-
Increase in other non-current assets		(136,191)	(34,337)
Acquisition of non-controlling interests		(5,021)	(295)
Interest received		1,237	2,477
Dividends received		8,622	2,874
Net cash used in investing activities		(539,092)	(543,540)
Cash flows from financing activities:			
Increase in short-term borrowings		375,898	510,887
Decrease in short-term notes and bills payable		-	(150,000)
Proceeds from long-term borrowings		342,830	157,310
Repayments of long-term borrowings (including current portion)		(50,000)	(133,333)
Decrease in guarantee deposits received		(1,200)	-
Payment of lease liabilities		(6,196)	(5,285)
Cash dividends paid		(117,889)	(107,939)
Subsidiaries' capital increase by cash		44,464	-
Capital increase by cash		857,850	-
Increase in treasury stocks		-	(115,748)
Cash dividends paid for non-controlling interests		(21,856)	(23,252)
Issuance of convertible bonds		808,056	-
Disposal of company's share by subsidiaries recognized as treasury shares transactions		91,782	-
Treasury stocks transfer to employees		53,837	-
Net cash from financing activities		2,377,576	132,640
Effect of exchange rate changes on cash and cash equivalents		(21,005)	5,042
Net increase (decrease) in cash and cash equivalents		1,178,270	(63,265)
Cash and cash equivalents at beginning of period		703,928	767,193
Cash and cash equivalents at end of period	$	**1,882,198**	**703,928**

See accompanying notes to consolidated financial statements.

1. Company history

Coremax Corporation (the "Company") was incorporated in Hsinchu, Republic of China (R.O.C.), on June 16, 1992. The registered address of the Company's office is 11 Wenhua Road, Hsinchu Industrial Park, Hsinchu County 30352, Taiwan R.O.C. The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange on September 8, 2017 and the trading of Taipei Exchange stock was officially terminated on the same date.

The Company and its subsidiaries (together referred to as the "Group") are mainly involved in the manufacturing, sales, import and export of oxidation catalyst, battery materials, chemical fertilizers and specialty chemicals.

2. Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors on February 25, 2022.

3. New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Group has initially adopted the (following) new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(2) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020

- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	The key amendments to IAS 1 include: ● requiring companies to disclose their material accounting policies rather than their significant accounting policies; ● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and ● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

4. Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently to all the periods presented in the consolidated financial statements.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

(2) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the consolidated balance sheets:

1) Financial assets at fair value through profit or loss are measured at fair value (include derivative instruments);

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities (assets) are measured fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(14).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (TWD), which is the Company’s functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(3) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The Company 'controls' an entity when it is exposed to, 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.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Losses attributable to the noncontrolling interests in a subsidiary are attributed to the noncontrolling interests even if doing so results in a deficit noncontrolling interests' balance.

The accounting policies in the subsidiary's financial statements has been adjusted properly to be consistent with the accounting policies used by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attributable it to the owners of the Company.

Intra group balances and transactions, and any unrealized income and expenses arising from intra group transactions are eliminated in preparing the consolidated financial statements.

(ii) List of subsidiaries in the consolidated financial statements

The consolidated entities were as follows:

			Percentage of Ownership (%)		
Name of Investor	**Name of Subsidiary**	**Business Nature**	**December 31, 2021**	**December 31, 2020**	**Note**
The Company	Coremax (BVI) Corporation	Investment company	100 %	100 %	
The Company	Uranus Chemicals Co., Ltd. (Uranus Chemicals)	Manufacturing and sales of oxalic acid、organic and inorganic acid、rare earth compounds and related products	64.71 %	62.65 %	Note 1
The Company	Hengi Chemical Co., Ltd. (Hengi)	Manufacturing and sales of chemical fertilizers, chemical raw materials, organic fertilizer and fertilizers with organic matter. Import and export of related business. Recycling and reproduce of solvent and pollutants.	82.44 %	80.18 %	Note 1

Name of Investor	Name of Subsidiary	Business Nature	Percentage of Ownership (%) December 31, 2021	December 31, 2020	Note
Coremax (BVI) Corporation	Coremax Zhuhai Chemical Co., Ltd.	Production and sales of oxidation catalysts, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbents and cobalt compound series products.	-	100 %	Note 1, 2
Coremax (BVI) Corporation	Coremax Ningbo Chemical Co., Ltd.	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	100 %	100 %	
Coremax (BVI) Corporation	Coremax (Thailand) Co., Ltd.	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	100 %	100 %	
Coremax (BVI) Corporation	Coremax (Zhangzhou) Chemical Co., Ltd.	Manufacturing, processing and wholesale of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, waste gas absorbent and cobalt compound series products, and regeneration treatment of abort oxidation catalyst.	100.00 %	100.00 %	
Uranus Chemicals Co., Ltd. (Uranus Chemicals)	Jiangxi Tianjiang Materials Co., Ltd.	Manufacturing and sales of oxalic acid、organic and inorganic acid、rare earth compounds and related products	100 %	100 %	

Note 1: The changing in the percentage of its ownership for subsidiaries, please refer to to Note 6(6).

Note 2: The Group sold all its shareholding in Coremax Zhuhai Chemical Co., Ltd. in July 2021.

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(4) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current assets and liabilities

The Group classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting date; or

(iv) The asset is cash or cash equivalent except for the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting date; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and checking deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(7) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial asset. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivable and other financial assets), debt investments measured at FVOCI and contract assets..

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ' investment grade' " which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings".

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interests in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in gain or loss. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

5) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

6) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as major components of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

1) Buildings: 4 to 60 years.

2) Machinery and equipment: 2 to 19 years.

3) Transportation Equipment: 4 to 7 years.

4) Other equipment: 3 to 11 years.

5) Buildings constitute mainly plant, buildings, mechanical and electrical power equipment, and related engineering, etc. Each constituent is depreciated based on its useful life, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(10) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

– payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

– there is a change in future lease payments arising from the change in an index or rate; or

– there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

– there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

– there is a change of its assessment on whether it will exercise a extension or termination option; or

– there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, including printer and staff dormitory. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all the rent concessions for all leased land occurring as a direct consequence of the COVID-19 pandemic are lease modifications or not.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(11) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(12) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other non-financial assets (excluding goodwill), an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(13) Revenue from contracts with customers

(i) Sale of goods

The Group researches, develops, produces, manufactures and sells various chemical catalyst products, cobalt compound products, oxalic acid products and electronic components, as well as batteries. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. 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, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(14) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(15) Share based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(16) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(17) Earnings per share

The Group discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds payable and employee remuneration that could be distributed in share.

(18) Operating segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparation of the consolidated financial statements, management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following:

(1) The loss allowance of notes and accounts receivables

The Group has estimated the loss allowance of notes and accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Please refer to note 6(4) for the impairment evaluation of receivables.

(2) Valuation of Inventories

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting date. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated demands of the products within a specific time horizon in the future, therefore, the above estimation may have a significant change. Please refer to note 6(5) for further description of the valuation of inventories.

Accounting policies and disclosures of the Group include the fair value measurement for financial or non-financial assets and liabilities. The Group determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The Group also periodically assesses the evaluation model, performs retrospective tests, and updates inputs with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the valuation.

The Group evaluates its assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used, and the different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs (other than quoted prices included within Level 1) that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

When there is a transfer between levels of the fair value hierarchy, the Group recognizes the transfer at the reporting date. For the assumptions used in fair value measurement, please refer to note 6(23) of the financial instruments.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 475	596
Demand deposits and checking accounts	1,879,030	700,268
Time deposits	2,693	3,064
	$ 1,882,198	**703,928**

Please refer to note 6(23) for the disclosure of currency risk of the financial assets and liabilities.

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

	December 31, 2021	December 31, 2020
Financial assets－non-current:		
Call and put option－convertible bonds payable	**$ 6,408**	**-**

(i) The Group uses derivative financial instruments to hedge the price fluctuations risk of raw materials due to fluctuations in international nickel market. As of December 31, 2021 and 2020, the futures trading of the Company has been settled. As of December 31, 2021, the outstanding futures contract margin amounting to$30,864 was recorded as other financial assets－current. As of December 31, 2020, the outstanding futures contract margin amounting to $28,658 was recorded as other financial assets－non-current.

(ii) The Company's net profit and loss (including realized and unrealized) from trading in derivative financial instruments in 2021 and 2020, please refer to note 6(22).

(3) Financial assets at fair value through other comprehensive income－non-current

		December 31, 2021	December 31, 2020
Non-current:			
Domestic unlisted stocks	$	**37,000**	**49,203**

The purpose of these equity instruments is for long-term strategic investments and is not held for trading. As such, these instruments have been designated to be measured at fair value through other comprehensive income.

During the years of 2021 and 2020, the Group did not dispose any of its investment, thus, there were no transfer of accumulated profit and loss within the equity.

(4) Notes and accounts receivable, net

(i) Notes receivable, net:

		December 31, 2021	December 31, 2020
Notes receivable from operating activities	$	**14,874**	**51,332**

(ii) Accounts receivable, net:

		December 31, 2021	December 31, 2020
Accounts receivable	$	824,760	575,988
Less: loss allowance		(26,754)	(5,981)
	$	**798,006**	**570,007**

The Group applies the simplified approach to provide for its loss allowance used for ECL, which permit the use of lifetime expected loss provision for all receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	December 31, 2021			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	801,808	0%	-
1 to 90 days past due		11,072	5%	-
91 to 180 days past due		-	20%	-
More than 181 days past due		-	100%	-
	$	**812,880**		**-**

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 609,819	0%	-
1 to 90 days past due	11,650	5%	-
91 to 180 days past due	-	20%	-
More than 181 days past due	-	100%	-
	$ 621,469		**-**

Note 1: As of December 31, 2021 and 2020, the accounts receivable is amounting for $5,214 and $5,981, respectively from Wintek Corporation have been fully provided with impairment losses.

Note 2: The accounts receivable amounting to $21,540 from a single corporation have been fully provided with impairment losses in 2021.

Other receivables – related parties are not included in the above receivables, please refer to note 7 for details.

The movement in the loss allowance for notes and accounts receivable was as follows:

	2021	2020
Balance at beginning of period	$ 5,981	5,981
Impairment losses recognized	21,796	-
Impairment losses reversal	(767)	-
Effect of exchange rate changes	(256)	-
Balance at end of period	**$ 26,754**	**5,981**

(5) Inventories

	December 31, 2021	December 31, 2020
Raw materials	$ 1,254,304	455,208
Work in process	516,537	373,901
Finished goods and commodities	136,786	226,576
	$ 1,907,627	**1,055,685**

The components of operating costs were as follows:

	2021	2020
Cost of goods sold	$ 6,434,593	4,815,695
Inventory devaluation loss (reversal gain)	(35,462)	(5,337)
Gain from sale of scrap	(3,713)	(462)
	$ 6,395,418	**4,809,896**

As of December 31, 2021 and 2020, the Group's inventories were not pledged as collaterals.

(6) Changes in the Company's ownership interest in a subsidiary

(i) Acquisitions of Non-controlling interests (NCI)

In 2021 and 2020, the Company acquired additional shares from those employees that resigned from Uranus Chemicals for $5,021 and $295 in cash, respectively. As of December 31, 2021 and 2020, due to changes in its ownership, the Company's shareholding in Uranus Chemicals was 64.71% and 62.65%, respectively.

The effects of the changes in shareholdings were as follows:

	2021	2020
Carrying amount of NCI on acquisition	$ 4,968	395
Consideration paid to NCI	(5,021)	(295)
Capital surplus differences between consideration and carrying amounts of subsidiaries shareholding acquired	**$ (53)**	**100**

(ii) Issuance of new shares for cash by subsidiaries, not subscribed to proportionately, did not lose control.

The Uranus Chemicals Co., Ltd. issued 4,000 thousand new shares in May 2021, at a premium of $27 per share, amounting to $108,000, among which $14,968 were invested by non-controlling interests. The Company did not subscribe according to the shareholding ratio, resulting in a decrease in capital surplus of $4,287.

The Hengi Chemical Co., Ltd. issued 10,000 thousand new shares in February 2021, at a premium of $35 per share, amounting to $350,000, among which $29,496 were invested by non-controlling interests. The Company did not subscribe according to the shareholding ratio, resulting in a increase in capital surplus of $3,041. In addition, Hengi Chemical Co., Ltd. recognized that the compensation cost of the above-mentioned cash capital increase reserved for employees' subscription for shares, was $430.

(iii) Disposal of subsidiaries

Coremax (BVI) Corporation disposed Coremax Zhuhai Chemical Co., Ltd. in July 2021, and gain on disposal amounting to $73,675. The net cash inflow from the disposal of the subsidiary is as follows:

Consideration transferred from the non-controlling interest	$	138,570
Less: cash and cash equivalents by subsidiaries		(55,150)
Net cash inflow	$	**83,420**

(7) Material NCI of subsidiaries

The material NCI of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests December 31, 2021	December 31, 2020
Uranus Chemicals	Taiwan	35.29 %	37.35 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the IFRSs endorsed by the FSC. Included in this information is the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

Uranus Chemicals’ summarized financial information:

		December 31, 2021	December 31, 2020
Current assets	$	328,170	166,312
Non-current assets		1,740,581	1,635,328
Current liabilities		(339,176)	(303,816)
Non-current liabilities		(331,986)	(373,093)
Net assets	$	**1,397,589**	**1,124,731**
NCI	$	**460,609**	**463,058**

		2021	2021
Sales revenue	$	**526,594**	**228,424**
Net income	$	159,795	(69,567)
Other comprehensive income		531	600
Comprehensive income	$	**160,326**	**(68,967)**
Profit(loss), attributable to NCI	$	**(25,787)**	**(17,551)**
Comprehensive income, attributable to NCI	$	**(24,812)**	**(17,317)**
Net cash flows from operating activities	$	(26,307)	59,270
Net cash flows used in investing activities		3,946	(304,050)
Net cash flows from financing activities		155,596	145,259
Net decrease in cash and cash equivalents	$	**133,235**	**(99,521)**
Pay to Uranus Chemicals' dividend	$	**3,316**	**3,696**

(8) Other current assets and other non-current assets

Other current assets:

	December 31, 2021	December 31, 2020
Offset against business tax payable and business tax receivables	$ 88,449	39,856
Other	33,309	38,960
	$ 121,758	**78,816**

Other non-current assets:

	December 31, 2021	December 31, 2020
Other intangible assets	$ 12,846	11,663
Prepaid equipment	180,119	48,045
Others	4,402	7,194
	$ 197,367	**66,902**

(9) Other financial assets

Current:

	December 31, 2021	December 31, 2020
Margin on futures contracts	$ 30,864	-
Others	19,094	1,892
	$ 49,958	**1,892**

Non-current:

	December 31, 2021	December 31, 2020
Margin on futures contracts	$ -	28,658
Refundable deposits	9,122	8,997
Restricted deposits	103,340	3,340
	$ 112,462	**40,995**

(10) Property, plant and equipment

	Land	Building	Machinery and equipment	Transportation equipment	Other equipment	Prepaid Equipment and Construction in progress	Total
Cost:							
Balance at January 1, 2021	$ 1,663,215	1,384,542	2,138,177	43,561	323,426	254,740	5,807,661
Additions	11,319	80,354	106,240	3,138	29,677	225,796	456,524
Disposals and scrap	-	(23,796)	(93,084)	(3,218)	(13,709)	-	(133,807)
Reclassification and others	-	6,050	(42,199)	(333)	5,498	(50,057)	(81,041)
Effect of exchange rate changes	(799)	(2,743)	(8,481)	(557)	(58)	(130)	(12,768)
Balance at December 31, 2021	$ **1,673,735**	**1,444,407**	**2,100,653**	**42,591**	**344,834**	**430,349**	**6,036,569**
Balance at January 1, 2020	$ 1,663,573	1,154,389	1,933,467	40,128	300,732	348,708	5,440,997
Additions	-	108,772	71,179	4,004	23,964	195,341	403,260
Disposals and scrap	-	(1,656)	(21,782)	(510)	(12,476)	-	(36,424)
Reclassification	-	121,920	155,530	(28)	11,104	(289,566)	(1,040)
Effect of exchange rate changes	(358)	1,117	(217)	(33)	102	257	868
Balance at December 31, 2020	$ **1,663,215**	**1,384,542**	**2,138,177**	**43,561**	**323,426**	**254,740**	**5,807,661**
Accumulated depreciation and impairment losses:							
Balance at January 1, 2021	$ -	543,629	1,093,140	26,055	167,702	-	1,830,526
Depreciation for the period	-	109,373	143,199	5,122	24,742	-	282,436
Impairment loss	-	6,974	40,011	-	-	-	46,985
Disposals and scrap	-	(16,506)	(61,412)	(2,338)	(10,099)	-	(90,355)
Reclassification and others	-	-	(67,105)	(2,087)	(7,830)	-	(77,022)
Effect of exchange rate changes	-	(1,921)	(5,038)	(373)	(165)	-	(7,497)
Balance at December 31, 2021	$ **-**	**641,549**	**1,142,795**	**26,379**	**174,350**	**-**	**1,985,073**
Balance at January 1, 2020	$ -	454,373	966,638	21,688	155,477	-	1,598,176
Depreciation for the period	-	90,796	148,677	4,954	23,285	-	267,712
Disposals and scrap	-	(1,656)	(20,925)	(510)	(11,137)	-	(34,228)
Effect of exchange rate changes	-	116	(1,250)	(77)	77	-	(1,134)
Balance at December 31, 2020	$ **-**	**543,629**	**1,093,140**	**26,055**	**167,702**	**-**	**1,830,526**
Carrying amounts:							
Balance at December 31, 2021	$ **1,673,735**	**802,858**	**957,858**	**16,212**	**170,484**	**430,349**	**4,051,496**
Balance at December 31, 2020	$ **1,663,215**	**840,913**	**1,045,037**	**17,506**	**155,724**	**254,740**	**3,977,135**
Balance at January 1, 2020	$ **1,663,573**	**700,016**	**966,829**	**18,440**	**145,255**	**348,708**	**3,842,821**

In July, Uranus Chemicals Co., Ltd assessed that the capacity utilization rates of certain production lines and ancillary equipment thereof declined because of changes in the supply of and demand for materials, thereby recognizing a loss of $46,985.

Hengi Chemical conducted asset revaluation in years 1975, 1981 and 2001, and provided a land value appreciation reserve of $207,483 (accounted for deferred income tax liabilities). Uranus Chemicals conducted an asset revaluation in 2007 and the Company conducted land revaluation when it obtained Uranus Chemicals control in November 2014, and provided a land value appreciation reserve of $70,856 (accounted for deferred income tax liabilities).

The property, plant and equipment of the Group pledged as collateral, please refer to note 8.

(11) Right-of-use assets

The Group leases many assets including land, buildings and transportation equipment. Information about leases for which the Group as a lessee was presented below:

		Land use right	Buildings	Transportation equipment and others	Total
Cost:					
Balance at January 1, 2021	$	38,110	1,066	18,533	57,709
Additions		-	1,876	5,995	7,871
Disposal/Write-off		(3,344)	(767)	(2,992)	(7,103)
Effect of exchange rate changes		(177)	-	-	(177)
Balance at December 31, 2021	$	**34,589**	**2,175**	**21,536**	**58,300**
Balance at January 1, 2020	$	37,724	1,066	16,599	55,389
Additions		-	-	3,729	3,729
Disposal/Write-off		-	-	(1,795)	(1,795)
Effect of exchange rate changes		386	-	-	386
Balance at December 31, 2020	$	**38,110**	**1,066**	**18,533**	**57,709**
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	$	6,892	650	7,297	14,839
Depreciation for the year		1,278	388	5,441	7,107
Disposal/Write-off		(2,594)	(767)	(1,319)	(4,680)
Effect of exchange rate changes		(13)	-	-	(13)
Balance at December 31, 2021	$	**5,563**	**271**	**11,419**	**17,253**
Balance at January 1, 2020	$	5,541	325	4,378	10,244
Depreciation for the year		1,291	325	4,714	6,330
Disposal/Write-off		-	-	(1,795)	(1,795)
Effect of exchange rate changes		60	-	-	60
Balance at December 31, 2020	$	**6,892**	**650**	**7,297**	**14,839**
Carrying amount:					
Balance at December 31, 2021	$	**29,026**	**1,904**	**10,117**	**41,047**
Balance at December 31, 2020	$	**31,218**	**416**	**11,236**	**42,870**
Balance at January 1, 2020	$	**32,183**	**741**	**12,221**	**45,145**

(12) Short-term notes and bills payable

	December 31, 2021	December 31, 2020
Commercial paper payable	$ **80,000**	**80,000**

As of December 31, 2021 and 2020, the interest rate are 1.038% , and a maturity date of January 2021 and January 2020, respectively.

(13) Long-term/Short-term borrowings

(i) Short-term borrowings:

	December 31, 2021	December 31, 2020
Secured bank loans	$ 1,806,362	1,012,702
Unsecured bank loans	100,000	526,264
	$ **1,906,362**	**1,538,966**
Unused short-term credit lines	$ **3,519,366**	**2,309,162**
Range of interest rates	**0.82%~1.26%**	**0.76%~3.04%**

For the collateral for short-term borrowings, please refer to note 8.

Please refer to note 6(23) for the disclosure of interest risk, currency risk and liquidity risk.

(ii) Long-term borrowings:

Lender	Use	Maturity year and Repayment	December 31, 2021	December 31, 2020
Chang Hwa Commercial Bank	Long-term secured bank loans	Effective from May 2015, repayable quarterly in 20 equal instalments.	$ -	50,000
Chang Hwa Commercial Bank	Long-term working capital	Effective from January 2024, repayable monthly in 47 equal instalments.	80,000	80,000
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 47 equal instalments.	41,310	41,310
Chang Hwa Commercial Bank	Building	Effective from Febuary 2024, repayable monthly in 83 equal instalments.	18,560	-
Chang Hwa Commercial Bank	Building	Effective from Febuary 2024, repayable monthly in 83 equal instalments.	45,090	-
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 84 equal instalments.	28,970	-

Lender	Use	Maturity year and Repayment	December 31, 2021	December 31, 2020
Chang Hwa Commercial Bank	Building	Effective from Febuary 2024, repayable monthly in 83 equal instalments.	7,950	-
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 84 equal instalments.	44,520	-
Chang Hwa Commercial Bank	Building	Effective from January 2024, repayable monthly in 84 equal instalments.	56,250	-
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 84 equal instalments.	84,460	-
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 84 equal instalments.	38,980	-
Chang Hwa Commercial Bank	Building	Effective from Febuary 2024, repayable monthly in 83 equal instalments.	18,050	-
O-Bank	Working capital	From 2018 to 2033, first instalment is repayable 24 months after the first withdrawal date, with subsequent. instalments in monthly basis, at a total of 157 equal instalments.	257,312	257,312
O-Bank	Working capital	From 2019 to 2026, effective from Junet 2022, repayable monthly in 49 equal instalments.	150,000	150,000
Mega Bank	Working capital	From 2019 to 2026, effective from Junet 2022, repayable monthly in 49 equal instalments.	250,000	250,000
Mega Bank	Machinery and equipment	From 2020 to 2026, effective from Junet 2022, repayable monthly in 49 equal instalments.	36,000	36,000
Less: Current portion of long term borrowings			(62,291)	(50,000)
			$ **1,095,161**	**814,622**
Unused long-term credit lines			$ **124,860**	**917,690**
Range of interest rates at year end			**0.00%~ 1.22%**	**0.05%~ 1.50%**

The Company signed a loan agreement with O-Bank and Mega Bank, Uranus Chemicals signed a loan agreement with O-Bank, agreeing with the covenants related to maintaining certain financial ratios. As of December 31, 2021 and 2020, both the Company and Uranus Chemicals were in compliance with the loan covenants.

The collateral of long-term borrowings, please refer to note 8.

(14) Convertible bonds

The Company issued the third domestic guaranteed convertible bond on October 28, 2021,by pledging 40,000 thousand ordinary shares of Hengi Chemical, 30,000 thousand ordinary shares of Uranus Chemicals Co., Ltd., and a demand deposit of $100,000 to Chang Hwa Commercial Bank Co., Ltd., and Chang Hwa Commercial Bank Co., Ltd. was the guarantor. The relevant information of the Company's convertible corporate bonds is as follows:

	December 31, 2021	December 31, 2020
Total proceeds from convertible corporate bonds issued	$ 700,000	-
Less: issued corporate bonds discount	(21,472)	-
Corporate bonds payable balance at year-end	**$ 678,528**	**-**
Embedded derivative – call and put options(recorded in financial assets at FVTPL–non-current)	**$ 6,408**	**-**

	2021	2020
Interest expense	**$ 783**	**-**

The Company’s third domestic guaranteed convertible corporate bonds are five year guaranteed convertible bonds with zero coupon rate, each with value of $100, amounting to $700,000.The conversion price on December 31, 2021, was $108.5.

The date on which the above mentioned convertible corporate bonds are issued for three years (October 28, 2024) shall be the base date for the holders of convertible corporate bonds to sell them back in advance.

The Company has separately recognized its rights and liabilities of the above-mentioned convertible bonds upon issuance. The details are as follows:

Item	Amount
Total amounts of convertible corporate bonds issued (deducting cost of issuing)	$ 808,056
Fair value of embedded non-equity derivative issued	6,408
Fair value of bonds payable issued	(677,745)
Equity component – conversion options	**$ 136,719**

After the separation of the above mentioned embedded derivatives, the effective interest rate of the third domestic guaranteed convertible bond was 0.65%.

(15) Lease liabilities

The Group's lease liabilities were as follow:

	December 31, 2021	December 31, 2020
Current	$ 4,988	5,409
Non-current	$ 12,801	12,517

For the maturity analysis, please refer to note 6(23).

The amounts recognized in profit or loss was as follows:

	2021	2020
Interest on lease liabilities	$ 246	289
Expenses relating to short-term leases and leases of low-value assets	$ 1,334	820
COVID-19-related rent concessions (recognized as other income)	$ 31	99
Total cash outflow for leases	$ 7,776	6,295

(i) Land and buildings leases

As of December 31, 2021and 2020, the Group leases land and buildings for a period of 4 to 20 years. , 4 to 45 years, respectively. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases vehicles and others, with lease terms of 1 to 6 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases printers and staff dormitory with contract terms of 1 to 2 years. These leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(16) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company and domestic subsidiaries were as follow:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligation	$ 45,138	56,803
Fair value of plan assets	(50,204)	(63,560)
	$ (5,066)	(6,757)
Net defined benefit assets	$ 11,742	12,195
Net defined benefit obligations	$ 6,676	5,438

The Company and domestic subsidiaries established defined benefit plans by contributed to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company and domestic subsidiaries allocate pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Fund, Ministry of Labor. Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company and domestic subsidiaries' Bank of Taiwan labor pension reserve account balance amounting to $50,204 at December 31, 2021. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund.

2) Movements in present value of defined benefit obligation

The movements in present value of the defined benefit obligation of the Company and domestic subsidiaries were as follows:

	2021	2020
Defined benefit obligation at January 1	$ 56,803	55,194
Current service cost and interest	724	800
Benefits paid from plan assets	(15,813)	(2,318)
Remeasurements of the net defined benefit liabilities	3,424	3,127
Defined benefit obligation as of December 31	**$ 45,138**	**56,803**

3) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company and domestic subsidiaries were as follows:

	2021	2020
Fair value of plan assets at January 1	$ 63,560	61,746
Contributions made	1,363	1,479
Interest income	501	656
Benefits paid from plan assets	(15,813)	(2,318)
Return on plan assets	593	1,997
Fair value of plan assets at December 31	**$ 50,204**	**63,560**

4) Expenses recognized in profit or loss

The expenses recognized in profit or losses for the Company and domestic subsidiaries were as follows:

	2021	2020
Current service cost	$ 284	281
Net interest on the net defined benefit liabilities	(61)	(137)
	$ 223	**144**

5) Remeasurements of the net defined benefit liabilities recognized in other comprehensive income

The Company and domestic subsidiaries' remeasurements of the net defined benefit liabilities recognized as accumulated in other comprehensive income were as follows:

	2021	2020
Cumulative amount at January 1	$ (7,735)	(6,605)
Recognized in profit (losses) for the period	(2,830)	(1,130)
Cumulative amount as of December 31	**$ (10,565)**	**(7,735)**

6) Actuarial assumptions

The following are the Company and domestic subsidiaries' significant actuarial assumptions regarding the present value of the defined benefit obligation at the reporting date:

	December 31, 2021	December 31, 2020
Discount rate	0.55%~0.65%	0.75%~0.80%
Future salary increase rate	1.75%~3.50%	1.50%~3.50%

The Company and domestic subsidiaries are expecting a contribution of $1,363 to its defined benefit plans in the following year, beginning December 31, 2021.

The weighted average lifetime of the defined benefit plan is 6.3~11.9 years.

7) Sensitivity analysis

The carrying amount of the Company and domestic subsidiaries' net defined benefit assets was $5,066 as of December 31, 2021. When the employee's unpaid salary growth rate is changed by 1%, it is estimated that the accrued pension liabilities recognized by the Company and domestic subsidiaries would increase by $2,090 or decrease by $1,858, respectively.

(ii) Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company and domestic subsidiaries should contribute 6% of its employees' monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Company and domestic subsidiaries contribute a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The total pension costs of the Group's overseas subsidiaries under their respective defined contribution plan are recognized in accordance with their local regulations.

The Group's pension costs under the defined contribution plan were $11,712 and $10,434 for the years ended December 31, 2021 and 2020, respectively.

(17) Income tax

(i) Income tax expense

	2021	2020
Current tax expense		
Current period	$ 144,604	48,344
Adjustment for prior periods	(9,631)	(9,763)
	134,973	38,581
Deferred tax expense		
Origination and reversal of temporary differences	22,203	2,208
Income tax expense	**$ 157,176**	**40,789**

The amount of income tax expense (benefits) recognized in other comprehensive income were as follows:

	2021	2020
Exchange differences on translation of foreign financial statements	**$ (4,443)**	**1,087**

The reconciliation of income tax expenses and income before income tax were as follows:

	2021	2020
Income before income tax	$ 605,596	206,434
Income tax at the Company's domestic tax rate	121,119	41,287
Effect of different tax rates in foreign jurisdictions	4,916	2,051
Permanent difference and others	39,831	7,081
Undistributed earnings additional tax	941	133
Change in provision in prior periods	(9,631)	(9,763)
Total	**$ 157,176**	**40,789**

B. Recognized deferred tax assets and liabilities

Deferred tax assets		January 1, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2021
Exchange differences on translation of foreign financial statements	$	6,133	-	1,087	5,046	-	(4,443)	9,489
Inventory devaluation loss		21,699	1,067	-	20,632	7,092	-	13,540
Pension not actually contributed		1,730	(4)	-	1,734	(17)	-	1,751
Impairment loss		8,586	170	-	8,416	377	-	8,039
Others		2,893	(8,874)	-	11,767	(8,535)	-	20,302
	$	**41,041**	**(7,641)**	**1,087**	**47,595**	**(1,083)**	**(4,443)**	**53,121**

Deferred tax liabilities		January 1, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2021
Land Value Increment Tax	$	278,339	-	-	278,339	-	-	278,339
Investment income recognized under equity method		18,652	9,226	-	27,878	23,161	-	51,039
Others		939	623	-	1,562	125	-	1,687
	$	**297,930**	**9,849**	**-**	**307,779**	**23,286**	**-**	**331,065**

C. The Company’ s income tax returns for the years through 2019 were assessed by the tax authority.

(18) Capital and other equity

(i) Issuance and cancellation of ordinary shares

In the fourth quarter of 2021, the Company issued 4,000 thousand new shares for cash at a premium price of $90 per share, totaling $360,000.The difference between the denomination and the issuance price after deducting the issuance cost of $1,000, amounted to $319,000, which is listed as Capital surplus－premium, and the relevant statutory registration procedures have been completed.

In the fourth quarter of 2020, the Company’ s Board of Directors resolved to issued 10,000 thousand new shares for cash at a premium price of $50 per share, totaling $500,000. The difference between the denomination and the issuance price after deducting the issuance cost of $1,150, amounted to $398,850, which is listed as Capital surplus－ premium, and the relevant statutory registration procedures have been completed in 2021.

In 2021, the Company recognized the share-based cost of the above-mentioned cash capital increase reserved for employees to subscribe for shares amounting to $19,085.

As of December 31, 2021 and 2020, the authorized capital of the Company both amounted to $1,200,000;the issued capital amounted to $1,070,293 and $930,293, respectively. With par value at $10 per share.

Reconciliations of shares outstanding to the Company were as follows (in thousands of shares):

	Ordinary Shares	
	2021	**2020**
Balance at January 1	91,004	93,029
Issued for cash	14,000	-
Transferred treasury shares	600	-
Repurchased treasury shares	-	(2,025)
Balance at December 31	**105,604**	**91,004**

(ii) Capital surplus

	December 31, 2021	**December 31, 2020**
Additional paid-in capital	$ 1,981,318	1,244,383
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries shareholdings	320,617	320,670
Treasury share transaction	70,101	-
Share options and others	213,631	38,200
	$ 2,585,667	**1,603,253**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary share or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital share and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus should not exceed 10% of the total ordinary share outstanding.

(iii) Retained earnings

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the transition date. The increase in retained earnings occurring before the transition date due to the first-time adoption of the IFRSs endorsed by the FSC amounted to $20,277. The net increase in retained earnings resulting from the first application of IFRS1 on the transition date was $16,830. In accordance with rules issued by the FSC, a net increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately.There was no carrying and reversing in 2021 and 2020.

In accordance with the guidelines of the above Ruling, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current period reduction of special reserve resulting from the first-time adoption of the IFRSs endorsed by the FSC and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

According to the Company's articles of incorporation, in years of earnings, pay income tax, offset any accumulated deficit. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid in capital. Thereafter, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining earnings after setting aside the abovementioned amounts, together with the balance of the unappropriated retained earnings of the previous year, shall be proposed by the Board of Directors to be approved at the shareholders' meeting.

As the Company is still in its growth stage, capital is needed to expand its production lines and to increase its investment in the coming years. Recently, the Company has been developing steadily based on its capital expenditure, business expansion, and appropriate financial planning. The Company will allot more than 10% of its distributable earnings above as dividends to its shareholders. However, if the distributable earnings are less than 30% of the paid-in capital, then no dividend shall be distributed. If the Company simultaneously distributes stock dividends and cash dividends, the cash dividends should not be less than 20% of the total dividend payout to its shareholders.

The following are the appropriation of earnings in last two years which were proposed by the Board of Directors on February 25, 2022 and approved during the shareholders' meeting held on July 5, 2021, respectively:

	2021		2020	
	Amount per share (TWD)	**Total amount**	**Amount per share (TWD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	**3.0**	**$ 316,813**	**1.2**	**121,205**

The appropriation of retained earnings for 2020 is consistent with the resolutions proposed by the Board of Directors. The appropriation of earnings distribution for 2021 will be presented for resolution in annual shareholders' meeting. The related information will be available on the Market Observation Post System on the website after the meeting.

(iv) Treasury stock

The Company repurchased treasury shares with 2,025 thousand shares, in accordance with the relevant provisions of the Securities and Exchange Law to transfer the shares to employees. The relevant information is as follows:

2021

Reason for holding shares	Number of shares at the beginning of the period	Increased in this period	Transferred in this period	Number of shares at the end of the period
Transferred shares to employees	2,025	-	600	1,425

2020

Reason for holding shares	Number of shares at the beginning of the period	Increased in this period	Transferred in this period	Number of shares at the end of the period
Transferred shares to employees	-	2,025	-	2,025

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before the transfer. Shares of the Company held by its subsidiaries are accounted for as treasury shares, which are not allowed in participating in the Company's capital increase and without voting rights, except that, other right is the same as the general shareholders' rights.

In November 2021, the Company transferred treasury shares to the employees of the Company and the employees of the subsidiary company with 166 thousand shares and 434 thousand shares, respectively. The amount received for the aforesaid transfer was $53,837. Therefore, the recognized share-based compensation cost was $17,100.

Uranus Chemicals holds 2,363 thousand and 3,013 thousand ordinary shares of the Company, with the acquisition price of $17,595 and $22,434, respectively. As of December 31, 2021 and 2020, the amount of deemed treasury shares the Company recognized was $11,386 and $14,048, respectively, which was determined based on the Company’s shareholding in Uranus Chemicals of 64.71% and 62.65%, respectively.

Uranus Chemicals Co., Ltd. sold part of the Company's shares in 2021, at a price totaling $91,782. Because the deal was deemed as the treasury stock transaction, according to the Company's shareholding ratio, the difference between the sale price and the cost of the treasury stock was adjusted to the capital surplus amounting to $70,101.

(19) Earnings per share

		2021	2020
Basic earnings per share:			
Net income attributable to ordinary shareholders of the company	$	**462,930**	**155,164**
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)		**99,137**	**89,771**
Basic earnings per share (TWD)	$	**4.67**	**1.73**
Diluted earnings per share:			
Net income attributable to ordinary shareholders of the Company (basic)	$	462,930	155,164
IInterest expense on convertible bonds, net of tax		626	-
Net income attributable to ordinary shareholders of the Company (diluted)	$	**463,556**	**155,164**
Weighted average number of ordinary shares outstanding (in thousands) (basic)		99,137	89,771
Effect of employee remuneration in share		73	159
Effect of conversion of convertible bonds		1,149	-
Weighted average number of ordinary shares outstanding (in thousands) (diluted)		**100,359**	**89,930**
Diluted earnings per share (TWD)	$	**4.62**	**1.73**

(20) Revenue from contracts with customers

Revenue from major markets region and products:

	2021					
	Oxidation catalyst department	**Battery material department**	**Chemical fertilizer department**	**Specialty chemical department**	**Other**	**Total**
Taiwan	$ 608,814	4,317,623	581,524	1,047,542	170,152	6,725,655
China and other	548,455	3,423	-	1,571	59,679	613,128
	$ 1,157,269	**4,321,046**	**581,524**	**1,049,113**	**229,831**	**7,338,783**

	2020					
	Oxidation catalyst department	**Battery material department**	**Chemical fertilizer department**	**Specialty chemical department**	**Other**	**Total**
Taiwan	$ 426,058	2,587,291	775,903	685,567	203,734	4,678,553
China and other	476,527	-	-	1,041	129,244	606,812
	$ 902,585	**2,587,291**	**775,903**	**686,608**	**332,978**	**5,285,365**

(21) Remuneration to employees, directors and supervisors

The Company's articles of incorporation require that earnings shall first be offset against any deficit, then, a minimum of 1.5% will be distributed as employee remuneration, and a maximum of 5% will be allocated as remuneration to directors and supervisors. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the Company's subsidiaries who meet certain specific requirements.

For the years ended December 31, 2021 and 2020, the Company accrued and recognized its employee remuneration amounting to $8,800 and $6,000, respecitvely. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees, multiplied by the distribution of ratio of the remuneration to employees based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through share, the number of shares to be distributed shall be calculated using the stock price on the day before the shareholders' meeting.

For the year ended December 31, 2020, the Company estimated its employee remuneration and directors' remuneration at $6,000 and $0, respectively. There were no differences between the estimated and the actual amounts of employee and directors' remuneration. Related information would be available at the Market Observation Post System website.

(22) Non-operating income and expenses

(i) Other gains and losses, net

		2021	2020
Claim income	$	503	8,056
Rental income		9,606	10,497
Dividend income		8,622	2,874
Other		4,820	11,078
	$	**23,551**	**32,505**

(ii) Other gains and losses, net

		2021	2020
Loss on disposal of property, plant and equipment	$	(72)	(910)
Disposal of investment interests		73,675	-
Loss on valuation of financial assets and liabilities at FVTPL		(5,052)	(7,211)
Impairment loss on property, plant and equipment (note 6(10))		(46,985)	-
Other		(3,164)	(3,757)
	$	**18,402**	**(11,878)**

(iii) Finance costs

		2021	2020
Interest expense – borrowings	$	23,341	18,798
Interest expense – lease liabilities		246	289
Interest expense – convertible bonds payable		783	-
	$	**24,370**	**19,087**

(iv) Interest income

		2021	2020
Interest income from bank deposits	**$**	**1,237**	**2,477**

(23) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represent the maximum credit exposure.

2) Concentration of credit risk

The customers of the Group are concentrated on customer base of oxidation catalyst, power battery materials, chemical fertilizers and special chemicals. The Group limits its exposure to credit risk from accounts receivables by continuously evaluates the debt collectability and provides adequate reserves for loss allowance, if necessary. As of December 31, 2021 and 2020, there were 3 and 7 major customers, which represented 50% and 37% of the accounts receivable, respectively. Thus, credit risk is significantly concentrated.

3) Credit risk of receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(4). Other financial assets at amortized cost include other receivables from related parties and other financial assets. There are no impairment losses recognized for the years ended December 31, 2021 and 2020.

All of these financial assets are considered to have low risk, and thus, the loss allowance recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7).

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, (including interest payments):

	Carrying amount	Contractual cash flow	Within 6 months	6 to 12 months	1 to 2 years	Above 2 years
December 31, 2021						
Non-derivative financial liabilities						
Short-term notes and bills payable	$ 80,000	80,000	80,000	-	-	-
Short-term borrowings	1,906,362	1,912,849	1,757,104	155,745	-	-
Notes and accounts payable	131,624	131,624	131,624	-	-	-
Payable on machinery and equipment	76,255	76,255	76,255	-	-	-
Long-term borrowing (including current portion of long-term borrowings)	1,157,452	1,184,133	11,153	55,605	110,947	1,006,428
Lease liabilities (including current and non-current)	17,789	18,590	2,924	2,240	3,466	9,960
Convertible bonds payable	678,528	700,000	-	-	-	700,000
	$ 4,048,010	**4,103,451**	**2,059,060**	**213,590**	**114,413**	**1,716,388**
December 31, 2020						
Non-derivative financial liabilities						
Short-term notes and bills payable	$ 80,000	80,000	80,000	-	-	-
Short-term borrowings	1,538,966	1,543,686	1,390,109	153,577	-	-
Notes and accounts payable	170,315	170,315	170,315	-	-	-
Payable on machinery and equipment	51,939	51,939	51,939	-	-	-
Long-term borrowing (including current portion of long-term borrowings)	864,622	896,293	52,535	2,262	66,804	774,692
Lease liabilities (including current and non-current)	17,926	18,894	3,030	2,615	3,740	9,509
	$ 2,723,768	**2,761,127**	**1,747,928**	**158,454**	**70,544**	**784,201**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Group’ s financial assets and liabilities exposed to exchange rate risk were as follows:

	December 31, 2021		
	Foreign currency	**Exchange rate**	**TWD**
Financial Assets			
Monetary items			
USD	$ 77,055	27.68	2,132,887
Financial Liabilities			
Monetary items			
USD	46,938	27.68	1,299,254

	December 31, 2020		
	Foreign currency	**Exchange rate**	**TWD**
Financial Assets			
Monetary items			
USD	$ 30,535	28.48	869,628
Financial Liabilities			
Monetary items			
USD	21,322	28.48	607,261

2) Sensitivity analysis

The Group's exposure to foreign current risk arises from the translation of cash and cash equivalents, receivables, short-term borrowing, accounts payable, and other payables, that are denominated in USD. Assuming all other variable factors remain constant, a strengthening (weakening) of $1 of the TWD against USD as of December 31, 2021 and 2020, would have increased (decreased) the net income $24,094 and $7,370, respectively.

3) Exchange gains and losses of monetary items

Due to the variety of the functional currencies of the Group’ s entities, the Group’ s foreign exchange gains (losses)(including realized and unrealized portions) on monetary items amounted to $2,403 and $(13,885) for the years ended December 31, 2021 and 2020, respectively.

(iv) Interest rate analysis

The Group' s interest rate exposure regarding its financial assets and liabilities has been disclosed in the note of financial risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The exposure to changes in interest rates (assuming all other variables remain constant) would have influenced the comprehensive income for the years ended December 31, 2021 and 2020, as illustrated below:

	Range of the fluctuations	2021	2020
Annual interest rate	Increase of 1%	$ (24,511)	(19,229)
	Decrease of 1%	$ 24,511	19,229

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

	December 31, 2021				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial asset at fair value through profit or loss	$ 6,408	-	6,408	-	6,408
Financial assets at FVOCI	$ 37,000	-	-	37,000	37,000
Convertible bonds payable	$ 678,528	1,060,500	-	-	1,060,500

	December 31, 2020				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at FVOCI	$ 49,203	-	-	49,203	49,203

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

Financial assets and financial liabilities measured at amortized cost.If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments that are measured at fair value

The right-of-call or put option that embedded in derivative is measured by using the appropriate option pricing models.

There is no transfer between the levels for the years ended 2021 and 2020.

4) Quantitative information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets at FVOCI (equity instrument investments). Quantitative information of significant unobservable inputs was as follows:

Item	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Financial assets at FVOCI (equity instrument investments without an active market)	Market approach	· Net worth ratio multiplier (December 31, 2021 and 2020, was 1.59 and 1.22, respectively.) · Liquidity discount (December 31, 2021 and 2020, was 30% and 20%, respectively)	· The higher the net worth ratio multiplier, the higher fair value. · The higher of liquidity discount, the lower fair value.
Financial assets at FVOCI (equity instrument investments without an active market)	Asset-based approach	· Net asset · Liquidity discount (December 31, 2021 and 2020, was 30%)	· The higher the net asset ratio multiplier, the higher fair value. · The higher of liquidity discount, the lower fair value.

5) Reconciliation of Level 3 fair values

	Equity instrument investment at FVOCI
January 1, 2021	$ 49,203
Recognize through other comprehensive income	(12,203)
December 31, 2021	**$ 37,000**
January 1, 2020	$ 49,297
Additions	3,369
Recognize through other comprehensive income	(3,463)
December 31, 2020	**$ 49,203**

The above-mentioned total gains or loss included “unrealized gains and losses from equity instrument investments measured at FVOCI gains and losses”.

(24) Financial risk management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and process for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

The financial management department provides services for each business, coordinating access to domestic and international financial markets operations, monitors and manages the financial risks associated with the operations of the Group by analyzing the internal risk report on risk based on the degree and extent of the risk. The risk including credit risk, liquidity risk and market risk. The market risk which including currency risk, interest rate risk, and other market price risk.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group deposits its cash and cash equivalents with reputable banks, thus, the credit risk is low.

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Group limits its exposure to credit risk by establishing a dedicated team that is responsible for customer’s credit assessment and approval, limit and monitoring procedures. This is to ensure that appropriate actions are taken for the recoverability of overdue receivables. In addition, the Group will review the recoverable amount of the receivables individually at each reporting date so that impairment losses are appropriately provided for those irrecoverable receivables.

The Group’s policy is to provide financial guarantees only to wholly owned subsidiaries. There is no endorsement guarantee to entity other than subsidiary on December 31, 2021 and 2020.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the USD.

Interest in borrowing is denominated with the same currency of borrowing principal. Generally, the denominated currency of borrowing is the same with the Group's cash flow generated from operation, primarily in TWD, but also USD. Under these circumstances, the natural economic hedge exists without using derivative instrument.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group's short-term and long-term borrowings are carried in variable interest rates. Therefore, the fluctuation of market rate will make the effective interest rate of short-term and long-term borrowings changed accordingly which resulted fluctuation in future cash flows.

(25) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder's value.

The Group's industry is volatile, capital and technology-intensive industries, and the Group's life cycle is in a stable growth stage of operation. The remaining dividend policy must be adopted at this stage with funds to retain the surplus in response to operational growth and investment needs. The cash dividend distributed by the shareholder bonus shall not be less than 20% of the total distribution.

The top management of the Group re-examines the capital structure every six months, and its review includes consideration of the cost of each category of capital and related risks. Based on the recommendations of the top management, the Group will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debts or repaying old debts.

As of December 31, 2021, the way in which the Group's capital management was managed has not changed.

The debt-to-equity ratio at the reporting date is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 4,738,862	3,247,120
Less: cash and cash equivalents	(1,882,198)	(703,928)
Net debt	**$ 2,856,664**	**2,543,192**
Total equity	**$ 5,466,591**	**3,970,429**
Debt-to-equity ratio	**52.26%**	**64.05%**

(26) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes: Additions	Non-cash changes: Foreign exchange movement and others	December 31, 2021
Short-term notes and bills payable	$ 80,000	-	-	-	80,000
Short-term borrowings	$ 1,538,966	375,898	-	(8,502)	1,906,362
Long-term borrowings (including current portion)	$ 864,622	292,830	-	-	1,157,452
Lease liabilities (including current and non-current)	$ 17,926	(6,196)	7,871	(1,812)	17,789

	January 1, 2020	Cash flows	Non-cash changes: Additions	Non-cash changes: Foreign exchange movement and others	December 31, 2020
Short-term notes and bills payable	$ 230,000	(150,000)	-	-	80,000
Short-term borrowings	$ 1,025,468	510,887	-	2,611	1,538,966
Long-term borrowings (including current portion)	$ 840,645	23,977	-	-	864,622
Lease liabilities (including current and non-current)	$ 19,581	(5,285)	3,729	(99)	17,926

7. Related-party transactions

(1) Names and relationship with related parties

Name of related party	Relationship with the Company
ITOCHU CORPORATION	Director of the Company (Note)

Note: ITOCHU CORPORATION, who has transferred more than half of its holding interest in the Company during its term at the office as a director, had been discharged from its position on February 20, 2020.

(2) Significant related-party transactions

(i) Operating revenue

	2021	2020
Director of the Company	$ -	1,440

The selling prices for sales to related parties and collection period were similar to those for unrelated customers.

As of December 31, 2020, the Group's accounts receivable due from related parties as a result of sales amounted to $130.

(ii) Other

As of December 31, 2020, other receivables from related parties as a result of certain amounts paid on behalf of related parties under normal courses of business, amounted to $22 .

(3) Transactions with key management personnel

Key management personnel remuneration comprised:

	2021	2020
Short-term employee benefits	$ 26,201	19,673
Post-employment benefits	372	251
	$ 26,573	19,924

8. Pledged assets

Except for notes 6(13) and 6(14), the carrying amount of the Group's pledged assets are as follows:

Assets	Purpose of pledge	December 31, 2021	December 31, 2020
Land	Long- and short-term borrowings and obtaining credit limit for short-term borrowings	$ 1,340,105	1,340,105
Buildings	Long- and short-term borrowings and obtaining credit limit for short-term borrowings	170,115	160,773
Machinery and Equipment	Long- and short-term borrowings	265,673	362,281
Time deposits (recorded in other financial assets－non-current)	Long-term borrowings	1,840	1,840
Restricted deposit (recorded in other financial assets－non-current)	Create a pledge of convertible bonds payable	100,000	-
		$ 1,877,733	**1,864,999**

9. Commitments and contingencies

Except for the note 6(13), the remaining statements were as follow:

(1) As of December 31, 2021 and 2020, the Group had acquired property, plant and equipment, with the remaining commitments of $163,645 and $228,600, respectively.

(2) As of December 31, 2021 and 2020, the outstanding letters of credit were USD0 and USD435, respectively. As of December 31, 2021 and 2020, the subsidiary, Coremax (BVI) Corporation, had applied for a borrowing facility with an amount of USD3,000 (equivalent to $83,040 and $85,440, respectively) from a bank, in which the Company holds the responsibility as its joint guarantor.

(3) As of December 31, 2021, Uranus Chemical applied for a financing amount from a bank, with the Company serving as the joint guarantor for the endorsement/guarantee amounting to $120,000.

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2021			2020		
	Classified as operating cost	**Classified as operating expenses**	**Total**	**Classified as operating cost**	**Classified as operating expenses**	**Total**
Employee benefits						
Salaries	223,854	136,706	360,560	185,840	97,800	283,640
Labor and health insurance	21,937	10,498	32,435	18,583	7,754	26,337
Pension	8,475	3,497	11,972	7,549	3,029	10,578
Others	15,060	6,235	21,295	11,520	4,994	16,514
Depreciation	266,946	22,597	289,543	253,046	20,996	274,042

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on the Group’ s significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” :

(i) Loans to other parties: Please refer to Table 1.

(ii) Guarantees and endorsements for other parties: Please refer to Table 2.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 4.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: Please refer to note 6(2).

(x) Business relationships and significant intercompany transactions: Please refer to Table 5.

(2) Information on investees: Please refer to Table 6.

(3) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 7(1).

(ii) Limitation on investment in Mainland China: Please refer to Table 7(2).

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of parent-company-only financial statements, are disclosed in "Information on significant transactions".

(4) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
CHANG XING INVESTMENT CO., LTD	13,691,032	12.79 %
CHEH JADE ENTERPRISE CO., LTD	13,233,929	12.36 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository &Clearing Corporation, summarized the shareholders who held over 5% of the total nonphysical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the consolidated financial statements due to the use of different calculation basis.

Note 2: In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for shareholders' declarations of insider's equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholding include their own shareholding, plus the shares delivered to the trust, and the right to use the trust property. For further information on relevant insider shares, please refer to the Public Information Observatory.

14. Segment information

(1) General information and industrial information

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies.

The Group did not allocate the head office management expenses, income tax expenses and non-recurring gains and losses to respective reportable segments. The amount presented is consistent with the report used by the chief operating decision maker. The accounting policies of the operating segments are consistent with the summary of the significant accounting policies described in note 4.

	2021						
	Oxidation catalyst department	Battery material department	Chemical fertilizer department	Specialty chemical department	Other	Reconciliation and elimination	Total
External revenue	$ 1,157,269	4,321,046	581,524	1,049,113	229,831	-	7,338,783
Inter-segment revenue	879	41,524	-	25,942	640,655	(709,000)	-
Segment revenue	**$ 1,158,148**	**4,362,570**	**581,524**	**1,075,055**	**870,486**	**(709,000)**	**7,338,783**
Segment operating income							**$ 943,365**

	2020						
	Oxidation catalyst department	Battery material department	Chemical fertilizer department	Specialty chemical department	Other	Reconciliation and elimination	Total
External revenue	$ 902,585	2,587,291	775,903	686,608	332,978	-	5,285,365
Inter-segment revenue	44,431	3,587	-	37,399	306,904	(392,321)	-
Segment revenue	**$ 947,016**	**2,590,878**	**775,903**	**724,007**	**639,882**	**(392,321)**	**5,285,365**
Segment operating income							**$ 475,469**

(2) Information by product and service

Revenue from external customers:

	2021	2020
Battery materials	$ 4,321,046	2,587,291
Oxidation catalysts	1,157,269	902,585
Chemical fertilizers	581,524	775,903
Specialty chemicals	1,049,113	686,608
Others	229,831	332,978
	$ 7,338,783	**5,285,365**

(3) Geographic information

In presenting information on the basis of geography, segment revenue is recognized based on the location of the customer and non-current assets are recognized based on the location of the asset.

A. Revenue from external customers:

Area	2021	2020
Taiwan	$ 6,725,655	4,678,553
China and other	613,128	606,812
	$ 7,338,783	**5,285,365**

B. Non-current assets (note):

Area	December 31, 2021	December 31, 2020
Taiwan	$ 4,078,820	3,850,780
China and other	193,844	217,270
	$ 4,272,664	**4,068,050**

Note: It includes property, plant and equipment, right-of-use assets, prepayment for purchase equipment and so on.

(4) Information on major customers:

For the years ended December 31, 2021 and 2020, the revenue generated from customers with 5% or more of the Group's revenue were $4,081,724 and $2,785,573, respectively.

Coremax Corporation and Subsidiaries
Loans to other parties
For the year ended December 31, 2021

Table 1 (In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 4)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad deb	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 1)
													Item	Value		
0	Coremax Corporation	Uranus Chemicals Co., Ltd.	Other receivables	Yes	50,000	-	-	1.20%	2	-	Operating demand	-	None	-	944,199	1,416,299
1	COREMAX (BVI) CORPORATION	Coremax Ningbo Chemical Co., Ltd.	Other receivables	Yes	22,828	22,144	-	4%	2	-	Operating demand	-	None	-	115,601	173,402
1	COREMAX (BVI) CORPORATION	COREMAX (THAILAND) CO., LTD.	Other receivables	Yes	22,828	22,144	15,224	4%	2	-	Operating demand	-	None	-	115,601	173,402
1	COREMAX (BVI) CORPORATION	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	28,535	27,680	-	4%	2	-	Operating demand	-	None	-	115,601	173,402
2	Coremax Ningbo Chemical Co., Ltd.	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	17,536	17,376	-	4%	2	-	Operating demand	-	None	-	34,242	51,363
3	Coremax Zhubai Chemical co., Ltd	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	13,152	-	-	4%	2	-	Operating demand	-	None	-	-	-
4	Jiangxi Tianjiang Materials Co., Ltd.	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	10,960	10,860	10,860	4%	2	-	Operating demand	-	None	-	13,038	16,298
5	Coremax (Zhangzhou) Chemical co., Ltd.	Coremax Ningbo Chemical Co., Ltd.	Other receivables	Yes	17,376	17,376	-	4%	2	-	Operating demand	-	None	-	49,298 (Note 3)	73,946 (Note 3)

Note1: Limit of total financing amount shall not exceed 30% of latest financial statements of the lender’s capital.
Note2: Limit of financing amount for individual counter-party shall not exceed 20% of the latest financial statements of the lender’s capital.
Note3: Limit of total financing amount shall not exceed 100% of latest financial statements of the lender’s capital. Limit of financing amount for individual counter-party shall not exceed 80% of the latest financial statements of the lender’s capital.
Note4: (1) Parties which have business relationship with the Company
(2) The need for short-term financing

Coremax Corporation and Subsidiaries
Guarantees and endorsements for other parties
For the year ended December 31, 2021

Table 2 (Amounts in Thousands)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 4)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	Coremax (BVI) Corporation	2	944,199	85,605	83,040	-	-	1.76 %	2,360,498	Y	N	N
0	The Company	Uranus Chemicals	2	944,199	200,000	200,000	50,000	-	4.24 %	2,360,498	Y	N	N

Note 1: The numbers denote the following:
(1) The issuer is number 0.
(2) Investees are listed in accordance with names and in sequential order starting with 1.

Note 2: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:
(1) An entity that is with business relationship.
(2) Subsidiary which owned more than 50 percent by the guarantor.
(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
(4) An investee owned more than 90 percent by the guarantor or its subsidiary.
(5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
(6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
(7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 50% of latest financial statements of the Company's net worth audited.

Note 4: The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 20% of latest financial statements of the Company's net worth audited.

Coremax Corporation and Subsidiaries

Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2021

Table 3 (Shares in Thousands /Amounts in Thousands)

Name of holder	Category and name of security	Relationship with company	Account title	Shares (thousands)	Ending balance			Highest percentage of ownership (%)	Note
					Carrying value	Percentage of ownership	Fair value		
Hengi Chemical	ORGCHEM TECHNOLOGIES, INC.	The chairman of Hengi Chemical is the director of ORGCHEM.	Non-current financial assets at fair value through other comprehensive income	2,873	33,631	5.00 %	33,631	5.00 %	
Uranus Chemicals Co., Ltd.	HSINCHU GOLF COUNTRY CLUB Co., Ltd	None	Non-current financial assets at fair value through other comprehensive income	3	3,369	-	3,369	- %	

Coremax Corporation and Subsidiaries

Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock

For the year ended December 31, 2021

Table 4 (Amounts in Thousands)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of Total Purchases/Sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total Notes/Accounts Receivable (Payable)	
The Company	Coremax (Zhangzhou) Chemical Co., Ltd.	100% owned subsidiary of the parent company	Sales	(165,121)	(2.80) %	Net 180 days after delivery	-	Not significantly different	39,520	6.59 %	Note
The Company	Uranus Chemicals	Subsidiary of the company	Sales	(278,970)	(4.74) %	Net 120 days from the end of the month of when invoice is issued	-	Not significantly different	112	0.02 %	Note

Note: The relevant transactions and ending balance are eliminated in consolidated financial statement.

Coremax Corporation and Subsidiaries
Business relationships and significant intercompany transactions
For the year ended December 31, 2021

Table 5 (In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Uranus Chemicals Co., Ltd	The parent company to the subsidiary.	Sales	278,970	Net 120 days after delivery	4 %
0	The Company	Coremax (Zhangzhou) Chemical Co., Ltd.	The parent company to the subsidiary.	Sales	165,121	Net 180 days after delivery	2 %
0	The Company	Coremax Ningbo Chemical Co., Ltd.	The parent company to the subsidiary.	Sales	61,134	Net 150 days after delivery	1 %
0	The Company	COREMAX (THAILAND) CO., LTD.	The parent company to the subsidiary.	Sales	65,593	Net 90 days after delivery	1 %
1	Uranus Chemicals Co., Ltd	Coremax Corporation	The subsidiary company to the parent.	Sales	72,682	Net 60 days after delivery	1 %

Coremax Corporation and Subsidiaries
Information on Investees (Excluding Information on Investees in Mainland China)
For the year ended December 31, 2021

Table 6 (Shares in Thousands /Amount in Thousands)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest percentage of ownership during the year (%)	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Coremax (BVI) Corporation	British Virgin Islands	Investment company	302,406	302,406	9,658	100 %	578,006	100 %	124,488	124,488	Note
The Company	Hengi Chemical Co., Ltd.	Taiwan	Manufacturing and sales of chemical fertilizers, chemical raw materials, organic fertilizer and fertilizers with organic matter. Import and export of related business. Recycling and reproduce of solvent and pollutants.	1,143,369	823,294	41,058	82.44 %	1,511,974	82.44 %	98,784	80,720	Note
The Company	Uranus Chemicals Co., Ltd.	Taiwan	Manufacturing and sales of oxalic acid, organic and inorganic acid, rare earth compounds and related products	710,758	612,706	36,239	64.71 %	864,886	64.71 %	159,795	(44,698)	Note
Coremax (BVI) Corporation	Coremax (Thailand) Co., Ltd.	Thailand	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	67,047	67,047	70	100 %	61,441	100 %	14,616	14,616	Note

Note: The relevant transactions and ending balance are eliminated in consolidated financial statement.

Coremax Corporation and Subsidiaries
Information on Investment in Mainland China
For the year ended December 31, 2021

Table 7 (Amounts in Thousands)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership during the year	Investment income (losses) (Notes 4, 5)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Coremax Zhuhai Chemical Co., Ltd.	Production and sales of oxidation catalysts, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbents and cobalt compound series products.	38,775 (USD1,150)	Investment in companies in Mainland China through investment companies in the third regions.	38,775 (USD1,150)	-	-	38,775 (USD1,150)	(5,023) (Note 3)	-	-%	(5,023) (USD(178))	- (Note 3)	-
Coremax Ningbo Chemical Co., Ltd.	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	98,482 (USD3,000)	Investment in companies in Mainland China through investment companies in the third regions. (note 1)	81,240 (USD2,470)	-	-	81,240 (USD2,470)	6,337	100.00%	100.00%	6,337 (USD226)	171,209	-
Coremax (Zhangzhou) Chemical Co., Ltd.	Manufacturing, processing and wholesale of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, waste gas absorbent and cobalt compound series products, and regeneration treatment of abort oxidation catalyst.	185,654 (USD6,280)	Investment in companies in Mainland China through investment companies in the third regions. (note 2)	148,795 (USD4,988)	-	-	148,795 (USD4,988)	66,985	100.00%	100.00%	66,985 (USD2,392)	246,488	-
Jiangxi Tianjiang Materials Co., Ltd.	Manufacturing and sales of oxalic acid、organic and inorganic acid、rare earth compounds and related products	43,947 (USD1,350)	Uranus Chemical invest companies in Mainland China	43,947 (USD1,350)	-	-	43,947 (USD1,350)	(560)	100.00%	100.00%	(560)	16,298	-

(2) Limitation on investment in Mainland China

Cumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 5)
312,757 (USD 9,958)	476,490 (USD 14,338)	2,832,598

Note 1: The paid-up capital amount is NTD 98,482 (USD 3,000 thousand), which included the cash remitted by the Company through its subsidiary, Coremax (BVI) Corporation amounting to NTD 81,240 (USD 2,470 thousand) and surplus from Coremax (BVI) Corporation amounting to NTD 17,242 (USD 530 thousand).

Note 2: The paid up capital amount is NTD 185,654 (USD 6,280 thousand), which included the cash remitted by the Company through its subsidiary, Coremax (BVI) Corporation, amounting to NTD 124,097 (USD 4,200 thousand), surplus from Coremax (BVI) Corporation amounting to NTD 6,055 (USD 200 thousand), Coremax (BVI) Corporation acquired of shares from other external shareholders amounting to NTD 24,698 (USD 788 thousand) in obtaining paid up capital of NTD 21,890 (USD 750 thousand), cash remitted by Coremax Zhuhai Chemical Co., Ltd. is amounting to NTD 20,720 (USD 700 thousand), and cash remitted by Coremax Ningbo Chemical Co., Ltd. Is amounting to NTD 12,892 (USD 430 thousand).

Note 3: Coremax Zhuhai Chemical Co., Ltd., an indirectly invested subsidiary by the Company, has been sold to the third party in July 2021. In September 2021, the Company obtained the approval of the Investment Commission, MOEA to transfer the stocks. However, the transfer amount is repatriated to the subsidiary COREMAX (BVI) CORPORATION, instead of the Company. The Company’s cumulative investment of NTD 38,775(USD 1,150 thousand) still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 4: Amount was recognized based on the audited financial statement.

Note 5: The Company investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" is not exceeding the investment amount or percentage limit.

Note 6: The relevent transactions and ending balance are eliminated in consolidated financial statment.

Attachment 3

Parent Company-Only financial statements of the recent year, audited and certified by CPAs

Stock Code:4739

Coremax Corporation

Parent-Company-Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

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安侯建業聯合會計師事務所
KPMG
新竹市300091新竹科學園區展業一路11號
No. 11, Prosperity Road I, Hsinchu Science Park,
Hsinchu City 300091, Taiwan (R.O.C.)
電 話 Tel + 886 3 579 9955
傳 真 Fax + 886 3 563 2277
網 址 Web home.kpmg/tw

Independent Auditors' Report

To the Board of Directors
Coremax Corporation:

Opinion

We have audited the parent-company-only financial statements of Coremax Corporation ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-company-only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements 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, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

1. Loss allowance assessment of Receivables

   Please refer to Note 4(6) "Financial instruments" for the accounting policies of loss allowance assessment of receivables, Note 5 " for the relevant accounting estimation, and major sources of assumption uncertainty" ; and Note 6(3) "Notes and accounts receivable, net" to the parent-company-only financial statements for the details of relevant disclosures.

Description of key audit matters:

The Company has a worldwide customer base. As such, the Company may encounter difficulty in obtaining financial information of the customers due to the rapid changes in the business environment which included the industry, technology, market, and economic, as well as legal matters. When assessing the expected credit loss of its receivables during its lifetime, the receivables are measured based on the factors such as aging analysis of accounts receivable, customers' financial status, historical collection experience, current market conditions, and consideration of forward-looking information. The assessment of allowance for loss on accounts receivables involved subjective judgment of management, which has been identified as one of our key audit matters.

How the matter was addressed in our audit:

Our main audit procedures included: Obtaining and checking the accuracy of the impairment loss calculation from the management of the accounts receivable ; checking the completeness of the aging analysis of the receivables and accuracy of the aging bracket by sampling, and analyzing the receivables aging and historical receivables collection record and customer credit risk concentration in measuring the appropriateness of the expected credit loss rate in order to evaluate the reasonableness of the provision amount of the account receivable loss allowance of the Company, and evaluating the adequacy of the Company's disclosures in the accounts.

2. Valuation of Inventories

Please refer to Note 4(7) "Inventories" for the accounting policies of inventories valuation, Note 5 "for the relevant accounting estimation, and major sources of assumption uncertainty", and Note 6(4) "Inventories" to the parent-company-only financial statements for the details of relevant disclosures.

Description of key audit matters:

The Company's inventories are measured at the lower of cost and net realizable value. The Company will exercise judgment in estimating the net realizable value of its inventories as at reporting date. Estimation of net realizable value might subject to significant changes due to the fluctuations of the market and rapid changes in technology. Therefore, estimation of devaluation loss that reduce inventory to market value is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included: Understanding and evaluating the assessment performed by the management in calculating the net realizable value, as well as vouching to relevant documents for samples selected; evaluating the adequacy of the provisions policy； assessing whether the valuation of inventories did follow such policy; and considering the adequacy of the Company's disclosures in the accounts.

Responsibilities of Management and Those Charged with Governance 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this 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 those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chi-Lung Yu and Pei-Chi Chen.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2022

Notes to Readers

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

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Coremax Corporation

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020	
Assets	**Amount**	**%**	**Amount**	**%**
Current assets:				
Cash and cash equivalents (note 6(1))	$ 926,133	12	310,493	6
Notes receivable, net (note 6(3))	-	-	841	-
Accounts receivable, net (note 6(3))	527,360	7	266,856	5
Accounts receivable due from related parties (notes 6(3) and 7)	72,677	1	56,638	1
Other receivables due from related parties (note 7)	1,575	-	45,221	1
Inventories (note 6(4))	1,527,623	20	725,226	15
Prepayments to suppliers	911,068	12	507,522	10
Other financial assets－current (notes 6(2) and 8)	31,392	-	1,864	-
Other current assets (note 6(7))	97,307	2	52,285	1
	4,095,135	54	1,966,946	39
Non-current assets:				
Financial assets at fair value through profit or loss－non-current (note 6(2))	6,408	-	-	-
Investments accounted for using equity method (notes 6(5), (6) and 7)	2,943,326	38	2,424,592	50
Property, plant and equipment (notes 6(9) and 8)	462,455	6	456,598	9
Right-of-use assets (note 6(10))	57,120	1	55,785	1
Deferred tax assets (note 6(16))	20,285	-	17,988	-
Other financial assets－non-current (note 6(2), (8) and 8)	103,796	1	31,816	1
Other non-current assets (note 6(7))	-	-	7,266	-
	3,593,390	46	2,994,045	61
Total assets	**$ 7,688,525**	**100**	**4,960,991**	**100**

	December 31, 2021		December 31, 2020	
Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
Current liabilities:				
Short-term notes and bills payable (note 6(11))	$ 80,000	1	80,000	2
Short-term borrowings (note 6(12))	1,287,962	17	902,260	18
Notes payable	-	-	14,279	-
Accounts payable	76,322	1	95,930	2
Accounts payable to related parties (note 7)	41,883	-	15,507	-
Salary and bonds payable	39,389	-	35,754	-
Current lease liabilities (note 6(14))	10,304	-	9,956	-
Long-term borrowings, current portion (note6(12))	62,291	1	-	-
Other current liabilities	209,394	3	29,563	1
	1,807,545	23	1,183,249	23
Non-current liabilities:				
Convertible bonds payable (note 6(13))	678,528	9	-	-
Long-term borrowings (note 6(12))	373,709	5	436,000	9
Deferred tax liabilities (note 6(16))	52,726	1	29,254	-
Non－current lease liabilities (note 6(14))	47,821	-	53,333	1
Net defined benefit liability－non-current (note 6(15))	6,676	-	5,438	-
Deposits received	524	-	524	-
	1,159,984	15	524,549	10
Total liabilities	2,967,529	38	1,707,798	33
Equity (notes 6(5), (13) and (17)):				
Ordinary share capital	1,070,293	14	930,293	19
Capital surplus	2,585,667	34	1,603,253	33
Retained earnings	1,204,411	16	868,001	17
Other equity interest	(46,536)	(1)	(18,558)	-
Treasury shares	(92,839)	(1)	(129,796)	(2)
Total equity	4,720,996	62	3,253,193	67
Total liabilities and equity	**$ 7,688,525**	**100**	**4,960,991**	**100**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Coremax Corporation

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, except for earnings per share)

	2021		2020	
	Amount	%	Amount	%
Net operating revenue (notes 6(19) and 7)	$ 5,887,001	100	3,592,984	100
Operating costs (notes 6(4), (15) and (20))	5,276,537	90	3,416,089	95
Gross profit	610,464	10	176,895	5
Unrealized profit (loss) from sales (note 7)	(7,824)	-	(2,873)	-
Realized gross profit	602,640	10	174,022	5
Operating expenses (notes 6(15) and (20)):				
Selling expenses	69,669	1	33,328	1
General administrative expenses	99,805	2	54,033	2
Research and development expenses	6,396	-	21,022	1
Total operating expenses	175,870	3	108,383	4
Net operating income	426,770	7	65,639	1
Non-operating income and expenses:				
Other income (note 6(21))	3,617	-	12,552	-
Other gains and losses, net (note 6(21))	(5,448)	-	(7,195)	-
Finance costs (notes 6(12), (13) and (21))	(15,045)	-	(9,379)	-
Interest income (note 6(21))	417	-	1,600	-
Share of profit of subsidiaries accounted for using equity method (note 6(6))	160,510	3	114,078	3
Foreign exchange gains (losses) (note 6(22))	2,471	-	(10,957)	-
Total non-operating income and expenses	146,522	3	100,699	3
Income before income tax	573,292	10	166,338	4
Income tax expenses (note 6(16))	110,362	3	11,174	-
Net income	462,930	7	155,164	4
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	(2,653)	-	(1,839)	-
Unrealized gains (losses) of financial assets measured at fair value through other comprehensive income	(10,207)	-	(2,252)	-
Income tax related to items that will not be reclassified to profit or loss	-	-	-	-
Total items that will not be reclassified subsequently to profit or loss	(12,860)	-	(4,091)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(22,214)	-	5,434	-
Income tax relating to item that may be reclassified subsequently (note 6(16))	(4,443)	-	1,087	-
Total items that may be reclassified subsequently to profit or loss	(17,771)	-	4,347	-
Other comprehensive income	(30,631)	-	256	-
Total comprehensive income	**$ 432,299**	**7**	**155,420**	**4**
Earnings per share (New Taiwan Dollars) (note 6(18)):				
Basic earnings per share	**$**	**4.67**		**1.73**
Diluted earnings per share	**$**	**4.62**		**1.73**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Coremax Corporation

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Other equity interest				
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income (Note)	Total	Treasury shares	Total equity
Balance at January 1, 2020	$ 930,293	1,599,457	209,453	17,200	599,133	825,786	(17,758)	(2,370)	(20,128)	(14,048)	3,321,360
Net income for the period	-	-	-	-	155,164	155,164	-	-	-	-	155,164
Other comprehensive income (loss) for the period	-	-	-	-	(1,314)	(1,314)	4,347	(2,777)	1,570	-	256
Total comprehensive income (loss) for the period	-	-	-	-	153,850	153,850	4,347	(2,777)	1,570	-	155,420
Appropriation and distribution of retained earnings:											
Appropriated legal reserve	-	-	12,802	-	(12,802)	-	-	-	-	-	-
Appropriated special reserve	-	-	-	2,930	(2,930)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(111,635)	(111,635)	-	-	-	-	(111,635)
Treasury shares acquired	-	-	-	-	-	-	-	-	-	(115,748)	(115,748)
Differences between consideration and carrying amounts of subsidiaries shareholding acquired or disposed of	-	100	-	-	-	-	-	-	-	-	100
Adjustment to capital surplus due to the Company's cash dividend distributed to subsidiaries	-	3,696	-	-	-	-	-	-	-	-	3,696
Balance at December 31, 2020	930,293	1,603,253	222,255	20,130	625,616	868,001	(13,411)	(5,147)	(18,558)	(129,796)	3,253,193
Net income for the period	-	-	-	-	462,930	462,930	-	-	-	-	462,930
Other comprehensive income (loss) for the period (note)	-	-	-	-	(2,653)	(2,653)	(17,771)	(10,207)	(27,978)	-	(30,631)
Total comprehensive income	-	-	-	-	460,277	460,277	(17,771)	(10,207)	(27,978)	-	432,299
Appropriation and distribution of retained earnings:											
Appropriated legal reserve	-	-	15,385	-	(15,385)	-	-	-	-	-	-
Reversed special reserve	-	-	-	(1,571)	1,571	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(121,205)	(121,205)	-	-	-	-	(121,205)
Capital increase by cash	140,000	717,850	-	-	-	-	-	-	-	-	857,850
Issuance of convertible bonds	-	136,719	-	-	-	-	-	-	-	-	136,719
Transfer treasury shares to employees (including subsidiaries)	-	19,542	-	-	-	-	-	-	-	34,295	53,837
Disposal of company's shares by subsidiaries recognized as treasury share transactions	-	70,101	-	-	(2,662)	(2,662)	-	-	-	2,662	70,101
Adjustment to capital surplus due to the Company's cash dividends distributed to subsidiaries	-	3,316	-	-	-	-	-	-	-	-	3,316
Differences between consideration and carrying amounts of subsidiaries shareholding acquired or disposed of	-	(53)	-	-	-	-	-	-	-	-	(53)
Amounts affected by cash capital increase of subsidiaries not recognized in proportion to shareholding	-	(1,246)	-	-	-	-	-	-	-	-	(1,246)
Share-based payment transactions	-	36,185	-	-	-	-	-	-	-	-	36,185
Balance at December 31, 2021	**$ 1,070,293**	**2,585,667**	**237,640**	**18,559**	**948,212**	**1,204,411**	**(31,182)**	**(15,354)**	**(46,536)**	**(92,839)**	**4,720,996**

Note: Is the Company's share of profit of subsidiaries accounted for using equity method.

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Coremax Corporation

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		2021	2020
Cash flows from operating activities:			
Income before income tax	$	573,292	166,338
Adjustments:			
Adjustments to reconcile profit :			
Depreciation		73,346	76,614
Interest expense		15,045	9,379
Interest income		(417)	(1,600)
Share of profit of subsidiaries accounted for using equity method		(160,510)	(114,078)
Gain on disposal of property, plant and equipment		-	(20)
Unrealized loss (gain) from inter-affiliate accounts sale		7,824	2,873
Share-based payments		23,816	-
Adjustment for other non-cash-related losses, net		1,410	211
Subtotal of gains or losses on non-cash activities		(39,486)	(26,621)
Changes in operating assets and liabilities:			
Notes and accounts receivable (including related parties)		(275,702)	(50,621)
Inventories		(802,397)	286,028
Prepayments to suppliers		(403,546)	(359,204)
Other current assets		25,578	(38,962)
Notes and accounts payable (including related parties)		(7,511)	(22,288)
Other current liabilities		67,696	(6,768)
Net defined benefit liability		87	19
Total adjustments		(1,435,281)	(218,417)
Cash (outflow) generated from operations		(861,989)	(52,079)
Interest paid		(15,370)	(10,082)
Income taxes paid		(1,070)	(18,413)
Net cash used in operating activities		(878,429)	(80,574)
Cash flows from investing activities:			
Acquisition of investments accounted for using equity method		(413,106)	-
Acquisition of non-controlling interests		(5,021)	(295)
Acquisition of property, plant and equipment		(62,792)	(35,459)
Proceeds from disposal of property, plant and equipment		-	41,428
Increase in restricted deposit		(100,000)	-
Increase in refundable deposits		(2,844)	(28,366)
Increase (decrease) in other non-current assets		1,690	(6,002)
Interest received		417	1,600
Dividends received		102,644	76,349
Net cash from (used in) investing activities		(479,012)	49,255
Cash flows from financing activities:			
Increase in short-term borrowings		392,764	273,993
Decrease in short-term notes and bills payable		-	(150,000)
Proceeds from long-term borrowings		-	36,000
Repayments of long-term borrowings (including current portion)		-	(33,333)
Payment of lease liabilities		(11,159)	(11,413)
Cash dividends paid		(121,205)	(111,635)
Capital increase by cash		857,850	-
Increase in treasury stocks		-	(115,748)
Increase in guarantee deposits received		-	524
Treasury stocks transfer to employees		53,837	-
Issuance of convertible bonds		808,056	-
Net cash from (used in) financing activities		1,980,143	(111,612)
Effect of exchange rate changes on cash and cash equivalents		(7,062)	5,311
Net increase (decrease) in cash and cash equivalents		615,640	(137,620)
Cash and cash equivalents at beginning of period		310,493	448,113
Cash and cash equivalents at end of period	$	**926,133**	**310,493**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

COREMAX CORPORATION

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2021 and 2020

(Amounts expressed in Thousands of New Taiwan Dollars, except for per share information and unless otherwise noted)

1. Company history

Coremax Corporation (the "Company") was incorporated in Hsinchu, Republic of China (R.O.C.), on June 16, 1992. The registered address of the Company's office is 11 Wenhua Road, Hsinchu Industrial Park, Hsinchu County 30352, Taiwan R.O.C. The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange on September 8, 2017 and the trading of Taipei Exchange stock was officially terminated on the same date.

The Company are mainly involved in the manufacturing, sales, import and export of oxidation catalyst, battery materials and specialty chemicals.

2. Approval date and procedures of the financial statements

The parent-company-only financial statements were authorized for issue by the Board of Directors on February 25, 2022.

3. New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Company has initially adopted the (following) new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(2) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020

- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	The key amendments to IAS 1 include: ● requiring companies to disclose their material accounting policies rather than their significant accounting policies; ● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and ● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and parent-company-only financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

4. Summary of significant accounting policies

The significant accounting policies presented in the parent-company-only financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently to all the periods presented in the parent-company-only financial statements.

(1) Statement of compliance

The parent-company-only financial statements have been prepared in accordance with the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the Regulations).

(2) Basis of preparation

(i) Basis of measurement

The parent-company-only financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

1) Financial instruments at fair value through profit or loss are measured at fair value (include derivative instruments);

2) The defined benefit liabilities are measured fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(13).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan Dollars (TWD), which is the Company's functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(3) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(4) Classification of current and non-current assets and liabilities

The Company classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting date; or

(iv) The asset is cash or cash equivalent except for the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting date; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and checking deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(6) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; FVOCI – equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial asset. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘ investment grade’ “ which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings”.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interests in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in gain or loss. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

5) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

6) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Investment in subsidiaries

The Company's subsidiaries are accounted for using the equity method when preparing its parent-company-only financial statements. Under the equity method, profit, other comprehensive income and equity in the parent-company-only financial statements are equivalent to the profit, other comprehensive income and equity which are contributed to the owners of the parent in the consolidated financial statements.

Changes in the Company's ownership interests in subsidiaries that do not result in a loss of control over the subsidiaries are accounted for as equity transactions.

(9) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as major components of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

1) Buildings: 4 to 60 years.

2) Machinery and equipment: 2 to 11 years.

3) Transportation Equipment: 4 to 7 years.

4) Other equipment: 3 to 11 years.

5) Buildings constitute mainly plant, buildings, mechanical and electrical power equipment, and related engineering, etc. Each constituent is depreciated based on its useful life, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(10) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

– payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

– there is a change in future lease payments arising from the change in an index or rate; or

– there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

– there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

– there is a change of its assessment on whether it will exercise an extension or termination option; or

– there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, including printer and staff dormitory. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all the rent concessions for all leased land occurring as a direct consequence of the COVID 19 pandemic are lease modifications or not.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(11) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are companied together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other non-financial assets (excluding goodwill), an impairment loss is reversed only to the extent that the asset' s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(12) Revenue from contracts with customers

(i) Sale of goods

The Company researches, develops, produces, manufactures and sells various chemical catalyst products, cobalt compound products and electronic components, as well as batteries. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. 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, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(13) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(14) Share based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(15) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(16) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds payable and employee remuneration that could be distributed in share.

(17) Operating segment information

The Company has disclosed operating segment information in consolidated financial statements.

Hence, this information is not required to be disclosed in these parent-company-only financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these parent-company-only financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the parent-company-only financial statements is included in the following:

(1) The loss allowance of notes and accounts receivables

The Company has estimated the loss allowance of notes and accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Please refer to note 6(3) for the impairment evaluation of receivables.

(2) Valuation of Inventories

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting date. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated demands of the products within a specific time horizon in the future, therefore, the above estimation may have a significant change. Please refer to note 6(4) for further description of the valuation of inventories.

Accounting policies and disclosures of the Company include the fair value measurement for financial or non-financial assets and liabilities. The Company determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The Company also periodically assesses the evaluation model, performs retrospective tests, and updates inputs with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the valuation.

The Company evaluates its assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used, and the different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs (other than quoted prices included within Level 1) that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

When there is a transfer between levels of the fair value hierarchy, the Company recognizes the transfer at the reporting date. For the assumptions used in fair value measurement, please refer to note 6(22) of the financial instruments.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 35	35
Demand deposits and checking accounts	926,098	310,458
	$ 926,133	**310,493**

Please refer to note 6(22) for the disclosure of currency risk of the financial assets and liabilities.

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

	December 31, 2021	December 31, 2020
Financial assets－non-current:		
Call and put option－convertible bonds payable	**$ 6,408**	**-**

(i) The Company uses derivative financial instruments to hedge the price fluctuations risk of raw materials due to fluctuations in international nickel market. As of December 31, 2021 and 2020, the futures trading of the Company has been settled. As of December 31, 2021, the outstanding futures contract margin amounting to$30,864 was recorded as other financial assets－current. As of December 31, 2020, the outstanding futures contract margin amounting to $28,658 was recorded as other financial assets－non-current.

(ii) The Company's net profit and loss (including realized and unrealized) from trading in derivative financial instruments in 2021 and 2020, please refer to note 6(21).

(3) Notes and accounts receivable, net

(i) Notes receivable, net:

	December 31, 2021	December 31, 2020
Notes receivable from operating activities	**$ -**	**841**

(ii) Accounts receivable, net:

	December 31, 2021	December 31, 2020
Accounts receivable	$ 527,360	266,856

The Company applies the simplified approach to provide for its loss allowance used for ECL, which permit the use of lifetime expected loss provision for all receivables. To measure the ECL, trade receivables have been companied based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 588,965	0%	-
1 to 90 days past due	11,072	5%	-
91 to 180 days past due	-	20%	-
More than 181 days past due	-	100%	-
	$ 600,037		-

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 313,013	0%	-
1 to 90 days past due	11,322	5%	-
91 to 180 days past due	-	20%	-
More than 181 days past due	-	100%	-
	$ 324,335		-

Other receivables – related parties are not included in the above receivables, please refer to note 7 for details.

(4) Inventories

	December 31, 2021	December 31, 2020
Raw materials	$ 1,000,241	218,586
Work in process	448,689	308,101
Finished goods and commodities	78,693	198,539
	$ 1,527,623	725,226

The components of operating costs were as follows:

	2021	2020
Cost of goods sold	$ 5,298,380	3,452,302
Inventory devaluation reversal gain	(21,000)	(36,000)
Gain from sale of scrap	(843)	(213)
	$ 5,276,537	**3,416,089**

As of December 31, 2021 and 2020, the Company's inventories were not pledged as collaterals.

(5) Changes in the Company's ownership interest in a subsidiary

(i) Acquisitions of Non-controlling interests (NCI)

In 2021 and 2020, the Company acquired additional shares from those employees that resigned from Uranus Chemicals for $5,021 and $295 in cash, respectively. As of December 31, 2021 and 2020, due to changes in its ownership, the Company's shareholding in Uranus Chemicals was 64.71% and 62.65%, respectively.

The effects of the changes in shareholdings were as follows:

	2021	2020
Carrying amount of NCI on acquisition	$ 4,968	395
Consideration paid to NCI	(5,021)	(295)
Capital surplus differences between consideration and carrying amounts of subsidiaries shareholding acquired	**$ (53)**	**100**

(ii) Issuance of new shares for cash by subsidiaries, not subscribed to proportionately, did not lose control

The Uranus Chemicals Co., Ltd. issued 4,000 thousand new shares in May 2021, at a premium of $27 per share, amounting to $108,000, among which $14,968 were invested by non-controlling interests. The Company did not subscribe according to the shareholding ratio, resulting in a decrease in capital surplus of $4,287.

The Hengi Chemical Co., Ltd. issued 10,000 thousand new shares in February 2021, at a premium of $35 per share, amounting to $350,000, among which $29,496 were invested by non-controlling interests. The Company did not subscribe according to the shareholding ratio, resulting in an increase in capital surplus of $3,041.

(6) Investments accounted for using equity method

	December 31, 2021	December 31, 2020
Subsidiaries	**$ 2,943,326**	**2,424,592**

(i) Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2021.

(ii) Share of profit of subsidiaries accounted for using equity method in 2021 and 2020 were as follows:

	2021	2020
Subsidiaries	$ 160,510	114,078

(iii) Information on major foreign currency equity investments on the reporting date were as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
USD	$ 20,882	27.68	578,006	16,697	28.480	475,529

(7) Other current assets and other non-current assets

Other current assets:

	December 31, 2021	December 31, 2020
Offset against business tax payable and business tax receivables	$ 71,384	28,336
Others	25,923	23,949
	$ 97,307	52,285

Other non-current assets

	December 31, 2021	December 31, 2020
Non-current lease receivable due from related parties	$ -	5,523
Prepaid equipment	-	653
Others	-	1,090
	$ -	7,266

(8) Other financial assets

Current:

	December 31, 2021	December 31, 2020
Margin on futures contracts	$ 30,864	-
Others	528	1,864
	$ 31,392	1,864

Non-current:

	December 31, 2021	December 31, 2020
Margin on futures contracts	$ -	28,658
Refundable deposits	3,796	3,158
Restricted deposits	100,000	-
	$ 103,796	**31,816**

(9) Property, plant and equipment

	Land	Building	Machinery and equipment	Transportation equipment	Other equipment	Prepaid Equipment and Construction in progress	Total
Cost:							
Balance at January 1, 2021	$ 130,864	239,714	375,079	19,733	100,779	7,552	873,721
Additions	11,319	15,698	32,352	860	10,148	-	70,377
Disposals and scrap	-	-	(9,561)	-	(3,865)	-	(13,426)
Reclassification	-	2,623	730	-	-	(5,212)	(1,859)
Balance at December 31, 2021	**$ 142,183**	**258,035**	**398,600**	**20,593**	**107,062**	**2,340**	**928,813**
Balance at January 1, 2020	$ 130,864	239,451	464,714	18,293	114,823	18,789	986,934
Additions	-	1,888	10,102	2,300	5,459	5,191	24,940
Disposals and scrap	-	(1,656)	(117,649)	(860)	(19,503)	-	(139,668)
Reclassification and others	-	31	17,912	-	-	(16,428)	1,515
Balance at December 31, 2020	**$ 130,864**	**239,714**	**375,079**	**19,733**	**100,779**	**7,552**	**873,721**
Accumulated depreciation and impairment losses:							
Balance at January 1, 2021	$ -	123,646	223,091	13,165	57,221	-	417,123
Depreciation for the period	-	14,246	37,740	2,099	8,576	-	62,661
Disposals and scrap	-	-	(9,561)	-	(3,865)	-	(13,426)
Balance at December 31, 2021	**$ -**	**137,892**	**251,270**	**15,264**	**61,932**	**-**	**466,358**
Balance at January 1, 2020	$ -	110,179	263,159	11,890	64,517	-	449,745
Depreciation for the period	-	15,123	39,928	2,118	8,469	-	65,638
Disposals and scrap	-	(1,656)	(79,996)	(843)	(15,765)	-	(98,260)
Balance at December 31, 2020	**$ -**	**123,646**	**223,091**	**13,165**	**57,221**	**-**	**417,123**
Carrying amounts:							
Balance at December 31, 2021	**$ 142,183**	**120,143**	**147,330**	**5,329**	**45,130**	**2,340**	**462,455**
Balance at December 31, 2020	**$ 130,864**	**116,068**	**151,988**	**6,568**	**43,558**	**7,552**	**456,598**
Balance at January 1, 2020	**$ 130,864**	**129,272**	**201,555**	**6,403**	**50,306**	**18,789**	**537,189**

The property, plant and equipment of the Company pledged as collateral, please refer to note 8.

(10) Right-of-use assets

The Company leases many assets including land, buildings and transportation equipment. Information about leases for which the Company as a lessee was presented below:

		Land use right	Buildings	Transportation equipment and others	Total
Cost:					
Balance at January 1, 2021	$	40,508	17,402	7,224	65,134
Additions		-	-	5,995	5,995
Reclassification		6,025	-	-	6,025
Balance at December 31, 2021	**$**	**46,533**	**17,402**	**13,219**	**77,154**
Balance at January 1, 2020	$	20,828	17,402	6,775	45,005
Additions		38,871	-	2,243	41,114
Disposal/Write off (Note)		(19,191)	-	(1,794)	(20,985)
Balance at December 31, 2020	**$**	**40,508**	**17,402**	**7,224**	**65,134**
Accumulated depreciation:					
Balance at January 1, 2021	$	1,875	4,350	3,124	9,349
Depreciation for the year		4,825	2,175	3,685	10,685
Balance at December 31, 2021	**$**	**6,700**	**6,525**	**6,809**	**20,034**
Balance at January 1, 2020	$	7,344	2,175	2,291	11,810
Depreciation for the year		6,174	2,175	2,627	10,976
Disposal/Write off (Note)		(11,643)	-	(1,794)	(13,437)
Balance at December 31, 2020	**$**	**1,875**	**4,350**	**3,124**	**9,349**
Carrying amount:					
Balance at December 31, 2021	**$**	**39,833**	**10,877**	**6,410**	**57,120**
Balance at December 31, 2020	**$**	**38,633**	**13,052**	**4,100**	**55,785**
Balance at January 1, 2020	**$**	**13,484**	**15,227**	**4,484**	**33,195**

Note: For the write off right-of-assets book value $7,548 due to the sub-leases, please refer to note 7.

(11) Short-term notes and bills payable

		December 31, 2021	December 31, 2020
Commercial paper payable	**$**	**80,000**	**80,000**

As of December 31, 2021, and 2020, the interest rate are 1.038%, and a maturity date of January 2021 and January 2020, respectively.

(12) Long-term/Short-term borrowings

(i) Short-term borrowings:

	December 31, 2021	December 31, 2020
Secured bank loans	$ 1,267,962	552,260
Unsecured bank loans	20,000	350,000
	$ 1,287,962	**902,260**
Unused short-term credit lines	**$ 2,192,038**	**1,197,740**
Range of interest rates	**0.82%~1.10%**	**0.76%~1.09%**

Please refer to note 6(22) for the disclosure of interest risk, currency risk and liquidity risk.

(ii) Long-term borrowings:

Lender	Use	Maturity year and Repayment	December 31, 2021	December 31, 2020
O-Bank	Working capital	From 2019 to 2026, repayable monthly in 49 equal instalments beginning in June, 2022.	150,000	150,000
Mega Bank	Working capital	From 2019 to 2026, repayable monthly in 49 equal instalments beginning in June, 2022.	250,000	250,000
Mega Bank	Loans for machinery and equipment	From 2020 to 2026, repayable monthly in 49 equal instalments beginning in June, 2022.	36,000	36,000
Less: Current portion of long-term borrowings			(62,291)	-
			$ 373,709	**436,000**
Unused long-term credit lines			**$ 93,000**	**93,000**
Range of interest rates at year end			**0.05%~ 0.13%**	**0.05%~ 0.13%**

The Company signed a loan agreement with O-Bank and Mega Bank, agreeing with the covenants related to maintaining certain financial ratios. As of December 31, 2021 and 2020, the Company was in compliance with the loan covenants.

The collateral of long-term borrowings, please refer to note 8.

(13) Convertible bonds

The Company issued the third domestic guaranteed convertible bond on October 28, 2021, by pledging 40,000 thousand ordinary shares of Hengi Chemical, 30,000 thousand ordinary shares of Uranus Chemicals Co., Ltd., and a demand deposit amount of $100,000 to Chang Hwa Commercial Bank Co., Ltd., and Chang Hwa Commercial Bank Co., Ltd. was the guarantor.

The relevant information of the Company's convertible corporate bonds is as follows:

	December 31, 2021	December 31, 2020
Total proceeds from convertible corporate bonds issued	$ 700,000	-
Less: issued corporate bonds discount	(21,472)	-
Corporate bonds payable balance at year-end	**$ 678,528**	**-**
Embedded derivative – call and put options(recorded in financial assets at FVTPL－non-current)	**$ 6,408**	**-**

	2021	2020
Interest expense	**$ 783**	**-**

The Company's third domestic guaranteed convertible corporate bonds are five-year guaranteed convertible bonds with zero coupon rate, each with value of $100, amounting to $700,000.The conversion price on December 31, 2021, was $108.5.

The date on which the above-mentioned convertible corporate bonds are issued for three years (October 28, 2024) shall be the base date for the holders of convertible corporate bonds to sell them back in advance.

The Company has separately recognized its rights and liabilities of the above-mentioned convertible bonds upon issuance. The details are as follows:

Item	Amount
Total amounts of convertible corporate bonds issued (deducting cost of issuing)	$ 808,056
Fair value of embedded non-equity derivative issued	6,408
Fair value of bonds payable issued	(677,745)
Equity component – conversion options	**$ 136,719**

After the separation of the above-mentioned embedded derivatives, the effective interest rate of the third domestic guaranteed convertible bond was 0.65%.

(14) Lease liabilities

The Company's lease liabilities were as follow:

	December 31, 2021	December 31, 2020
Current	**$ 10,304**	**9,956**
Non-current	**$ 47,821**	**53,333**

For the maturity analysis, please refer to note 6(22).

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest on lease liabilities	**$ 1,477**	**935**
Expenses relating to short-term leases and leases of low-value assets	**$ 698**	**218**

The amounts recognized in the statement of cash flows by the Company were as follows:

	2021	2020
Total cash outflow for leases	**$ 13,334**	**12,566**

(i) Leased land and buildings

As of December 31, 2021 and 2020, the Company has leased land and buildings for a period of 6 to 20, 2 to 10 years, respectively. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Company leases vehicles and others, with lease terms of 1 to 5 years. In some cases, the Company has options to purchase the assets at the end of the contract term.

The Company also leases printers and staff dormitory with contract terms of 1 to 2 years. These leases are short-term and leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(15) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company were as follow:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligation	$ 14,316	21,302
Fair value of plan assets	(7,640)	(15,864)
Net defined benefit liabilities	**$ 6,676**	**5,438**

The Company established defined benefit plans by contributed to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocate pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Fund, Ministry of Labor. Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company Bank of Taiwan labor pension reserve account balance amounting to $7,640 at December 31, 2021. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund.

2) Movements in present value of defined benefit obligation

The movements in present value of the defined benefit obligation for the Company were as follows:

		2021	2020
Defined benefit obligation at January 1	$	21,302	18,829
Current service cost and interest		206	233
Benefits paid from plan assets		(8,486)	-
Remeasurements of the net defined benefit liabilities		1,294	2,240
Defined benefit obligation as of December 31	**$**	**14,316**	**21,302**

3) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company were as follows:

		2021	2020
Fair value of plan assets at January 1	$	15,864	15,249
Interest income		119	214
Benefits paid from plan assets		(8,486)	-
Return on plan assets (loss)		143	401
Fair value of plan assets at December 31	**$**	**7,640**	**15,864**

4) Expenses recognized in profit or loss

The expenses recognized in profit or losses for the Company were as follows:

		2021	2020
Current service cost	$	46	44
Net interest on the net defined benefit liabilities		41	(25)
	$	**87**	**19**

5) Remeasurements of the net defined benefit liabilities recognized in other comprehensive income

The Company's remeasurements of the net defined benefit liabilities recognized as accumulated in other comprehensive income were as follows:

	2021	2020
Cumulative amount at January 1	$ (4,835)	(2,996)
Recognized in profit (losses) for the period	(1,150)	(1,839)
Cumulative amount as of December 31	**$ (5,985)**	**(4,835)**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follow:

	December 31, 2021	December 31, 2020
Discount rate	0.65%	0.75%
Future salary increase rate	3%	3%

The Company is expecting a contribution of $0 to its defined benefit plans in the following year, beginning December 31, 2021.

The weighted-average lifetime of the defined benefit plan is 11.9 years.

7) Sensitivity analysis

The carrying amount of the Company's net defined benefit assets was $6,676 as of December 31, 2021. When the employee's unpaid salary growth rate is changed by 1%, it is estimated that the accrued pension liabilities recognized by the Company would increase by $1,056 or decrease by $936, respectively.

(ii) Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company should contribute 6% of its employees' monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Company contribute a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution plan were $4,914 and $4,413 for the years ended December 31, 2021 and 2020, respectively.

(16) Income tax

(i) Income tax expense

The amounts of income tax expenses were as follows:

	2021	2020
Current tax expense		
Current period	$ 85,601	489
Adjustment for prior periods	(857)	(6,763)
	84,744	(6,274)
Deferred tax expense		
Origination and reversal of temporary differences	25,618	17,448
Income tax expense	**$ 110,362**	**11,174**

The amount of income tax expense(benefit) recognized in other comprehensive income were as follows:

	2021	2020
Exchange differences on translation of foreign financial statements	**$ (4,443)**	**1,087**

The reconciliation of income tax expenses and income before income tax were as follows:

	2021	2020
Income before income tax	$ 573,292	166,338
Income tax at the Company's domestic tax rate	114,659	33,267
Permanent difference and others	(4,381)	(15,373)
Undistributed earnings additional tax	941	43
Change in provision in prior periods	(857)	(6,763)
Total	**$ 110,362**	**11,174**

B. Recognized deferred tax assets and liabilities

Deferred tax assets	January 1, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2021
Exchange differences on translation of foreign financial statements	$ 6,133	-	1,087	5,046	-	(4,443)	9,489
Inventory devaluation loss	16,062	7,200	-	8,862	4,200	-	4,662
Pension not actually contributed	706	(4)	-	710	(17)	-	727
Impairment loss	1,831	346	-	1,485	322	-	1,163
Others	1,976	91	-	1,885	(2,359)	-	4,244
	$ 26,708	**7,633**	**1,087**	**17,988**	**2,146**	**(4,443)**	**20,285**

Deferred tax liabilities		January 1, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2021
Investment income recognized under equity method	$	18,652	9,226	-	27,878	23,160	-	51,038
Others		787	589	-	1,376	312	-	1,688
	$	**19,439**	**9,815**	**-**	**29,254**	**23,472**	**-**	**52,726**

C. The Company's income tax returns for the years through 2019 were assessed by the tax authority.

(17) Capital and other equity

(i) Issuance of ordinary shares

In the fourth quarter of 2021, the Company issued 4,000 thousand new shares for cash at a premium price of $90 per share, totaling $360,000.The difference between the denomination and the issuance price after deducting the issuance cost of $1,000, amounted to $319,000, which is listed as Capital surplus－premium, and the relevant statutory registration procedures have been completed.

In the fourth quarter of 2020, the Company's Board of Directors resolved to issued 10,000 thousand new shares for cash at a premium price of $50 per share, totaling $500,000. The difference between the denomination and the issuance price after deducting the issuance cost of $1,150, amounted to $398,850, which is listed as Capital surplus－ premium, and the relevant statutory registration procedures have been completed in 2021.

In 2021, the Company recognized the share-based cost of the above-mentioned cash capital increase reserved for employees to subscribe for shares amounting to $19,085.

As of December 31, 2021 and 2020, the authorized capital of the Company both amounted to $1,200,000;the issued capital amounted to $1,070,293 and $930,293, respectively. With par value at $10 per share.

Reconciliations of shares outstanding to the Company were as follows (in thousands of shares):

	Ordinary Shares	
	2021	**2020**
Balance at January 1	91,004	93,029
Issued for cash	14,000	-
Transferred treasury shares	600	-
Repurchased treasury shares	-	(2,025)
Balance at December 31	**105,604**	**91,004**

(ii) Capital surplus

		December 31, 2021	December 31, 2020
Additional paid-in capital	$	1,981,318	1,244,383
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries shareholdings		320,617	320,670
Treasury share transaction		70,101	
Share options and others		213,631	38,200
	$	**2,585,667**	**1,603,253**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary share or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital share and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus should not exceed 10% of the total ordinary share outstanding.

(iii) Retained earnings

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the transition date. The increase in retained earnings occurring before the transition date due to the first-time adoption of the IFRSs endorsed by the FSC amounted to $20,277. The net increase in retained earnings resulting from the first application of IFRS1 on the transition date was $16,830. In accordance with rules issued by the FSC, a net increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. There was no carrying and reversing in 2021 and 2020.

In accordance with the guidelines of the above Ruling, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current period reduction of special reserve resulting from the first-time adoption of the IFRSs endorsed by the FSC and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

According to the Company's articles of incorporation, in years of earnings, pay income tax, offset any accumulated deficit. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid in capital. Thereafter, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining earnings after setting aside the abovementioned amounts, together with the balance of the unappropriated retained earnings of the previous year, shall be proposed by the Board of Directors to be approved at the shareholders' meeting.

As the Company is still in its growth stage, capital is needed to expand its production lines and to increase its investment in the coming years. Recently, the Company has been developing steadily based on its capital expenditure, business expansion, and appropriate financial planning. The Company will allot more than 10% of its distributable earnings above as dividends to its shareholders. However, if the distributable earnings are less than 30% of the paid-in capital, then no dividend shall be distributed. If the Company simultaneously distributes stock dividends and cash dividends, the cash dividends should not be less than 20% of the total dividend payout to its shareholders.

The following are the appropriation of earnings in last two years which were proposed by the Board of Directors on February 25, 2022 and approved during the shareholders' meeting held on July 5, 2021, respectively:

	2021		**2020**	
	Amount per share (TWD)	**Total amount**	**Amount per share (TWD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	**3.0**	**$ 316,813**	**1.2**	**121,205**

The appropriation of retained earnings for 2020 is consistent with the resolutions proposed by the Board of Directors. The appropriation of earnings distribution for 2021 will be presented for resolution in annual shareholders' meeting. The related information will be available on the Market Observation Post System on the website after the meeting.

(iv) Treasury stock

The Company repurchased treasury shares in accordance with the relevant provisions of the Securities and Exchange Law to transfer the shares to employees. The relevant information is as follows:

2021

Reason for holding shares	Number of shares at the beginning of the period	Increased in this period	Transferred in this period	Number of shares at the end of the period
Transferred shares to employees	2,025	-	600	1,425

2020

Reason for holding shares	Number of shares at the beginning of the period	Increased in this period	Transferred in this period	Number of shares at the end of the period
Transferred shares to employees	-	2,025	-	2,025

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before the transfer. Shares of the Company held by its subsidiaries are accounted for as treasury shares, which are not allowed in participating in the Company's capital increase and without voting rights, except that, other right is the same as the general shareholders' rights.

In November 2021, the Company transferred treasury shares to the employees of the Company and the employees of the subsidiary company with 166 thousand shares and 434 thousand shares, respectively. The amount received for the aforesaid transfer was $53,837. Therefore, the recognized share-based compensation cost was $4,731, and the investment using the equity method increased by $12,369.

Uranus Chemicals holds 2,363 thousand and 3,013 thousand ordinary shares of the Company, with the acquisition price of $17,595 and $22,434, respectively. As of December 31, 2021 and 2020, the amount of deemed treasury shares the Company recognized was $11,386 and $14,048, respectively, which was determined based on the Company's shareholding in Uranus Chemicals of 64.71% and 62.65%, respectively.

Uranus Chemicals Co., Ltd. sold part of the Company's shares in 2021. Because the deal was deemed as the treasury stock transaction, according to the Company's shareholding ratio, the difference between the sale price and the cost of the treasury stock was adjusted to the capital surplus amounting to $70,101.

(18) Earnings per share

		2021	2020
Basic earnings per share:			
Net income attributable to ordinary shareholders of the Company	$	**462,930**	**155,164**
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)		**99,137**	**89,771**
Basic earnings per share (TWD)	$	**4.67**	**1.73**
Diluted earnings per share:			
Net income attributable to ordinary shareholders of the Company (basic)	$	462,930	155,164
Interest expense on convertible bonds, net of tax		626	-
Net income attributable to ordinary shareholders of the Company (diluted)	$	**463,556**	**155,164**
Weighted average number of ordinary shares outstanding (in thousands) (basic)		99,137	89,771
Effect of potential diluted ordinary shares:			
Effect of employee remuneration in share		73	159
Effect of conversion of convertible bonds		1,149	-
Weighted average number of ordinary shares outstanding (in thousands) (diluted)		**100,359**	**89,930**
Diluted earnings per share (TWD)	$	**4.62**	**1.73**

(19) Revenue from contracts with customers

Revenue from major markets region and products:

	2021				
	Oxidation catalyst department	**Battery material department**	**Specialty chemical department**	**Other**	**Total**
Taiwan	**$ 609,693**	**4,068,673**	**524,804**	**683,831**	**5,887,001**

	2020				
	Oxidation catalyst department	**Battery material department**	**Specialty chemical department**	**Other**	**Total**
Taiwan	**$ 448,376**	**2,587,298**	**180,967**	**376,343**	**3,592,984**

(20) Remuneration to employees, directors and supervisors

The Company's articles of incorporation require that earnings shall first be offset against any deficit, then, a minimum of 1.5% will be distributed as employee remuneration, and a maximum of 5% will be allocated as remuneration to directors and supervisors. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the Company's subsidiaries who meet certain specific requirements.

For the years ended December 31, 2021 and 2020, the Company accrued and recognized its employee remuneration amounting to $8,800 and $6,000 respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees, multiplied by the distribution of ratio of the remuneration to employees based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through share, the number of shares to be distributed shall be calculated using the stock price on the day before the shareholders' meeting.

For the year ended December 31, 2020, the Company estimated its employee remuneration and directors' remuneration at $6,000 and $0, respectively. There were no differences between the estimated and the actual amounts of employee and directors' remuneration. Related information would be available at the Market Observation Post System website.

(21) Non-operating income and expenses

(i) Other gains and losses, net

	2021	2020
Claim income	$ 3	8,056
Rental income	1,089	870
Others	2,525	3,626
	$ 3,617	**12,552**

(ii) Other gains and losses, net

	2021	2020
Gain on disposal of property, plant and equipment	$ -	20
Loss on valuation of financial assets and liabilities at FVTPL	(5,052)	(7,211)
Others	(396)	(4)
	$ (5,448)	**(7,195)**

(iii) Finance costs

		2021	2020
Interest expense – borrowings	$	12,785	8,444
Interest expense – lease liabilities		1,477	935
Interest expense – convertible bonds payable		783	-
	$	**15,045**	**9,379**

(iv) Interest income

		2021	2020
Interest income from bank deposits	$	221	442
Interest income from others		196	1,158
	$	**417**	**1,600**

(22) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represent the maximum credit exposure.

2) Concentration of credit risk

The customers of the Company are concentrated on customer base of oxidation catalyst, power battery materials, chemical fertilizers and special chemicals. The Company limits its exposure to credit risk from accounts receivables by continuously evaluates the debt collectability and provides adequate reserves for loss allowance, if necessary. As of December 31, 2021, and 2020, there were 3 and 3 major customers, which represented 60% and 33% of the accounts receivable, respectively. Thus, credit risk is significantly concentrated.

3) Credit risk of receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(3). Other financial assets at amortized cost include other receivables from related parties and other financial assets. There are no impairment losses recognized for the years ended December 31, 2021 and 2020.

All of these financial assets are considered to have low risk, and thus, the loss allowance recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(6).

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, (including interest payments):

	Carrying amount	Contractual cash flow	Within 6 months	6 to 12 months	1 to 2 years	Above 2 years
December 31, 2021						
Non-derivative financial liabilities						
Short-term notes and bills payable	$ 80,000	80,000	80,000	-	-	-
Short-term borrowings	1,287,962	1,292,160	1,292,160	-	-	-
Notes and accounts payable (including related parties)	118,205	118,205	118,205	-	-	-
Long-term borrowing (including current portion)	436,000	439,471	9,593	54,037	107,819	268,022
Lease liabilities (including current and non-current)	58,125	63,088	5,928	5,618	10,506	41,036
Convertible bonds payable	678,578	700,000	-	-	-	700,000
	$ 2,658,870	**2,692,924**	**1,505,886**	**59,655**	**118,325**	**1,009,058**
December 31, 2020						
Non-derivative financial liabilities						
Short-term notes and bills payable	$ 80,000	80,000	80,000	-	-	-
Short-term borrowings	902,260	904,480	904,480	-	-	-
Notes and accounts payable (including related parties)	125,716	125,716	125,716	-	-	-
Long-term borrowing (including current portion)	436,000	441,052	694	694	1,389	438,275
Lease liabilities (including current and non-current)	63,289	69,652	5,805	5,603	10,048	48,196
	$ 1,607,265	**1,620,900**	**1,116,695**	**6,297**	**11,437**	**486,471**

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Company' s financial assets and liabilities exposed to exchange rate risk were as follows:

	December 31, 2021		
	Foreign currency	**Exchange rate**	**TWD**
Financial Assets			
Monetary items			
USD	$ 77,028	27.68	2,132,134
Financial Liabilities			
Monetary items			
USD	47,339	27.68	1,310,338

	December 31, 2020			
	Foreign currency		Exchange rate	TWD
Financial Assets				
Monetary items				
USD	$	29,365	28.48	836,323
Financial Liabilities				
Monetary items				
USD		21,311	28.48	606,926

2) Sensitivity analysis

The Company's exposure to foreign current risk arises from the translation of cash and cash equivalents, receivables, short-term borrowing, accounts payable, and other payables, that are primarily denominated in USD. Assuming all other variable factors remain constant, a strengthening (weakening) of $1 of the TWD against USD, would have increased (decreased) the net income $23,751 and $6,443, respectively for the years ended December 31, 2021 and 2020.

3) Exchange gains and losses of monetary items

The information on foreign exchange gain (loss) on monetary items. For years 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $2,471 and $(10,957), respectively.

(iv) Interest rate analysis

The Company’s interest rate exposure regarding its financial assets and liabilities has been disclosed in the note of financial risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The exposure to changes in interest rates (assuming all other variables remain constant) would have influenced the net income for the years ended December 31, 2021 and 2020, as illustrated below:

	Range of the fluctuations	2021	2020
Annual interest rate	Increase of 1%	$ (13,792)	(10,706)
	Decrease of 1%	$ 13,792	10,706

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial asset at fair value through profit or loss	$ 6,408	-	6,408	-	6,408
Convertible bonds payable	$ 678,528	1,060,500	-	-	1,060,500

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

Financial assets and financial liabilities measured at amortized cost.If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(3) Valuation techniques for financial instruments that are measured at fair value

The right-of-call or put option that embedded in derivative is measured by using the appropriate option pricing models.

There is no transfer between the levels for the years ended 2021 and 2020.

(23) Financial risk management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and process for measuring and managing risk. Further quantitative disclosures are included throughout the relevant footnotes of the parent-company-only financial statements.

(i) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company' s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The financial management department provides services for each business, coordinating access to domestic and international financial market operations, monitors and manages the financial risks associated with the operations of the Company by analyzing the internal risk report on risk based on the degree and extent of the risk. The risk including credit risk, liquidity risk and market risk. The market risk which including currency risk, rate risk, and other market price risk.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company deposits its cash and cash equivalents with reputable banks; thus, the credit risk is low.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Company limits its exposure to credit risk by establishing a dedicated team that is responsible for customer' s credit assessment and approval, limit and monitoring procedures. This is to ensure that appropriate actions are taken for the recoverability of overdue receivables. In addition, the Company will review the recoverable amount of the receivables individually at each reporting date so that impairment losses are appropriately provided for those irrecoverable receivables.

The Company' s policy is to provide financial guarantees only to wholly owned subsidiaries. There is no endorsement guarantee to entity other than subsidiary on December 31, 2021 and 2020.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company' s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company' s reputation.

The Company manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company' s management supervises the banking facilities and ensures compliance with the terms of loan agreements.

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the USD.

Interest in borrowing is denominated with the same currency of borrowing principal. Generally, the denominated currency of borrowing is the same with the Company's cash flow generated from operation, primarily in TWD, but also USD. Under these circumstances, the natural economic hedge exists without using derivative instrument.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Company's short-term and long-term borrowings are carried in variable interest rates. Therefore, the fluctuation of market rate will make the effective interest rate of short-term and long-term borrowings changed accordingly which resulted fluctuation in future cash flows.

(24) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder's value.

The Company's industry is volatile, capital and technology-intensive industries, and the Company's life cycle is in a stable growth stage of operation. The remaining dividend policy must be adopted at this stage with funds to retain the surplus in response to operational growth and investment needs. The cash dividend distributed by the shareholder bonus shall not be less than 20% of the total distribution.

The top management of the Company re-examines the capital structure every six months, and its review includes consideration of the cost of each category of capital and related risks. Based on the recommendations of the top management, the Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debts or repaying old debts.

As of December 31, 2021, the way in which the Company's capital management was managed has not changed.

The debt-to-equity ratio at the reporting date is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 2,967,529	1,707,798
Less: cash and cash equivalents	(926,133)	(310,493)
Net debt	**$ 2,041,396**	**1,397,305**
Total equity	**$ 4,720,996**	**3,253,193**
Debt-to-equity ratio	**43.24%**	**42.95%**

(25) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2021	Cash flows	Add	Foreign exchange movement and others	December 31, 2021
Short-term notes and bills payable	$ 80,000	-	-	-	80,000
Short-term borrowings	$ 902,260	392,764	-	(7,062)	1,287,962
Long-term borrowings (including current portion)	$ 436,000	-	-	-	436,000
Lease liabilities (including current and non-current)	$ 63,289	(11,159)	5,995	-	58,125

			Non-cash changes		
	January 1, 2020	Cash flows	Add	Foreign exchange movement and others	December 31, 2020
Short-term notes and bills payable	$ 230,000	(150,000)	-	-	80,000
Short-term borrowings	$ 622,956	273,993	-	5,311	902,260
Long-term borrowings (including current portion)	$ 433,333	2,667	-	-	436,000
Lease liabilities (including current and non-current)	$ 33,588	(11,413)	41,114	-	63,289

7. Related-party transactions

(1) Names and relationship with related parties

Name of related party	Relationship with the Company
Coremax (BVI) Corporation	The subsidiary of the Company
Coremax (Thailand) Co., Ltd.	The subsidiary of the Company

Name of related party	Relationship with the Company
Uranus Chemicals Co., Ltd.	The subsidiary of the Company
Hengi Chemical Co., Ltd.	The subsidiary of the Company
Coremax Zhuhai Chemical Co., Ltd.	The subsidiary of the Company (Note 1)
Coremax Ningbo Chemical Co., Ltd.	The subsidiary of the Company
Coremax (Zhangzhou) Chemical Co., Ltd.	The subsidiary of the Company
Jiangxi Tianjiang Materials Co., Ltd.	The subsidiary of the Company
ITOCHU CORPORATION	Director of the Company (Note 2)

Note 1: Coremax Zhuhai Chemical Co., Ltd., the subsidiary ,has sold to third party in July,2021.

Note2: ITOCHU CORPORATION that has transferred, during the term of office as a director, more than one half of the Company's shares being held by him at the time he is elected, he shall, ipso facto, be discharged from the office of director on February 20, 2020.

(2) Significant related-party transactions

(i) Operating revenue

	2021	2020
Subsidiaries	$ 570,818	305,338

The selling prices for sales to related parties and collection period were similar to those for unrelated customers.

As of December 31, 2021, and 2020, the unrealized profit or loss from sales with the investees under equity method amounted to $11,540 and $3,716, respectively, which were deducted from the investments accounted for using the equity method.

(ii) Purchase

	2021	2020
Subsidiaries	$ 75,784	3,453

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

(iii) Accounts receivable from related parties

The receivable from related party was as follows:

	December 31, 2020	December 31, 2020
Subsidiaries	$ 72,667	56,638

(iv) Accounts payable to related parties

The payables to related parties were as follows:

Related Party Categories	December 31, 2021	December 31, 2020
Subsidiaries	$ 20,653	5,140

(v) Service revenue

For the years 2021 and 2020, revenues of the Company incurred due to the departmental support by subsidiaries amounted to $1,107 and $1,476, respectively.

(vi) Processing charges

For the years 2021 and 2020, expenses of the Company incurred due to the processing by subsidiaries amounted to $16,027 and $32,821, respectively.

(vii) Endorsement guarantee

As of December 31, 2021 and 2020, the Company' s endorsement guarantee provided to subsidiaries amounted to $283,040 and $85,440, respectively.

(viii) Rental

(a) Rental income and imputed interest

The Company enters into a lease agreement with its subsidiaries. The rental income recognized in years 2021 and 2020 were $1,085 and $867 respectively. The imputed interest recognized in years 2021 and 2020 were $20 and $28 respectively.

(b) Utilities, fuel fee and others

The Company rented land and factories, etc. from subsidiaries, the amount paid for related expenses in years 2021 and 2020 were $17,673 and $25,605, respectively.

(c) The Company rented land and offices from subsidiaries. For the years 2021 and 2020, the Company recognized the amount of $1,379 and $826 as interest expense, respectively. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to $51,659 and $59,131, respectively.

(d) For the year ended December 31, 2021 and 2020, the amount paid by the Company to its subsidiaries for rent expenses incurred under the staff dormitory lease agreement was $72.

(e) In the third quarter of 2020, the Company leased its land and factories from a subsidiary, Hengi Chemical; thereafter, sub-leases them out to another subsidiary, Uranus Chemicals, under finance leases. The net book value of the right-of-use assets of $7,548 had been written-off on the starting date, resulting in the non-current lease receivable and sub-lease income of $8,130 and $391. The transaction above was terminated early in August 2011, wherein the right-of-use asset and the sublease loss were recognized amounting to $6,025 and $117, respectively.

The amount paid by the Company and its related parties for receivable (payable) due from (to) related parties incurred under the rent expenses, interest income and other transactions, etc. were as follows:

Other receivables due from related parties

	December 31, 2021	December 31, 2020
Subsidiaries	$ 1,575	45,221

Accounts payable due to related parties

	December 31, 2021	December 31, 2020
Subsidiaries	$ 21,230	10,367

(3) Transactions with key management personnel

Key management personnel remuneration comprised:

	2021	2020
Short-term employee benefits	$ 14,611	11,079
Post-employment benefits	221	216
	$ 14,832	11,295

8. Pledged assets

Except for notes 6(12) and 6(13), the carrying amount of the Company's pledged assets are as follows:

Assets	Purpose of pledge	December 31, 2021	December 31, 2020
Land	Long-term borrowings and obtaining credit limit for short-term borrowings	$ 130,864	130,864
Buildings	Long-term borrowings and obtaining credit limit for short-term borrowings	38,908	41,545
Restricted deposit (recorded in other financial assets－non-current)	Create a pledge of convertible bonds payable	100,000	-
		$ 269,772	172,409

9. Commitments and contingencies

Except for the note 6(12), the remaining statements were as follow:

(1) As of December 31, 2021, and 2020, the Company had acquired property, plant and equipment, with the remaining commitments of $6,358 and $3,519, respectively.

(2) As of December 31, 2021, and 2020, the subsidiary, Coremax (BVI) Corporation, had applied for a borrowing facility with an amount of USD3,000 (equivalent to $83,040 and $85,440, respectively) from a bank, in which the Company holds the responsibility as its joint guarantor.

(3) As of December 31, 2021, Uranus Chemical applied for a financing amount from a bank, with the Company serving as the joint guarantor for the endorsement/guarantee amounting to $120,000.

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2021			2020		
	Classified as operating cost	**Classified as operating expenses**	**Total**	**Classified as operating cost**	**Classified as operating expenses**	**Total**
Employee benefits						
Salaries	80,335	67,092	147,427	66,336	41,854	108,190
Labor and health insurance	8,533	3,584	12,117	6,846	3,281	10,127
Pension	3,095	1,906	5,001	2,634	1,798	4,432
Remuneration of directors	-	3,594	3,594	-	1,919	1,919
Others	5,713	2,368	8,081	4,408	2,340	6,748
Depreciation	64,237	9,109	73,346	67,454	9,160	76,614

The amount of employees and employee benefits for the years ended December 31, 2020 and 2019, was follows:

	2021	2020
The number of employees	157	153
The number of directors who were not holding as a position of employee	7	7
The average of employee benefits	$ 1,151	887
The average of Salaries	$ 983	741
The average of salary adjust rate	33%	3%
Supervisor's remuneration	$ -	-

The Company' s salary and remuneration policy (including directors, managers and employees) is as follows:

(1) Directors' remuneration: The remuneration of each director shall be proposed by the Salary Remuneration Committee for implementation after being approved by the Board of Directors.

(2) Salaries of employees and managers: Monthly salary will be determined with reference to the salary market conditions, job category, academic experience, professional knowledge and technology, seniority, practical experience, as well as personal performance, regardless of age, gender, race, etc.; and it will be adjusted in due course according to the Company's operating conditions, market wage dynamics, the overall economic and industrial climate changes, and the government laws and regulations.

(3) Year-end bonus for employees and managers is allocated according to the Company's operating conditions, with reference to each employee's performance appraisal results.

(4) Remuneration for employees and managers is based on the Company's employee remuneration distribution policy, with reference to the achievement of personal goals, job contribution and overall performance of the individual.

The remuneration policies of the above-mentioned general manager, deputy general managers and equivalent position manager, in addition to the company' s business strategy, profit results, performance and job contribution etc. factors, and reference to the salary market level. The Salary Remuneration Committee puts forward a proposal and implement after approved by the Board of Directors.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on the Company' s significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" :

(i) Loans to other parties: Please refer to Table 1.

(ii) Guarantees and endorsements for other parties: Please refer to Table 2.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 3.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: Note 6(2).

(2) Information on investees: Please refer to Table 4.

(3) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 5(1).

(ii) Limitation on investment in Mainland China: Please refer to Table 5(2).

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of parent-company-only financial statements, are disclosed in “Information on significant transactions”.

(4) Major shareholders:

Shareholding Shareholder’s Name	Shares	Percentage
CHANG XING INVESTMENT CO., LTD	13,691,032	12.79 %
CHEH JADE ENTERPRISE CO., LTD	13,233,929	12.36 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository &Clearing Corporation, summarized the shareholders who held over 5% of the total nonphysical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the consolidated financial statements due to the use of different calculation basis.

Note 2: In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for shareholders’ declarations of insider’s equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholding include their own shareholding, plus the shares delivered to the trust, and the right to use the trust property. For further information on relevant insider shares, please refer to the Public Information Observatory.

14. Segment information

Please refer to consolidated financial statements for the year ended December 31, 2021.

Coremax Corporation
Loans to other parties
For the year ended December 31, 2021

Table 1 (In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 4)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad deb	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 1)
													Item	Value		
0	Coremax Corporation	Uranus Chemicals Co., Ltd.	Other receivables	Yes	50,000	-	-	1.20%	2	-	Operating demand	-	None	-	944,199	1,416,299
1	COREMAX (BVI) CORPORATION	Coremax Ningbo Chemical Co., Ltd.	Other receivables	Yes	22,828	22,144	-	4%	2	-	Operating demand	-	None	-	115,601	173,402
1	COREMAX (BVI) CORPORATION	COREMAX (THAILAND) CO., LTD.	Other receivables	Yes	22,828	22,144	15,224	4%	2	-	Operating demand	-	None	-	115,601	173,402
1	COREMAX (BVI) CORPORATION	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	28,535	27,680	-	4%	2	-	Operating demand	-	None	-	115,601	173,402
2	Coremax Ningbo Chemical Co., Ltd.	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	17,536	17,376	-	4%	2	-	Operating demand	-	None	-	34,242	51,363
3	Coremax Zhubai Chemical co., Ltd	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	13,152	-	-	4%	2	-	Operating demand	-	None	-	-	-
4	Jiangxi Tianjiang Materials Co., Ltd.	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	10,960	10,860	10,860	4%	2	-	Operating demand	-	None	-	13,038	16,298
5	Coremax (Zhangzhou) Chemical co., Ltd.	Coremax Ningbo Chemical Co., Ltd.	Other receivables	Yes	17,376	17,376	-	4%	2	-	Operating demand	-	None	-	49,298 (Note 3)	73,946 (Note 3)

Note1: Limit of total financing amount shall not exceed 30% of latest financial statements of the lender's capital.
Note2: Limit of financing amount for individual counter-party shall not exceed 20% of the latest financial statements of the lender's capital.
Note3: Limit of total financing amount shall not exceed 100% of latest financial statements of the lender's capital. Limit of financing amount for individual counter-party shall not exceed 80% of the latest financial statements of the lender's capital.
Note4: (1) Parties which have business relationship with the Company
(2) The need for short-term financing

Coremax Corporation

Guarantees and endorsements for other parties

For the year ended December 31, 2021

Table 2 (Amounts in Thousands)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 2)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 4)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
0	The Company	Coremax (BVI) Corporation	2	944,199	85,605	83,040	-	-	1.76 %	2,360,498	Y	N	N
0	The Company	Uranus Chemicals	2	944,199	200,000	200,000	50,000	-	4.24 %	2,360,498	Y	N	N

Note 1: The numbers denote the following:
(1) The issuer is number 0.
(2) Investees are listed in accordance with names and in sequential order starting with 1.

Note 2: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:
(1) An entity that is with business relationship.
(2) Subsidiary which owned more than 50 percent by the guarantor.
(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
(4) An investee owned more than 90 percent by the guarantor or its subsidiary.
(5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
(6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
(7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 50% of latest financial statements of the Company’s net worth audited.

Note 4: The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 20% of latest financial statements of the Company’s net worth audited.

Coremax Corporation

Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock

For the year ended December 31, 2021

Table 3 (Amounts in Thousands)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of Total Purchases/Sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total Notes/Accounts Receivable (Payable)	
The Company	Coremax (Zhangzhou) Chemical Co., Ltd.	100% owned subsidiary of the parent company	Sales	(165,121)	(2.80) %	Net 180 days after delivery	-	Not significantly different	39,520	6.59 %	Note
The Company	Uranus Chemicals	Subsidiary of the company	Sales	(278,970)	(4.74) %	Net 120 days from the end of the month of when invoice is issued	-	Not significantly different	112	0.02 %	Note

Coremax Corporation

Information on Investees (Excluding Information on Investees in Mainland China)

For the year ended December 31, 2021

Table 4 (Shares in Thousands /Amount in Thousands)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Coremax (BVI) Corporation	British Virgin Islands	Investment company	302,406	302,406	9,658	100 %	578,006	124,488	124,488	
The Company	Hengi Chemical Co., Ltd.	Taiwan	Manufacturing and sales of chemical fertilizers, chemical raw materials, organic fertilizer and fertilizers with organic matter. Import and export of related business. Recycling and reproduce of solvent and pollutants.	1,143,369	823,294	41,058	82.44 %	1,511,974	98,784	80,720	
The Company	Uranus Chemicals Co., Ltd.	Taiwan	Manufacturing and sales of oxalic acid, organic and inorganic acid, rare earth compounds and related products	710,758	612,706	36,239	64.71 %	864,886	159,795	(44,698)	
Coremax (BVI) Corporation	Coremax (Thailand) Co., Ltd.	Thailand	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	67,047	67,047	70	100 %	61,441	14,616	14,616	

Coremax Corporation
Information on Investment in Mainland China
For the year ended December 31, 2021

Table 5 (Amounts in Thousands)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Notes 4, 5)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Coremax Zhuhai Chemical Co., Ltd.	Production and sales of oxidation catalysts, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbents and cobalt compound series products.	38,775 (USD1,150)	Investment in companies in Mainland China through investment companies in the third regions.	38,775 (USD1,150)	-	-	38,775 (USD1,150)	(5,023) (Note 3)	-	(5,023) (USD(178))	- (Note 3)	-
Coremax Ningbo Chemical Co., Ltd.	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	98,482 (USD3,000)	Investment in companies in Mainland China through investment companies in the third regions. (note 1)	81,240 (USD2,470)	-	-	81,240 (USD2,470)	6,337	100.00%	6,337 (USD226)	171,209	-
Coremax (Zhangzhou) Chemical Co., Ltd.	Manufacturing, processing and wholesale of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, waste gas absorbent and cobalt compound series products, and regeneration treatment of abort oxidation catalyst.	185,654 (USD6,280)	Investment in companies in Mainland China through investment companies in the third regions. (note 2)	148,795 (USD4,988)	-	-	148,795 (USD4,988)	66,985	100.00%	66,985 (USD2,392)	246,488	-
Jiangxi Tianjiang Materials Co., Ltd.	Manufacturing and sales of oxalic acid、organic and inorganic acid、rare earth compounds and related products	43,947 (USD1,350)	Uranus Chemical invest companies in Mainland China	43,947 (USD1,350)	-	-	43,947 (USD1,350)	(560)	100.00%	(560)	16,298	-

(2) Limitation on investment in Mainland China

Cumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
312,757 (USD 9,958)	476,490 (USD 14,338)	2,832,598

Note 1: The paid-up capital amount is NTD 98,482 (USD 3,000 thoudand), which included the cash remitted by the Company through its subsidiary, Coremax (BVI) Corporation amounting to NTD 81,240 (USD 2,470 thoudand) and surplus from Coremax (BVI) Corporation amounting to NTD 17,242 (USD 530 thoudand).

Note 2: The paid up capital amount is NTD 185,654 (USD 6,280 thoudand), which included the cash remitted by the Company through its subsidiary, Coremax (BVI) Corporation, amounting to NTD 124,097 (USD 4,200 thoudand), surplus from Coremax (BVI) Corporation amounting to NTD 6,055 (USD 200 thoudand), Coremax (BVI) Corporation acquired of shares from other external shareholders amounting to NTD 24,698 (USD 788 thoudand) in obtaining paid up capital of NTD 21,890 (USD 750 thoudand), cash remitted by Coremax Zhuhai Chemical Co., Ltd. is amounting to NTD 20,720 (USD 700 thoudand), and cash remitted by Coremax Ningbo Chemical Co., Ltd. Is amounting to NTD 12,892 (USD 430 thoudand).

Note 3: Coremax Zhuhai Chemical Co., Ltd., an indirectly invested subsidiary by the Company, has been sold to the third party in July,2021. In September 2021, the Company obtained the approval of the Investment Commission, MOEA to transfer the stocks. However, the transfer amount is repatriated to the subsidiary COREMAX (BVI) CORPORATION, instead of the Company. The Company’s cumulative investment of NTD 38,775(USD 1,150 thoudand) still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 4: Amount was recognized based on the audited financial statement.

Note 5: The Company investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" is not exceeding the investment amount or percentage limit.

Coremax Corporation

Statement of cash and cash equivalents

December 31, 2021

**(In Thousands of New Taiwan Dollars;
Foreign currencies: U.S. Dollars, Canadian Dollars
and Euro)**

Item	Description	Amount
Cash	Petty cash	$ 35
Deposits	Checking deposits	1,791
	Demand deposits	192,893
	Foreign currency deposits (USD: 26,009,717.17)	
	(CAD: 36.49)	
	(EUR: 366,040.36)	731,414
		926,098
	Total	**$ 926,133**

Note: Foreign exchange rates on the balance sheet date are as follows:

USD exchange rates：27.68

CAD exchange rates：21.62

EUR exchange rates：31.32

Coremax Corporation

Statement of accounts receivable

December 31, 2021

(In thousands of New Taiwan Dollars)

Client Name	Amount
CP	$ 227,192
CAC	96,004
CD	30,789
CE	29,949
CZ	28,426
CAD	27,099
Others (The amount of individual client included in others does not exceed 5% of the account balance.)	87,901
Notes and accounts receivables, net	**$ 527,360**

Note 1: The accounts receivables are resulting from the operating activities.

Note 2: Receivables from related parties are not included. Please refer to note 7 for further details.

Coremax Corporation

Statement of inventories

December 31, 2021

(In thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	NRV	
Commodities	$ 75	86	Note: Please refer to note 4(7) for further explanation of the net realizable value of inventories in the parent-company-only financial statements.
Finished goods	78,618	144,486	
Work-in progress	448,689	881,577	
Raw materials	1,000,241	1,146,285	
Total	**$ 1,527,623**	**2,172,434**	

Statement of other current assets

Please refer to note 6(7) for further explanation of the other current assets in the parent-company-only financial statements.

Statement of other financial assets－current

Please refer to note 6(8) for further explanation of the other financial assets－current in the parent-company-only financial statements.

Coremax Corporation

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2021

(In thousands of New Taiwan Dollars)

Investees	Balance January 1, 2021 Shares	Balance January 1, 2021 Amount	Addition Shares	Addition Amount	Investment Income /Loss	Cash dividends	Cumulative translation adjustment	Remeasurements of the net defined benefit of subsidiaries	Others (Note 2)	Increase in unearned-related unearned related-parties' transactions profits	Balance December 31, 2021 Shares	Balance December 31, 2021 Amount	%	Market Value Or Net Assets Value Unit Price	Market Value Or Net Assets Value Total Amount
Investments accounted for using the equity method：															
COREMAX(BVI) CORPORATION	9,658	$ 475,529	-	-	124,488	-	(22,011)	-	-	-	9,658	578,006	100.00%	-	578,006
Hengi Chemical Co., Ltd.	31,913	1,215,080	9,145	320,075	80,720	(102,644)	-	(1,929)	672	-	41,058	1,511,974	82.44%	-	1,511,974
Uranus Chemicals Co., Ltd.	32,580	737,699	3,659	98,052	(44,698)	-	(203)	427	73,609	-	36,239	864,886	64.71%	-	864,886
		2,428,308	12,804	418,127	160,510	(102,644)	(22,214)	(1,502)	74,281	-		2,954,866			2,954,866
Less: unearned-related transaction profits		(3,716)	-	-	-	-	-	-	-	(7,824)		(11,540)			-
		$ 2,424,592	12,804	418,127	160,510	(102,644)	(22,214)	(1,502)	74,281	(7,824)		2,943,326			2,954,866

Note 1: Please refer to note 6(13) for further explanation of the equity investments were provided as guarantee or pledge.

Note 2: Including the Company did not subscribe to proportionately, share of subsidiary's fair value through other comprehensive income, differences between consideration and carrying amounts of subsidiaries shareholding acquired or disposed of, transfer treasury shares to employees and disposal of company's share by subsidiaries recognized as treasury shares transactions .

Coremax Corporation

Statement of changes in property, plant and equipment

For the year ended December 31, 2021

Please refer to note 6(9) for further explanation of the property, plant and equipment in the parent-company-only financial statements.

Statement of changes in accumulated depreciation of property, plant and equipment

Please refer to note 6(9) for further explanation of the accumulated depreciation of property, plant and equipment in the parent-company-only financial statements.

Statement of changes in right-of-use assets

Please refer to note 6(10) for further explanation of the right-of-use assets in the parent-company-only financial statements.

Statement of changes in accumulated depreciation of right-of-use assets

Please refer to note 6(10) for further explanation of the accumulated depreciation of right-of-use assets in the parent-company-only financial statements.

Coremax Corporation

Statement of deferred tax assets

December 31, 2021

Please refer to note 6(16) for further explanation of the deferred assets in the parent-company-only financial statements.

Statements of other non-current assets

Please refer to note 6(7) for further explanation of the other non-current assets in the parent-company-only financial statements.

Statements of other financial assets－non-current

Please refer to note 6(8) for further explanation of the other financial assets－non-current in the parent-company-only financial statements.

Coremax Corporation

Statement of short-term borrowings

December 31, 2021

(In thousands of New Taiwan Dollars)

Type	Description	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Unused Credit Facility	Collateral
Secured and purchase bank loans	Mega Bank	$ 925,538	2021.10~2022.04	0.82%~1.10%	54,462	Land and buildings
Secured and purchase bank loans	Land Bank	-			400,000	Land and buildings
Secured and purchase bank loans	E.Sun Bank	-			300,000	None
Secured and purchase bank loans	Chang Hwa Bank	20,000	2021.12~2022.01	1.10%	380,000	None
Secured and purchase bank loans	Hua Nan Bank	342,424	2021.12~2022.06	0.88%~0.90%	157,576	Land and buildings
Secured and purchase bank loans	Fubon Bank	-			300,000	None
Secured and purchase bank loans	Cathay United Bank	-			200,000	None
Secured and purchase bank loans	Fubon Bank	-			400,000	None
		$ 1,287,962			**$ 2,192,038**	

Coremax Corporation

Statements of long-term borrowings

December 31, 2021

Please refer to note 6(12) for further explanation of the long-term borrowings in the parent-company-only financial statements.

Statements of accounts payables

December 31, 2021

(In thousands of New Taiwan Dollars)

Vendor Name	Amount
VCH	$ 35,919
VE	12,376
VCI	4,511
VCJ	3,980
Others (The amount of individual vendor in others does not exceed 5% of the account balance.)	19,536
Total	**$ 76,322**

Note 1: The accounts payable are resulting from the operating activities.

Note 2: Accounts payable to related parties are not included. Please refer to note 7 for further details.

Coremax Corporation

Statement of other current liabilities

December 31, 2021

(In thousands of New Taiwan Dollars)

Item	Amount
Current income tax payable	$ 81,985
Temporary receipts	66,633
Miscellaneous purchases and other expense	14,835
Laboratory expense and repair and maintenance expense	12,341
Payable for equipment	11,122
Others (The amount of each item in others does not exceed 5% of the account balance.)	22,478
Total	**$ 209,394**

Statement of deferred tax liabilities

Please refer to note 6(16) for further explanation of the deferred tax liabilities in the parent-company-only financial statements.

Coremax Corporation

Statement of lease liabilities

December 31, 2021

Please refer to note 6(14) for further explanation of the lease liabilities in the parent-company-only financial statements.

Statement of operating revenue

For the year ended December 31, 2021

Please refer to note 6(19) for Revenue from contracts with customers.

Coremax Corporation

Statement of operating costs

For the year ended December 31, 2021

(In thousands of New Taiwan Dollars)

Item	Amount
Raw materials used:	
Balance, beginning of year	248,484
Plus: Raw materials purchased	5,667,571
Less: Raw materials used by other department	82
Raw materials, end of year	1,013,073
Raw materials used for the year	4,902,900
Materials used:	
Balance, beginning of year	2,718
Plus: Materials purchased	68,550
Less: Materials used by other department	32,848
Materials, end of year	5,814
Materials used for the year	32,606
Direct labor cost	57,897
Manufacturing expenses	256,054
Manufacturing cost	5,249,457
Plus: Work-in progress, beginning of year	308,102
Less: Work-in progress, end of year	448,689
Cost of finished goods	5,108,870
Plus: Finished goods, beginning of year	210,238
Less: Finished goods used by other department	(1,173)
Finished goods, end of year	83,288
Cost of goods sold for finished goods	5,236,993
Cost of Sales	5,236,993
Plus: Inventory purchased	44,879
Less: Inventory used	1,211
Less: Inventory, end of year	75
Cost of goods sold for inventory	5,280,586
Inventory devaluation reversal gain	(21,000)
Revenue from sale of scrap	(843)
Other	17,794
Total	$ **5,276,537**

Coremax Corporation

Statements of manufacturing expenses

For the year ended December 31, 2021

(In thousands of New Taiwan Dollars)

Item	Amount
Depreciation expense	$ 64,237
Payroll expense	33,213
Packing expenses	33,212
Steam and fuel expenses	28,623
Utilities expense	26,570
Repair and maintenance expense	23,228
Original equipment manufacturer expense	16,028
Others (The amount of each item in others does not exceed 5% of the account balance.)	30,943
Total	**$ 256,054**

Statement of selling expenses

Item	Amount
Import and export expense	$ 53,033
Payroll expense	7,361
Others (The amount of each item in others does not exceed 5% of the account balance.)	9,275
Total	**$ 69,669**

Coremax Corporation

Statement of administrative expenses

For the year ended December 31, 2021

(In thousands of New Taiwan Dollars)

Item	Amount
Payroll expense	$ 55,428
Depreciation expense	8,717
Professional service fees	7,902
Others (The amount of each item in others does not exceed 5% of the account balance.)	27,758
Total	**$ 99,805**

Statement of research and development expenses

For the year ended December 31, 2021

(In thousands of New Taiwan Dollars)

Item	Amount
Payroll expense	$ 4,303
Employee insurance premium	365
Miscellaneous purchases	346
Others (The amount of each item in others does not exceed 5% of the account balance.)	1,382
Total	**$ 6,396**

Coremax Corporation

Statement of other gains and losses, net

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(21) for further explanation of the net other gains and losses in the parent-company-only financial statements.

Statement of finance costs

Please refer to note 6(21) for further explanation of the finance cost in the parent-company-only financial statements.

Summary statement of current period employee benefits, depreciation, depletion and amortization expenses by function

Please refer to note 12 for further explanation of the current-period employee benefits and depreciation expense in the parent-company-only financial statement.

Coremax Corporation

Chairman: Ho, Chi-Cheng